



SHAMS TEXTILE MILLS LIMITED

QUARTERLY REPORT

September 30, 2018

(Un-Audited)



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COMPANY INFORMATION

Board of Directors

Muhammad Anwar	(Chairman)
Asif Bashir	
Adil Bashir	
Khurram Mazhar Karim	
Muhammad Shafiq Gill	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Farooq Ahmad

Head of Internal Audit

Tariq Javed

Company Secretary

Hashim Tariq

Audit Committee

Khurram Mazhar Karim	(Chairman)
Muhammad Anwar	(Member)
Asif Bashir	(Member)

Human Resource & Remuneration Committee

Asif Bashir	(Chairman)
Muhammad Anwar	(Member)
Khurram Mazhar Karim	(Member)

Share Registrar

Corptec Associates (Pvt) Ltd.
503-E, Johar Town, Lahore.

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-3, Aziz Avenue, Gulberg-5, Lahore
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab
3-KM, Faisalabad Road, Chiniot, Punjab

DIRECTORS' REPORT

The Board of Directors is pleased to present Directors' report on the operation and financial performance of the Company for the period July 2018 to September 2018.

Despite efforts on the part of the management your Company continues to struggle. The Textile Industry in Pakistan is not showing any sign's of a significant recovery. Our basic raw material is not available us in quality and quantity. This figure may not be achieved. Add to this the quality this year has been lower as compared to previous years which is alarming.

Financially the Company has not done well. Our cost of doing business remains higher and we are facing stiff competition from our competitors.

Financial summary of the current quarter is as follow:

Rs. in million	30 September 2018	30 September 2017
Sales	998.96	964.04
Gross profit	45.84	17.88
Operating expenses	23.16	26.58
Other income	2.69	7.23
Profit / (Loss) from operation	25.37	(1.46)
Finance cost	7.68	12.05
Profit / (Loss) before taxation	17.69	(13.51)
Provision for taxation	12.44	12.05
Profit / (Loss) after taxation	5.25	(25.56)
Profit / (Loss) per share (Rs.)	0.61	(2.96)

Future Outlook:

Unfortunately we are not able to project a positive outlook for the current year. Based on currents factors no significant recovery can be foreseen.

Acknowledgment:

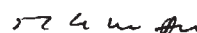
We would like to thank the Board of Directors for their guidance at all times to all employees and shareholders for their cooperation.

For and On behalf of Board of Directors



Khalid Bashir
Chief Executive

October 29, 2018
Lahore



Muhammad Anwar
Director

ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے سہ ماہی 30 ستمبر 2018ء کے فنانشل پیش کرتا ہوں۔

انتظامیہ کی کوشش کے باوجود آپ کی کمپنی مسلسل جدوجہد کر رہی ہے۔ پاکستان کی ٹیکسٹائل کی صنعت کوئی واضح بہتری نہیں دکھا رہی ہے۔ صنعت کا خام مال اچھی کوالٹی اور مقدار میں میسر نہیں ہے۔ اتنی پیداوار حاصل نہ ہوگی اور حالیہ پیداوار کی کوالٹی پچھلی فصل سے خراب ہے جو کہ خطرناک علامت ہے۔

فنانشل معاملات بھی اس سہ ماہی میں بہتر نہیں رہے۔ ہماری کاروباری لاگت ابھی بھی کافی زیادہ ہے اور ہمیں اپنے مقابل کے ساتھ سخت مقابلہ کا سامنا ہے۔

(مبلغ ملین میں)	30 ستمبر 2018ء	30 ستمبر 2017ء
سیلز	998.96	964.04
خام منافع	45.84	17.88
آپریٹنگ خرچہ	23.16	26.58
دیگر آمدنی	2.69	7.23
آپریٹنگ نفع/(نقصان)	25.37	(1.46)
فنانشل خرچہ	7.68	12.05
ٹیکسیشن سے پہلے نفع/(نقصان)	17.69	(13.51)
ٹیکسیشن کے لیے پروویژن	12.44	12.05
ٹیکسیشن کے بعد نفع/(نقصان)	5.25	(25.56)
فی شیئر نفع/(نقصان) روپے	0.61	(2.96)

مستقبل کے امکانات:

اس سال کے بارے میں مثبت نقطہ نظر مشکل ہے اور موجودہ حالات میں کوئی اہم پیش رفت نظر نہیں آتی۔

اظہار تشکر:

ہم تمام بورڈ آف ڈائریکٹرز کی مسلسل رہنمائی کا شکریہ ادا کرتے ہیں اور تمام کارکنوں اور حصہ داروں کا بھی ہمارے ساتھ تعاون کا شکریہ۔

