



Shadman

Cotton Mills Limited

**REPORT FOR THE 1st QUARTER ENDED
SEPTEMBER 30, 2015**

COMPANY INFORMATION

BOARD OF DIRECTORS	: MR. SHAHID MAZHAR (chief executive / chairman) MR. AHMED BIN SHAHID MRS. GHAZALA SHAHID MRS. NAUREEN REHAN MR. MUHAMMAD AKHTAR MR. ABDUL RAZZAQ MR. FIDA HUSSAIN
AUDITORS	: RAHMAN SARFARAZ RAHIM IQBAL RAFIQ CHARTERED ACCOUNTANTS
LEGAL ADVISOR	: MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	: MRS. NAUREEN REHAN (Chairman) MRS. GHAZALA SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
H.R. ADD REMUNERATION COMMITTEE	: MR. AHMED BIN SHAHID (Chairman) MR. SHAHID MAZHAR (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY	: MR. NASIR ALI KHAN BHATTI FCA
BANKERS	: ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED MEEZAN BANK LTD
REGISTERED OFFICE	: 2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG-II, LAHORE- PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
HEAD OFFICE	: 2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG-II, LAHORE- PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
SHARE REGISTRAR	: M/S TECHNOLOGY TRADE (PVT) LTD. 241-C, BLOCK-2, P.E.C.H.S., KARACHI.
MILLS	: KOT SHAH MOHAMMAD, WARBURTON ROAD, FEROZ WATOAN, TEHSIL & DISTRICT : NANKANA SAHIB.
URL	: www.shadman.com.pk

DIRECTORS REPORT

Dear Shareholders,

The Directors of the Company are pleased to present their report along with the unaudited financial statement of the Company for the 1st Quarter ended on September 30, 2015.

OVERVIEW & FINANCIAL RESULTS:

The sales turnover of the Company for the period is Rs. 115.01 Million as compared to Rs. 404.08 Million of corresponding period last year. The Company has incurred pretax loss of Rs. 48.55 Million as compared to loss of Rs. 46.34 Million during the corresponding period last year.

EARNING PER SHARE:

Earnings (loss) per share for the period are Rs. (2.81) as compared to Earnings/Loss per share of (2.86) of the corresponding period last year.

CURRENT & FUTURE SUMMARY & PROSPECTUS:

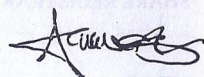
Being not competitive in global market, our exports have drastically come down and which had resulted in tremendous reduction in sales turnover.

The massive reduction in yarn prices resulted in gross losses and the Company has to close down some of its production facilities. The burden of fixed cost was allocated to remaining production facilities and this further inflated the cost of production and losses.

Inconsistent and costly electric power supply and limited gas supply for industry is also contributory factor for bad patch in textile spinning industry.

However your management is making hectic efforts to improve the results in the next quarter

Lahore.
Dated: 01st December, 2015



SHAHID MAZHAR
Chief Executive Officer

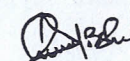
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2015

NOTES	(UN-AUDITED) Sept 30, 2015 RUPEES	(AUDITED) June 30, 2015 RUPEES
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,312,913,325	1,326,203,585
Long term deposits	31,299,093	27,247,915
	<u>1,344,212,418</u>	<u>1,353,451,500</u>
CURRENT ASSETS		
Stores, spares and loose tools	68,191,282	69,958,862
Stock in trade	188,422,423	180,463,893
Trade debts	82,059,094	66,615,697
Loans and advances	35,461,213	32,741,713
Other receivables	12,326,879	12,326,880
Other financial assets	94,500	101,000
Tax refund due from Government	19,097,583	19,796,173
Cash and bank balances	2,030,730	385,619
	<u>407,683,704</u>	<u>382,389,837</u>
TOTAL ASSETS	<u>1,751,896,122</u>	<u>1,735,841,337</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Authorized capital		
18,000,000 ordinary shares of Rs. 10 each	<u>180,000,000</u>	<u>180,000,000</u>
Issued, subscribed and paid up capital	176,367,190	176,367,190
Reserves	53,218,752	53,218,752
Unappropriated loss	(246,288,732)	(204,051,569)
Shareholder's equity	<u>(16,702,790)</u>	<u>25,534,373</u>
Surplus on revaluation of property, plant and equipment	626,551,190	633,941,332
Deferred income	1,348,405	1,348,405
NON CURRENT LIABILITIES		
Long Term Financing	-	-
Liabilities against assets subject to finance lease	-	-
Deferred liabilities	<u>104,098,280</u>	<u>104,538,280</u>
	<u>104,098,280</u>	<u>104,538,280</u>
CURRENT LIABILITIES		
Trade & other payables	333,851,072	306,041,549
Accrued Interest / markup on loans	107,626,295	107,423,040
Loan from directors	74,825,934	46,991,840
Short term borrowings	<u>374,226,423</u>	<u>364,528,770</u>
	<u>890,529,724</u>	<u>824,985,199</u>
Current portion of :-		
Long term financing and overdue bank liabilities	<u>128,839,832</u>	<u>129,349,832</u>
Liabilities against assets subject to finance lease	<u>7,672,001</u>	<u>7,672,001</u>
	<u>136,511,833</u>	<u>137,021,833</u>
Provision of income tax	9,559,480	8,471,915
	<u>1,036,601,037</u>	<u>970,478,947</u>
TOTAL EQUITY AND LIABILITIES	<u>1,751,896,122</u>	<u>1,735,841,337</u>

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



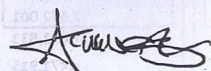
Lahore.
Dated: 01st December, 2015


Director

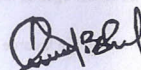
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

