

## COMPANY INFORMATION

### Board Of Directors

Mr. Zahid Mazhar (Chief Executive)  
Mr. Shahid Mazhar  
Mr. Omer Bin Zahid  
Mr. Ahmed Bin Shahid  
Mst. Rafia Sultana  
Mst. Naila Zahid  
Mst. Ghazala Shahid

### Auditors

M/S Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Legal Advisor

Mr. Abdul Ghani Khan (Advocate)

### Audit Committee

Mr. Shahid Mazhar (Chairman)  
Mr. Omer Bin Zahid (Member)  
Mst. Naila Zahid (Member)

### Chief Financial Officer

Mr. Shaikh Farukh Jamil (DIBP)

### Bankers

Citi Bank N. A.  
Allied Bank Limited  
Soneri Bank Limited  
Bank Al-Falah Limited  
Askari Commercial Bank Limited

### Registered Office

201-202, Commerce Centre,  
Hasrat Mohani Road,  
Karachi - Pakistan.  
Phone: (021) 2635807 , 2635809  
Fax: (92-21) 2637896 , 2632712

### Mailing Address

A 801-804, Lakson Square Building # 3,  
Sarwar Shaheed Road, Karachi - Pakistan.  
Phone: (021) 5220481-8  
Fax: (92-21) 5220495-6

### Mills

A-265, S.I.T.E., Nooriabad,  
District Dadu, Sindh.

### URL

[www.shadmangroup.com.pk](http://www.shadmangroup.com.pk)

## DIRECTORS' REPORT

Dear Shareholders,

The directors of the Company are pleased to present their report together with the Reviewed Financial Statements of the Company for the six months ended on December 31, 2006.

### OVERVIEW

The overall market conditions remained very challenging during the period under review. The company has earned a pre-tax profit of Rs. 6,659,688/= during the period under review as compared to the pre-tax profit of Rs. 711,538/= during the comparative period.

### TURNOVER

The company's turn over during the period amounted to Rs. 772.81 million as compared to Rs. 568.98 million of the corresponding period of last year showing an increase of Rs. 203.83 million.

### FINANCIAL RESULTS

During the period under review, the Company made a gross profit of Rs. 59.61 million as compared to Rs. 41.78 million of corresponding period of last year showing an increase of Rs. 17.83 million. Gross profit Margin increased by 0.37% of sales as compared to the comparative period.

Financial charges increased to Rs. 32.09 million as compared to Rs. 27.38 million. This is due to increasing Rates of markup.

### EARNING PER SHARE

Earning per share for the period is Rs. 0.11 as compared to Rs. 0.51 of the comparative period.

### CURRENT AND FUTURE SUMMARY AND PROSPECTS

Pakistan's textile industry is facing a major crisis due to higher cost of production as compared to other textile countries in the region. The interest rates have increased by about 20%. The prices of gas and energy has increased by 50% and salaries and wages by 60% which has increased over cost of production by about 11% to 12%. We are therefore, facing tough competition in the international market.

### ACKNOWLEDGEMENT

The management would like to place on record its appreciation for the continuous support of its shareholders, customers and employees.

Karachi: Feb. 27, 2007



**ZAHID MAZHAR**  
Chief Executive


## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Nadeem Textile Mills Limited as at December 31, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2005 and 2006 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi:  
Feb. 27, 2007



Khalid Majid Rahman Sarfaraz  
Rahim Iqbal Rafiq  
Chartered Accountants

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2006**

	<b>DEC. 31, 2006</b>	<b>JUNE 30, 2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>AUTHORISED CAPITAL</b>		
12,500,000 Ordinary Shares of Rs. 10/- each	125,000,000	125,000,000
Issued, Subscribed & Paid-up	120,150,000	120,150,000
Capital Reserves	15,575,000	15,575,000
Unappropriated Profit	167,179,762	165,897,490
	<u>302,904,762</u>	<u>301,622,490</u>
<b>NON CURRENT LIABILITIES</b>		
Long term financing	128,307,653	164,642,666
<b>DEFERRED LIABILITIES</b>	34,797,141	33,912,989
<b>CURRENT LIABILITIES</b>		
Trade & other payables	44,270,935	29,321,693
Accrued markup	15,704,863	17,657,597
Short term finances	620,809,017	355,778,515
Current portion of long term financing	47,307,585	46,410,424
Provision for taxation	5,777,309	9,745,413
	<u>733,869,709</u>	<u>458,913,642</u>
<b>Total equity and liabilities</b>	<b><u>1,199,879,265</u></b>	<b><u>959,091,787</u></b>
<b><u>ASSETS</u></b>		
<b>NON CURRENT ASSETS</b>		
Operating Assets	514,688,473	505,980,523
Capital Work in Progress	14,033,201	13,413,778
	<u>528,721,674</u>	<u>519,394,301</u>
<b>LONG TERM DEPOSITS</b>	804,710	799,910
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	15,938,537	13,006,765
Stock in trade	488,353,037	216,115,697
Trade Debtors	132,519,700	120,527,872
Investment	2,573,300	1,445,750
Loan & Advance	11,706,653	14,999,406
Trade deposit and short term payments	10,954,225	62,353,761
Other receivable	3,330,180	8,973,188
Cash and Bank Balances	4,977,249	1,475,137
	<u>670,352,881</u>	<u>438,897,576</u>
<b>Total assets</b>	<b><u>1,199,879,265</u></b>	<b><u>959,091,787</u></b>

