



Shadman

Cotton Mills Limited

**HALF YEARLY REPORT
DECEMBER 31, 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. AND REMUNERATION COMMITTEE	:	MR. AHMED BIN SHAHID (Chairman) MR. SHAHID MAZHAR (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER	:	MR. NASIR ALI KHAN BHATTI
COMPANY SECRETARY	:	MR. NASIR ALI KHAN BHATTI
BANKERS	:	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED HABIB METROPOLITAN BANK LTD; MEEZAN BANK LTD
REGISTERED OFFICE	:	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG-II, LAHORE- PAKISTAN TEL: 042-35959121-26 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, FEROW WATWAN, TEHSIL & DISTRICT: NANKANA SAHIB.
URL	:	www.shadman.com.pk

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Shadman Cotton Mills Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2015 have not been reviewed as we are required to review only cumulative figures for the half year ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As reported earlier, the company reversed accrued mark-up of Rs.179.89 million on loan of Bank of Punjab amounting to income for the year ended June 30, 2015. We had modified our report accordingly stating that the above stated reversal of mark up and non recognition of difference in mark-up as of the date of suit of Rs.15.15 million made by the company based on legal opinion of its legal counsel was in our view without any agreement with the bank and while the suit is still pending in High Court. That as such we have not been able to satisfy ourselves with the said treatment made by management. Had the above treatment not been made the amount of accrued mark-up and accumulated loss for the period would have been higher by Rs.195.04 million.

Qualified Conclusion

Based on our review, except for the effects of matter discussed in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to note 1.1 to the interim financial information which indicates that the company's current liabilities exceeded its current assets by Rs. 672.29 million and its accumulated loss increased from Rs. 204.05 million to Rs. 295.63 million. Besides, the ultimate outcome of the litigation with Bank of Punjab pending since 2011 in respect of loan liabilities and mark-up amounting to Rs.577.39 million in aggregate is not presently ascertainable. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Karachi:
Dated: March 31, 2016

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Waseem

DIRECTORS' REPORT

Dear Shareholders,

The Directors of the company present the financial statements of the company for the half year ended December 31, 2015 reviewed by the auditors of the company.

OVERVIEW AND FINANCIAL RESULTS OF THE COMPANY:

The sales turnover of the company for the period is Rs. 373.458 Million including export sale of Rs. 35.626 Million as compared to Rs. 678.223 Million including export sale of Rs.32.619 Million of corresponding period of last year. The company has incurred pretax loss of Rs.97.885 Million as compared to pretax loss of Rs. 87.387 Million during the corresponding last year. The financial results of the company are mainly affected due to very low demand of yarn in local and international markets and resultantly decrease in prices of yarn. Considering the weak demand of yarn the company has to close down some of its production facilities. The weak prices of yarn, increase in prices of raw materials & manufacturing cost and less quantity of production increased the manufacturing cost per unit resulted in gross loss for the period under review.

EARNING PER SHARE:

Loss per share for the period is Rs. (5.76) as compared to loss per share of Rs. (5.34) of the corresponding period of last year.

FUTURE PROSPECTS:

The spinning industry is passing through the worst crisis, many of the units have been closed and others are surviving very hard. We are very much dependent upon the local and international demand of yarn prices of raw materials, availability of power at reasonable prices without any interruption and Government policy to uplift the industry. The other factors are economic, political and law and order situation in the country.

However, your management has started to increase the utilization of production facility by identifying a specialized market to produce better results in the remaining half year. Further your management is trying its best to control the cost reducing factors as usual, which are under its control.

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board



SHAHID MAZHAR
Chief Executive

Lahore:

Dated: March 31, 2016

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2015**

		(Un-audited) December 31, 2015 <u>Rupees</u>	(Audited) 30-Jun-15 <u>Rupees</u>
	<u>Note</u>		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,297,958,534	1,326,203,585
Long term deposits		36,843,871	27,247,915
		<u>1,334,802,405</u>	<u>1,353,451,500</u>
CURRENT ASSETS			
Stores, spares and loose tools		66,278,997	69,958,862
Stock in trade		173,057,141	180,463,893
Trade debts		71,586,957	66,615,697
Loans and advances		67,869,938	32,741,713
Other receivables		12,326,880	12,326,880
Tax refunds due from the Government		10,398,496	19,796,173
Other financial assets		94,500	101,000
Cash and bank balances		2,210,807	385,619
		<u>403,823,716</u>	<u>382,389,837</u>
TOTAL ASSETS		<u>1,738,626,121</u>	<u>1,735,841,337</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorised capital			
18,000,000 (30 June 2015: 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	6	176,367,190	176,367,190
Capital Reserves		53,218,752	53,218,752
Accumulated loss		<u>(295,635,391)</u>	<u>(204,051,569)</u>
Shareholders' Equity		<u>(66,049,449)</u>	<u>25,534,373</u>
Surplus on revaluation of property, plant and equipment		623,890,738	633,941,332
Deferred income		1,348,405	1,348,405
NON CURRENT LIABILITIES			
Deferred liabilities		103,327,105	104,538,280
CURRENT LIABILITIES			
Trade and other payables		372,004,367	306,041,549
Accrued Interest / mark-up on loans		107,376,294	107,423,040
Loan from directors		83,270,934	46,991,840
Short term borrowings		372,991,640	364,528,770
Current portion of:			
Long term financings and overdue bank liabilities		133,361,833	129,349,832
Liabilities against assets subject to finance lease		-	7,672,001
Provision for taxation		7,104,254	8,471,915
		<u>1,076,109,322</u>	<u>970,478,947</u>
Contingencies and Commitments	7		
TOTAL EQUITY AND LIABILITIES		<u>1,738,626,121</u>	<u>1,735,841,337</u>