NOTES	(UN-AUDITED) Sept 30, 2015 RUPEES	(UN-AUDITED) Sept 30, 2014 RUPEES
Sales - Net	115,010,239	404,081,255
Cost of sales	(154,051,440)	(418,223,283)
Gross profit / (Loss)	(39,041,201)	(14,142,028)
Distribution cost	(755,732)	(3,099,413)
Administrative expenses	(8,494,582)	(12,970,663)
Other operating expenses	-	(354,618)
	(9,250,314)	(16,424,694)
	(48,291,515)	(30,566,722)
Other income	558	1,200,732
Profit / (Loss) from operation	(48,290,957)	(29,365,990)
Finance cost	(258,299)	(16,977,047)
Profit / (Loss) before taxation	(48,549,256)	(46,343,037)
Taxation	(1,088,006)	(4,113,920)
Profit / (Loss) after taxation	(49,637,262)	(50,456,957)
Earning per share - basic and diluted	(2.81)	(2.86)

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



Lahore.
Dated: 01st December, 2015

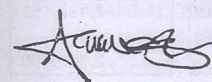


Director

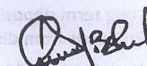
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	SHARE CAPITAL	RESERVES CAPITAL RESERVE	UN-APPROPRIATED PROFIT / (LOSS)	SUB TOTAL	TOTAL EQUITY
Balance as at June 30, 2014	176,367,190	53,218,752	(271,427,657)	(218,208,905)	(41,841,715)
Net profit / (loss) 1st quarter ended September 30, 2014	-	-	(48,952,577)	(48,952,577)	(48,952,577)
Incremental depreciation for the 1st quarter ended Sep 30, 2014	-	-	4,070,164	4,070,164	4,070,164
Balance as at September 30, 2014	176,367,190	53,218,752	(316,310,070)	(263,091,318)	(86,724,128)
Balance as at June 30, 2015	176,367,190	53,218,752	(204,051,569)	(150,832,817)	25,534,373
Net profit / (loss) 1st quarter ended September 30, 2015	-	-	(49,637,262)	(49,637,262)	(49,637,262)
Incremental depreciation for the 1st quarter ended Sep 30, 2015	-	-	7,400,099	7,400,099	7,400,099
Balance as at September 30, 2015	176,367,190	53,218,752	(246,288,732)	(193,069,980)	(16,702,790)

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



Lahore.
Dated: 01st December, 2015



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	30-Sep 2015 RUPEES	30-Sep 2014 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(48,549,256)	(46,343,037)
Adjustments for non-cash charges and other items:		
Depreciation on property plant and equipment	14,976,187	15,696,510
(Gain) / loss on sale of property, plant and equipment	-	(523,611)
Investment at fair value through profit and loss	(6,500)	6,250
Restatement of assets and liabilities	-	348,368
Provision for gratuity	-	1,410,000
Finance cost	258,299	16,977,047
Cash flows from operating activities	15,227,986	33,914,564
before working capital changes	(33,321,270)	(12,428,473)
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,767,580	265,247
Stock in trade	(7,958,530)	(798,395)
Trade debts	(15,443,397)	(21,770,017)
Loans and advances	(2,719,500)	1,922,557
Sales tax refundable	-	3,628,159
Tax refund due from Government	698,590	-
Other receivables	(1)	(1,011,460)
	(23,655,258)	(17,763,909)
(Decrease) / Increase in trade and other payables	27,809,523	47,529,345
Effect on cash flows due to working capital changes	4,154,265	29,765,436
Cash generated (used in) from operations	(29,167,005)	17,336,963
Finance cost paid	(190,551)	38,216,967
Gratuity paid	(440,000)	(806,250)
Taxes refunded / (paid) -net	(351,972)	(1,030,515)
	(982,523)	36,380,202
Cash flow from operating activities	(30,149,528)	53,717,165
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,685,930)	1,482,551
Long term deposits	(4,051,178)	-
Proceeds from disposal of property, plant and equipment	-	2,900,000
Cash flow used in investing activities	(5,737,108)	4,382,551
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	9,697,653	(4,016,915)
Loan fro directors	27,834,094	-
Acquisition / (payment) of long and lease liabilities and term finance	-	(53,621,339)
	37,531,747	(57,638,254)
Net increase in cash and cash equivalents	1,645,111	461,462
Cash and cash equivalents at the beginning of the period	385,619	6,134,400
Cash and cash equivalents at the end of the period	2,030,730	6,595,862

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


Lahore.
Dated: 01st December, 2015

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION(UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

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 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore (Formerly 58 Alhamra Housing Society Block 7/8 Tipu Sultan Road, Shaheed-E-Millat Road, Karachi. The Company is principally engaged in manufacturing and sale of yarn.

2 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 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 30,2015.

4 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	UN-AUDITED Sep. 30,2015		AUDITED June 30,2015	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	-----Rupees-----		-----Rupees-----	
Plant and machinery	-	-	10,998,056	(3,014,750)
Vehicles	1,685,930	-	2,115,732	(6,308,023)
	<u>1,685,930</u>	<u>-</u>	<u>13,113,788</u>	<u>(9,322,773)</u>

5 TRANSACTION WITH RELATED PARTIES

The related parties comprise of assoicated companies, directors and key management personnel. Transaction with related parties are as under:-

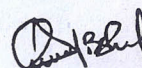
	UN-AUDITED Sep. 30,2015	UN-AUDITED Sep. 30,2014
Transaction	Nil	Nil

6 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on 01st December, 2015.

7 GENERAL

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


Director