

**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	MR. ZAHID MAZHAR (Chief Executive / Chairman) MR. OMER BIN ZAHID MR. HASSAN BIN ZAHID MRS. NAILA ZAHID MR. SHAHID MAZHAR MRS. GHAZALA SHAHID MR. AHMED BIN SHAHID MRS. NOUREEN REHAN
AUDITORS	:	M/S. MUSHTAQ & CO. CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	MR. ABDUL GHANI KHAN (Advocate)
AUDIT COMMITTEE	:	MRS. NAILA ZAHID (Member / Chairperson) MR. OMER BIN ZAHID (Member) MR. HASSAN BIN ZAHID (Member)
H. R. AND REMUNERATION COMMITTEE	:	MR. OMER BIN ZAHID (Chairman) MR. ZAHID MAZHAR (Member) MRS. NAILA ZAHID (Member)
CHIEF FINANCIAL OFFICER	:	MR. ABDUL AMIN
BANKERS	:	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB MCB LIMITED BANK AL-FALAH LIMITED UNITED BANK LIMITED HABIB BANK LIMITED
REGISTERED OFFICE	:	201-202, COMMERCE CENTRE, HASRAT MOHANI ROAD, KARACHI - PAKISTAN. PHONE : (021) 32635807 - 32635809 FAX : (92 -21) 32637896 - 32632712
HEAD OFFICE	:	A 801-804, TOWER-A, 8th FLOOR LAKSON SQUARE BUILDING NO. 3, SARWAR SHAHEED ROAD, KARACHI - PAKISTAN. PHONE (021) 35220481-8 FAX (92 -21) 35220495-6
SHARE REGISTRAR	:	M/S. TECHNOLOGY TRADE (PVT.) LTD 241-C, BLOCK-2, P.E.C.H.S., KARACHI.
MILLS	:	KOT SHAH MOHAMMAD, WARBURTON ROAD, FEROUZ WATOAN. TEHSIL : NANKANA SAHIB DISTRICT : SHEIKHUPURA
URL	:	<a href="http://www.shadmangroup.com.pk">www.shadmangroup.com.pk</a>

## DIRECTORS' REPORT

Dear Shareholders,

The directors of the Company are pleased to present their report along with the Un-Audited Financial Statements of the Company for the 1st Quarter ended on September 30, 2013.

### OVERVIEW

The accounts of first quarter of the current financial year show the results of only the two units located in Punjab since the Sindh segment of the Company was sold alongwith assets and liabilities during the financial year 2012-13.

The sales turnover of the Company is Rs. 897.75 million as compared to Rs.1,152.82 million of corresponding period of last year.

### FINANCIAL RESULTS

During the quarter, the Company made after tax profit of Rs. 6.492 million as compared to after tax profit of Rs. 1.195 million of corresponding period of last year.

Financial costs for the current period decreased from Rs. 33.2 million to Rs. 19.20 million.

### EARNING PER SHARE

Earning per share for the period is Rs. 0.37 as compared to EPS of Rs. 0.07 of the comparative period of last year.

### CURRENT AND FUTURE SUMMARY AND PROSPECTS

The directors of your company foresee better results during the rest of financial year. Our positive outlook is based on export friendly exchange rates.