محمد انور

محمد انور

ڈائریکٹر

محمد بشیر

محمد بشیر

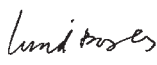
چیف ایگزیکٹو

29 اکتوبر 2018ء


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At September 30, 2018

	Un Audited September 30, 2018 Note	Audited June 30, 2018 (Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2018: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital		
8,640,000 (30 June 2018: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	596,323	594,668
Total equity	682,723	681,068
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	5 23,836	27,103
Deferred income tax liability	21,163	21,163
	44,999	48,266
CURRENT LIABILITIES		
Trade and other payables	654,921	657,409
Accrued mark-up	4,597	3,032
Short term borrowings	567,785	322,772
Current portion of long term financing	6 13,067	25,567
Unclaimed dividend	3,838	3,838
	1,244,208	1,012,618
Total liabilities	1,289,207	1,060,884
CONTINGENCIES AND COMMITMENTS	7 -	-
TOTAL EQUITY AND LIABILITIES	1,971,930	1,741,952

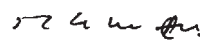
The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer

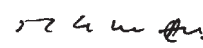


Director

		Un Audited September 30, 2018 (Rupees in thousands)	Audited June 30, 2018
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	877,002	890,604
Long term deposits		1,576	1,576
		878,578	892,180
CURRENT ASSETS			
Stores, spare parts and loose tools		54,509	65,276
Stock-in-trade		629,896	336,358
Trade debts		188,430	180,720
Advances		1,250	54,772
Short term prepayments		6,368	-
Other receivable		50,400	52,899
Short term investments		47,272	50,867
Sales tax refundable		48,769	44,870
Taxation - net		56,735	59,250
Cash and bank balances		9,723	4,760
		1,093,352	849,772
TOTAL ASSETS		1,971,930	1,741,952


Chief Executive


Chief Financial Officer


Director

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited)

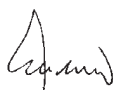
For The Period Ended September 30, 2018

	Note	September 30, 2018 (Rupees in thousands)	September 30, 2017
REVENUE	9	998,953	964,044
COST OF SALES	10	(953,113)	(946,165)
GROSS PROFIT		45,840	17,879
DISTRIBUTION COST		(3,994)	(9,680)
ADMINISTRATIVE EXPENSES		(18,237)	(16,561)
OTHER EXPENSES		(931)	(334)
		(23,162)	(26,575)
		22,678	(8,696)
OTHER INCOME		2,694	7,234
PROFIT / (LOSS) FROM OPERATIONS		25,372	(1,462)
FINANCE COST		(7,681)	(12,049)
PROFIT / (LOSS) BEFORE TAXATION		17,691	(13,511)
TAXATION		(12,441)	(12,051)
PROFIT / (LOSS) AFTER TAXATION		5,250	(25,562)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		0.61	(2.96)

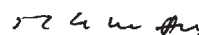
The annexed notes form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

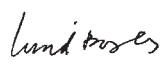


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Un-audited)
For The Period Ended September 30, 2018

	September 30, 2018	September 30, 2017
	(Rupees in thousands)	
PROFIT / (LOSS) AFTER TAXATION	5,250	(25,562)
OTHER COMPREHENSIVE (LOSS)		
Items that may be reclassified subsequently to profit or loss:		
(Deficit) on remeasurement of available for sale investments	(3,595)	(6,071)
Other comprehensive (Loss) for the period	(3,595)	(6,071)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	1,655	(31,633)

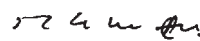
The annexed notes form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



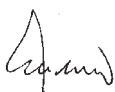
Director

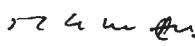
CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)
For The Period Ended September 30, 2018

	September 30, 2018	September 30, 2017
Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated (used in) / from operations	11 (204,259)	14,685
Finance cost paid	(6,116)	(13,970)
Income tax paid	(9,926)	(8,591)
Dividend paid	-	-
Net cash generated (used in) operating activities	(220,301)	(7,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(7,112)	-
Proceed from property, plant and equipment	3,055	-
Decrease in short term investment	-	12,685
Dividend received	75	75
Net cash (used in) / from investing activities	(3,982)	12,760
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(15,767)	(20,532)
Long term financing obtained	-	-
Short term borrowings - net	245,013	15,770
Net cash from / (used in) financing activities	229,246	(4,762)
Net increase in cash and cash equivalents	4,963	122
Cash and cash equivalents at the beginning of the period	4,760	4,608
Cash and cash equivalents at the end of the period	9,723	4,730

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**
For The Period Ended September 30, 2018

1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Ltd. Its registered office is situated at 7-B-3, Aziz Avenue, Gulberg 5, Lahore. The company is engaged in the business of manufacturing, sale and trading of yarn.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders, as required by Section 237 of the Companies Act, 2017. This condensed interim financial information of the company for the period ended 30 September 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the company for the year ended 30 June 2018.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 June 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2018.