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



Chief Executive  
 Karachi: Feb. 27, 2007




Director

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2006**

	FOR THE HALF YEAR ENDED		FOR THE QUARTER ENDED	
	DEC. 31, 06 RUPEES	DEC. 31, 05 RUPEES	DEC. 31, 06 RUPEES	DEC. 31, 05 RUPEES
Sales (Net)	772,811,303	568,982,624	348,368,091	307,582,193
Cost of Sales	<u>713,200,137</u>	<u>527,205,261</u>	<u>318,138,822</u>	<u>285,389,347</u>
Gross Profit	<b>59,611,166</b>	41,777,363	<b>30,229,269</b>	22,192,846
<b>Operating Expenses</b>				
Administrative	<b>8,585,546</b>	7,184,480	<b>4,176,312</b>	3,727,272
Selling & Distribution	<b>12,358,546</b>	10,007,094	<b>5,598,699</b>	5,536,511
	<u>20,944,092</u>	<u>17,191,574</u>	<u>9,775,011</u>	<u>9,263,783</u>
Operating Profit	<b>38,667,074</b>	24,585,789	<b>20,454,258</b>	12,929,063
Other Income	<b>434,654</b>	3,549,264	<b>106,260</b>	1,443,811
	<u>39,101,728</u>	<u>28,135,053</u>	<u>20,560,518</u>	<u>14,372,874</u>
<b>Other Charges</b>				
Financial	<b>32,092,679</b>	27,386,066	<b>18,505,665</b>	14,190,038
Worker's P.P. Fund	<b>349,361</b>	37,449	<b>101,651</b>	9,141
	<u>32,442,040</u>	<u>27,423,515</u>	<u>18,607,316</u>	<u>14,199,179</u>
Profit before Tax	<b>6,659,688</b>	711,538	<b>1,953,202</b>	173,695
<b>Taxation</b>				
Current	<b>5,777,309</b>	3,918,027	<b>3,004,135</b>	2,611,025
Prior	<b>(213,145)</b>	(532,477)	<b>(213,145)</b>	(532,477)
Deferred	<b>(186,748)</b>	(8,824,152)	<b>(1,119,649)</b>	(7,255,048)
	<u>5,377,416</u>	<u>(5,438,602)</u>	<u>1,671,341</u>	<u>(5,176,500)</u>
Profit after Tax	<b>1,282,272</b>	6,150,140	<b>281,861</b>	5,350,195
Unappropriated Profit b/f	<b>165,897,490</b>	160,984,782	<b>166,897,901</b>	161,784,727
Unappropriated Profit c/f	<u><b>167,179,762</b></u>	<u>167,134,922</u>	<u><b>167,179,762</b></u>	<u>167,134,922</u>
Number of shares	<b>12,015,000</b>	12,015,000	<b>12,015,000</b>	12,015,000
<b>Earning per share</b>	<u><u><b>0.11</b></u></u>	<u><u><b>0.51</b></u></u>	<u><u><b>0.023</b></u></u>	<u><u><b>0.45</b></u></u>



Chief Executive  
Karachi: Feb. 27, 2007



Director

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2006**

**DEC. 31, 2006**      **DEC. 31, 2005**  
**RUPEES**                      **RUPEES**

**CASH FLOW FROM OPERATING ACTIVITIES**

Profit before taxation	6,659,688	711,537
Adjustments for:		
Depreciation	25,496,048	20,728,335
Provision for gratuity	1,800,000	1,200,000
Provision for WPPF	349,361	37,449
Unrealised gain	(21,830)	-
Financial charges	32,092,679	27,386,066
	59,716,258	49,351,850
Operating profit before working capital changes	66,375,946	50,063,387

**WORKING CAPITAL CHANGES**

(Increase) / Decrease in current assets		
Stores and Spares	(2,931,772)	(5,536,004)
Stock in trade	(272,237,340)	(133,179,272)
Trade debts	(11,991,828)	34,144,731
Investments	(1,105,640)	-
Loans and advances	(145,536)	-
Trade deposits and short term pre-payments	51,399,536	-
Other receivables	5,643,008	(15,729,965)
	(231,369,572)	(120,300,510)

Increase / (Decrease) in current liabilities

Trade and other payables	14,599,881	(1,740,416)
Cash used in operations	(150,393,745)	(71,977,539)

Taxes paid	(6,094,059)	(3,915,133)
Gratuity paid	(729,100)	(3,378,450)
Long term deposit paid	(4,800)	-
Financial charges paid	(34,045,413)	(24,984,067)
	(40,873,372)	(32,277,650)

Net cash used in operating activities	(191,267,117)	(104,255,189)
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c/f ...