### ACKNOWLEDGEMENT

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

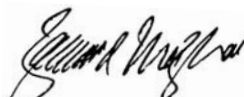
Karachi:  
December 05, 2013

  
**ZAHID MAZHAR**  
Chief Executive

**SHADMAN COTTON MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 201**

	Note	(Un-Audited) Sep. 30, 201 RUPEES	(Audited) Jun. 30, 201 RUPEES
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	1,418,967,723	1,408,043,568
Long term deposits		4,741,572	5,572,915
		<u>1,433,709,295</u>	<u>1,423,616,483</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		6,062,430	8,999,842
Stocks in trade		28,775,103	16,347,983
Trade debts		49,746,842	50,199,642
Loans and advances		5,774,112	4,785,171
Other receivables		3,715,062	16,629,094
Tax refund due from Government		1,699,595	1,698,566
Other financial assets		31,000	24,250
Cash and bank balances		4,346,477	8,852,373
		<u>11,050,621</u>	<u>78,436,921</u>
<b>TOTAL ASSETS</b>		<u><u>2,144,759,916</u></u>	<u><u>2,102,053,404</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
<b>Authorized capital</b>			
18,000,000 ordinary shares of Rs. 10 each		180,000,000	180,000,000
Issued, subscribed and paid up capital		176,367,190	176,367,190
Reserves		53,218,752	53,218,752
Unappropriated loss		(223,276,848)	(238,007,847)
		<u>6,309,094</u>	<u>(8,421,905)</u>
<b>Shareholders' equity</b>		<u>626,859,703</u>	<u>635,097,915</u>
Surplus on revaluation of property, plant and equipment		6,047,799	6,742,029
Deferred income			
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		36,309,032	36,309,032
Deferred liabilities		171,118,613	171,848,413
		<u>207,427,645</u>	<u>208,157,445</u>
<b>CURRENT LIABILITIES</b>			
Trade & other payables		341,549,199	320,476,401
Interest / markup on loans		307,610,429	292,213,944
Short term borrowings		467,159,906	474,159,905
<b>Current portion of:</b>			
long term finances		20,000,000	20,000,000
Overdue bank liabilities		102,284,822	102,284,822
Liabilities against assets subject to finance lease		19,306,905	19,306,905
Provision for income tax		40,204,414	32,035,942
		<u>1,298,115,675</u>	<u>1,260,477,919</u>
Contingencies and commitments			
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>2,144,759,916</u></u>	<u><u>2,102,053,404</u></u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.



Chief Executive

Karachi: December 05, 2013

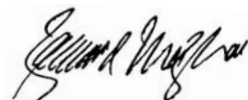


Director

**SHADMAN COTTON MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013**

	Sep. 30, 2013 RUPEES	Sep. 30, 2012 RUPEES
Sales and services	897,752,074	1,152,829,592
Cost of sales and services	(848,578,325)	(1,087,949,849)
<b>Gross profit</b>	<u>49,173,749</u>	<u>64,879,743</u>
Other operating income	5,407,651	467,968
Distribution cost	(5,256,633)	(9,862,790)
Administrative expenses	(15,460,815)	(17,751,086)
Other operating expenses	-	(339,517)
Finance cost	(19,202,691)	(33,160,671)
	<u>(34,512,488)</u>	<u>(60,646,096)</u>
<b>Profit before taxation</b>	14,661,261	4,233,647
<b>Taxation:</b>		
Current tax	(8,168,472)	(8,783,827)
Deferred tax	-	5,746,000
	<u>(8,168,472)</u>	<u>(3,037,827)</u>
<b>Profit for the period</b>	<u><u>6,492,789</u></u>	<u><u>1,195,820</u></u>
<b>Earning per share - basic and diluted</b>	<u><u>0.37</u></u>	<u><u>0.07</u></u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statement.



Chief Executive  
Karachi: December 05, 2013

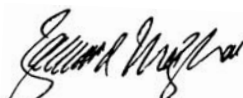


Director

**SHADMAN COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN- AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013**

	RESERVES				
	REVENUE		SUB TOTAL	TOTAL EQUITY	
	CAPITAL RESERVE	UN-APPRO- PRIATED PROFIT/ (LOSS)			
SHARE CAPITAL					
← RUPEES →					
<b>Balance as at June, 30 2012</b>	176,367,190	53,218,752	(364,421,443)	(311,202,691)	(134,835,501)
Net profit 1st quarter ended September 30, 2012	-	-	,195,820	,195,820	,195,820
Incremental depreciation for the 1st quarter ended Sep. 30, 201	-	-	,296,517	,296,517	,296,517
<b>Balance as at Sep. 30, 201</b>	<u>176,367,190</u>	<u>53,218,752</u>	<u>(356,929,106)</u>	<u>(303,710,354)</u>	<u>(127,343,164)</u>
<b>Balance as at June 30, 2013</b>	176,367,190	53,218,752	(238,007,847)	(184,789,095)	(8,421,905)
Net profit for 1st quarter ended September 30, 2013	-	-	6,492,789	6,492,789	6,492,789
Incremental depreciation for the 1st quarter ended Sep. 30, 2013	-	-	8,238,210	8,238,210	8,238,210
<b>Balance as at Sep. 30, 2013</b>	<u>176,367,190</u>	<u>53,218,752</u>	<u>(223,276,848)</u>	<u>(170,058,096)</u>	<u>6,309,094</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statement.