	Unaudited September 30, 2018	Audited June 30, 2018
	(Rupees in thousands)	
5. LONG TERM FINANCING - SECURED		
Opening balance	52,670	120,502
Less: Repayments during the period / year	15,767	67,832
	36,903	52,670
6. Less: Current portion shown under current liabilities	13,067	25,567
	23,836	27,103

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

For The Period Ended September 30, 2018

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees of Rupees 69.596 million (30 June 2018: Rupees 69.596 million) are given by the bank of the company in favour of Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Letters of credit for other than capital expenditures amounted to Rupees 27.188 million (30 June 2018: Rupees 103.383 million).

	Un-audited September 30, 2018 (Rupees in thousands)	Audited June 30, 2018
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 8.1)	877,002	887,854
Capital work-in-progress (Note 8.2)	-	2,750
	877,002	890,604
8.1 Operating fixed assets - owned		
Opening book value	887,854	879,749
Add: Cost of additions during the period / year (Note 8.1.1)	9,862	86,746
	897,716	966,495
Less: Book value of deletions during the period / year (Note 8.1.2)	1,561	29
	896,155	966,466
Less: Depreciation charged during the period / year	19,153	78,612
Closing book value	877,002	887,854
8.1.1 Cost of additions		
Residential Building	-	50,879
Plant and machinery	2,595	28,858
Vehicles	7,267	7,009
	9,862	86,746
8.1.2 Book value of deletions		
Plant and machinery	235	-
Vehicles	1,326	29
	1,561	29
8.2 Capital work-in-progress		
Advance against purchase of vehicle	-	2,750
	-	2,750
	Unaudited September 30, 2018 (Rupees in thousands)	Unaudited September 30, 2017
9. SALES		
Export	18,041	300,924
Local	980,912	663,120
	998,953	964,044

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**
For The Period Ended September 30, 2018

	Unaudited September 30, 2018	Unaudited September 30, 2017
	(Rupees in thousands)	
10. COST OF SALES		
Raw material consumed	953,848	656,684
Stores, spares and loose tools consumed	23,993	23,434
Packing materials	19,849	17,428
Salaries, wages and other benefits	95,963	66,833
Fuel and power	141,485	105,995
Repairs and maintenance	4,292	4,503
Insurance	1,828	1,679
Depreciation	17,508	18,493
Other factory overheads	1,240	1,271
	1,260,006	896,320
Work-in-process:		
Opening stock	45,449	33,878
Closing stock	(42,294)	(22,883)
	3,155	10,995
Cost of goods manufactured	1,263,161	907,315
Finished goods:		
Opening stock	105,787	469,235
Closing stock	(415,835)	(430,385)
	(310,048)	38,850
	953,113	946,165
11. CASH GENERATED FROM OPERATIONS		
Profit / (Loss) before taxation	17,691	(13,511)
Adjustments for non-cash charges and other items:		
Depreciation	19,153	19,178
Gain on sale of investment	-	(1,853)
Dividend received	(75)	(75)
Gain on sale of property, plant and equipment	(1,494)	-
Finance cost	7,681	12,049
Working capital changes (Note 11.1)	(247,215)	(1,103)
	(204,259)	14,685
11.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	10,767	1,323
- Stock-in-trade	(293,538)	37,979
- Trade debts	(7,710)	(76,688)
- Loans and advances	53,522	(5,430)
- Trade deposit and short term prepayments	(6,368)	(5,424)
- Other receivables	2,499	(1,141)
- Sales tax refundable	(3,899)	10,692
	(244,727)	(38,689)
Decrease in trade and other payables	(2,488)	37,586
	(247,215)	(1,103)

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**

For The Period Ended September 30, 2018

12. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 September 2018	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Available for sale financial assets	47,272	-	-	47,272
Total financial assets	47,272	-	-	47,272

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Available for sale financial assets	50,867	-	-	64,323
Total financial assets	50,867	-	-	64,323

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

ii. Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments was use of quoted market prices.

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**
For The Period Ended September 30, 2018

13. TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

	Un-audited September 30, 2018	Un-audited September 30, 2017
	(Rupees in thousands)	
Associated Companies		
Purchase of goods and services	52	70
Insurance premium	8,377	7,323
Rent expense	600	510
Electricity purchased	-	11,567
Other related parties		
Company's contribution to employees' provident fund trust	1,373	1,150

14. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2018.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the company and authorized for issue on October 29, 2018.

16. CORRESPONDING FIGURES

'In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.


Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

17. GENERAL

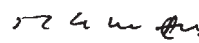
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Executive



Chief Financial Officer



Director

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Key features:

- Licensed Entities Verification
- Scam meter*
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- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



BOOK POST

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