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2006**

	<b>DEC. 31, 2006</b>	<b>DEC. 31, 2005</b>
	<b>RUPEES</b>	<b>RUPEES</b>
b/f...	(191,267,117)	(104,255,189)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(34,823,421)	(111,588,300)
Net cash used in investing activities	(34,823,421)	(111,588,300)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayments) of long term liabilities	(35,437,852)	65,486,203
Short term finance	265,030,502	148,071,131
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>229,592,650</b>	<b>213,557,334</b>
Net Increase / (Decrease) in cash and cash equivalents	3,502,112	(2,286,155)
Cash and cash equivalents at beginning of the period	1,475,137	4,843,676
Cash and cash equivalents at end of the period	4,977,249	2,557,521

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



Chief Executive  
Karachi: Feb. 27, 2007



Director

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN- AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2006**

	PAID UP CAPITAL	CAPITAL RESERVE	UN-APPRO- PRIATED PROFIT	TOTAL
	← RUPEES →			
Balance as at June 30, 2005	120,150,000	15,575,000	160,984,782	296,709,782
Net profit (July-05 to December-05)	-	-	6,150,140	6,150,140
Balance as at December 31, 2005	120,150,000	15,575,000	167,134,922	302,859,922
Net loss (January-06 to June-06)	-	-	(1,237,432)	(1,237,432)
Balance as at June 30, 2006	120,150,000	15,575,000	165,897,490	301,622,490
Six months profit (July-06 to Dec.-06)	-	-	1,282,272	1,282,272
Balance as at December 31, 2006	120,150,000	15,575,000	167,179,762	302,904,762

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



Chief Executive  
 Karachi: Feb. 27, 2007



Director

## NADEEM TEXTILE MILLS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2006

#### 1 STATUS AND NATURE OF BUSINESS

Nadeem Textile Mills Limited is a Listed Public Limited Company incorporated under the Companies Ordinance, 1984 with Registrar of Joint Stock Companies, Karachi. The main business of the company is to manufacture and sale of cotton yarn.

#### 2 BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with requirements of International Accounting Standard 34-Interim Financial Reporting and subjected to limited scope review by statutory auditor of the company as per the requirement of Listing Regulation XXXVII of the Code of Corporate Governance.

2.2 As per SRO 684 (1) 2004 dated August 10, 2004 issued by the Central Board of Revenue read with Securities and Exchange Commission of Pakistan Circular No. 29 of 2004 dated November 05, 2004 the company's tax year / financial year is to close on June 30, instead of September 30 with effect from the financial year ending June 30, 2005.

These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

#### 3 ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed for the preparation of these financial statements are the same as those applied in preparing the preceding published annual financial statements of the Company.

		DEC 31, 06 RUPEES	DEC 31, 05 RUPEES
<b>4 Sales - net</b>	<b>Note</b>		
Yarn:			
Export		367,124,663	302,545,510
Local		376,241,454	272,041,550
	4.1	743,366,117	574,587,060
Raw material		32,395,453	-
Waste		7,945,107	7,189,222
<b>Less:</b>			
Ocean freight		5,173,132	5,382,357
Commission on export		4,664,304	6,668,538
Export development charges		1,057,938	742,763
		10,895,374	12,793,658
		<b>772,811,303</b>	<b>568,982,624</b>

4.1 This includes sales of yarn Rs. 192 million (2005: Rs. 123 million) purchased for trading purpose.

## 5 CONTINGENCIES AND COMMITMENTS

### 5.1 CONTINGENCIES

There is no change in contingencies disclosed in the last annual audited financial statements except that the amount of bank guarantee submitted to E.T.O. has been increased from Rs. 2.5 million to Rs. 3.25 million.

<b>5.2 COMMITMENTS</b>	<b>DEC. 31, 06</b>	<b>JUNE 30, 06</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Letter of credit for capitalization	1,100,000	595,736

## 6 TRANSACTION WITH ASSOCIATED UNDERTAKINGS

	<b>DEC. 31, 06</b>	<b>DEC 31, 05</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Interest Income	-	1,022,334
Sale of Yarn	-	12,031,800
Purchase of yarn	144,031,990	118,013,050
Reprocessing Income	312,000	3,547,200
Reprocessing Expense	1,705,118	377,395
Sale of raw material	32,395,453	-

## 7 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	UN-AUDITED		AUDITED	
	DEC. 31, 2006		JUNE 30, 2006	
	Additions	Deletions	Additions	Deletions
Factory building	9,225,059	-	5,044,368	-
Non-factory building	16,232,740	-	6,581,245	-
Plant & Machinery	4,868,380	-	164,192,673	-
Computer Equipment	132,130	-	232,961	-
Office Equipment	255,700	-	308,100	-
Furniture & Fixture	370,409	-	130,444	-
Vehicle	3,119,580	-	2,061,799	-
	<b>34,203,998</b>	<b>-</b>	<b>178,551,590</b>	<b>-</b>

## 8 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on February 27, 2007 by the Board of Directors of the Company.

## 9 GENERAL

Figures have been rounded off to the nearest rupees.



Chief Executive  
Karachi: Feb. 27, 2007



Director