Chief Executive  
Karachi: December 05, 2013



Director

**SHADMAN COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013**

	Sep. 30, 2013 RUPEES	Sep. 30, 2012 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	34,188,381	51,582,551
<b>Cash generated from operations</b>		
Finance cost paid	(3,806,206)	(12,339,022)
Gratuity paid	(2,402,300)	(658,744)
Taxes refunded / (paid) - net	(8,872,951)	(9,875,550)
	(15,081,457)	(22,873,316)
<b>Cash flow from operating activities</b>	19,106,924	28,709,235
<b>Capital expenditure</b>	(27,444,164)	(3,770,393)
Long term deposits	831,343	2,481,621
Proceeds from disposal of property, plant and equipment	-	84,350
<b>Cash flow used in investing activities</b>	(26,612,821)	(1,204,422)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings	(6,999,999)	(26,645,727)
Acquisition/(Payment) of long term finances	-	8,475,000
	(6,999,999)	(18,170,727)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(14,505,896)	9,334,086
Cash and cash equivalents at the beginning of the period	28,852,373	8,252,291
<b>Cash and cash equivalents at the end of the period</b>	14,346,477	17,586,377

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.



Chief Executive  
Karachi: December 05, 2013



Director

## SHADMAN COTTON MILLS LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

Shadman Cotton Mills Limited (the company) was incorporated in Pakistan on November 24, 1979 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the company are listed on Karachi and Lahore Stock Exchanges. The registered office of the company is located at 201-202 2nd floor Commerce Centre, Hasrat Mohani Road, Karachi and its mills are located at Feroze Watoan, Sheikhpura. The Company is principally engaged in manufacturing and sale of yarn.

#### 2 BASIS OF PREPARATION

These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with the requirements of section 245 of the companies ordinance 1984.

#### 3 ACCOUNTING POLICIES

The accounting policies and method of computation adopted for the preparation of the financial statements for these financial statements are the same as those applied in the preparation of the financial statements of the company for the period ended June 30, 2013.

#### 4 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	(Un-audited) Sep.30-2013		Audited Jun.30-2013	
	Acquisition	Disposal	Acquisition	Disposal
	Cost Rupees		Cost Rupees	
Freehold land	24,717,500	-	-	-
Land (Leasehold)	-	-	-	(30,250,000)
Factory building	-	-	313,000	(114,143,357)
Non-factory building	-	-	725,000	(56,071,622)
Plant and machinery	-	-	84,961,578	(503,021,294)
Office equipment	149,509	-	2,261,902	(3,687,736)
Vehicles	2,507,155	-	,062,640	(18,448,919)
Furniture and fixtures	70,000	-	29,200	(1,546,845)
	<u>27,444,164</u>	<u>-</u>	<u>93,353,320</u>	<u>(727,169,773)</u>

	(Un-audited) Sep.30-2013 RUPEES	(Un-audited) Sep.30-2012 RUPEES
<b>5 CASH USED IN OPERATIONS</b>		
<b>Profit / (loss) before taxation</b>	14,661,261	4,233,647
<b>Adjustments for non cash charges and other items:</b>		
Depreciation on property, plant & equipment	16,520,004	18,872,852
(Gain)/loss on sale of property, plant and equipment	-	(53,232)
Amortization of deferred cost	(694,230)	(195,163)
Investment at fair value through profit and loss	(6,750)	(132,250)
Provision for gratuity	1,672,500	-
Finance cost	19,202,691	33,160,671
Bad debts write Off	(52,615)	-
	<u>36,641,600</u>	<u>51,652,878</u>
<b>Operating profit before working capital changes</b>	<u>51,302,861</u>	<u>55,886,525</u>

	(Un-audited) Sep.30-2013 RUPEES	(Un-audited) Sep.30-2012 RUPEES
<b>CHANGES IN WORKING CAPITAL</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools and stock in trade	(9,489,708)	(67,131,039)
Trade debts	505,415	(54,624,319)
Loans and advances	(50,988,941)	(2,947,675)
Sales tax refundable	(1,128,078)	13,240,980
Other receivables	22,914,032	(8,902,103)
	(38,187,280)	(120,364,156)
<b>(Increase) / decrease in current liabilities</b>		
Trade and other payables	21,072,800	116,060,182
<b>Cash flow from operating activities</b>	<u>34,188,381</u>	<u>51,582,551</u>

## 6 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel. Transactions with related parties are as under:

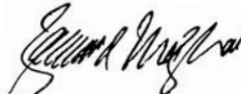
<b>Nadeem Textile Mills Ltd.</b>	<b>Associate</b>		
Sale of yarn	-	9,750,000	
Purchase of raw material	-	91,019,531	
Purchase of land	23,000,000	-	
Reprocessing income	-	124,400	
<b>Nadeem Power Generation (Pvt) Ltd.</b>	<b>Associate</b>		
Electricity purchased	-	55,497,483	
Loan received	-	116,414,180	

## 7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on December 05, 2013.

## 8 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee.

  
Chief Executive  
Karachi: December 05, 2013

  
Director