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



Chief Executive



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
		<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>31-Dec-15</u>	<u>31-Dec-14</u>
		<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Sales - net		373,458,198	678,223,365	258,447,959	274,142,110
Cost of sales		(450,250,367)	(726,755,160)	(296,198,927)	(308,531,877)
Gross loss		(76,792,169)	(48,531,795)	(37,750,968)	(34,389,767)
Other income	8	2,103	26,539,957	1,545	25,339,225
Distribution cost		(1,302,344)	(6,167,065)	(546,612)	(3,067,652)
Administrative expenses		(19,141,929)	(25,411,943)	(10,647,347)	(12,441,280)
Other operating expenses		-	(348,368)	-	6,250
Finance Cost		(650,192)	(33,467,797)	(391,893)	(16,490,750)
		(21,092,362)	(38,855,216)	(11,584,307)	(6,654,207)
Loss before taxation		(97,884,531)	(87,387,011)	(49,335,275)	(41,043,974)
Taxation		(3,749,884)	(6,869,277)	(2,661,878)	(2,755,357)
Loss for the period		(101,634,415)	(94,256,288)	(51,997,153)	(43,799,331)
Loss per share- basic & diluted		(5.76)	(5.34)	(2.95)	(2.50)

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


 Chief Executive


 Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half Year Ended		Quarter Ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Loss for the period	(101,634,415)	(94,256,288)	(51,997,153)	(43,799,331)
Other comprehensive (loss) / income for the period	-	-	-	-
Items that will not be reclassified to profit & loss account	-	-	-	-
Items that will be reclassified to profit & loss account	-	-	-	-
Total comprehensive loss for the period	<u>(101,634,415)</u>	<u>(94,256,288)</u>	<u>(51,997,153)</u>	<u>(43,799,331)</u>

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



Chief Executive



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<u>Note</u>	<u>31-Dec-15</u> <u>Rupees</u>	<u>31-Dec-14</u> <u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (Used In) / Generated From Operations	9	(25,154,439)	23,099,546
Finance cost paid		(696,938)	(5,587,668)
Staff retirement benefits - gratuity paid		(1,480,925)	(2,545,550)
Taxes paid - net		(620,643)	(2,226,317)
		(2,798,506)	(10,359,535)
Cash flows (used in) / from operating activities		(27,952,945)	12,740,011
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,707,875)	(145,232)
Proceeds from disposal of property, plant and equipment		-	3,750,000
Long term deposit		(9,595,956)	(5,850,000)
Cash flow used in investing activities		(11,303,831)	(2,245,232)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		8,462,870	(155,891)
Repayment of liabilities against assets subject to finance lease		(3,660,000)	(9,843,606)
Loans from directors		36,279,094	-
Repayment of long term finances		-	(5,305,324)
Cash flow from / (used in) financing activities		41,081,964	(15,304,821)
Net increase / (decrease) in cash and cash equivalents		1,825,188	(4,810,042)
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		2,210,807	1,324,358

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



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share Capital	Reserves			Total Equity
		Revenue		SUB TOTAL	
		Capital reserves	Unappropriated Profit/(loss)		
		Rupees			
Balance as at July 01, 2014	176,367,190	53,218,752	(247,505,964)	(194,287,212)	(17,920,022)
Total comprehensive loss for the half year ended December 31, 2014	-	-	(94,256,288)	(94,256,288)	(94,256,288)
Transfer from surplus on revaluation on account of incremental depreciation charge on revalued assets	-	-	15,601,345	15,601,345	15,601,345
Balance as at December 31, 2014	176,367,190	53,218,752	(326,160,907)	(272,942,155)	(96,574,965)
Total comprehensive income for the six months (January 2015 to June 2015)	-	-	106,505,626	106,505,626	106,505,626
Transfer from surplus on revaluation on account of incremental depreciation charge on revalued assets	-	-	15,603,712	15,603,712	15,603,712
Balance as at June 30, 2015	176,367,190	53,218,752	(204,051,569)	(150,832,817)	25,534,373
Total comprehensive loss for the half year ended December 31, 2015	-	-	(101,634,415)	(101,634,415)	(101,634,415)
Transfer from surplus on revaluation on account of incremental depreciation charge on revalued assets	-	-	10,050,593	10,050,593	10,050,593
Balance as at December 31, 2015	176,367,190	53,218,752	(295,635,391)	(242,416,639)	(66,049,449)

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


 Chief Executive


 Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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 (now Pakistan Stock Exchange). 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, off. Shaheed-e-Millat Road, Karachi) and its mills are located at Feroze Watwan. The Company is principally engaged in manufacturing and sale of yarn.

- 1.1 The company incurred a net loss after tax for the six month ended 31 December 2015 of Rs. 101,634,415/- and as on the said date its current liabilities exceed its current assets by Rs. 672,285,606/- and its accumulated loss increase to Rs. 295,635,391/- and negative equity of Rs. 66,049,449/-. The loss is attributable mainly due to the problem faced by textile units in Punjab due to lower production caused by power outages and low export orders due to dwindled international yarn market that have driven yarn prices downwards locally as well. The company has however met all its obligation to creditors and received support through sponsors loan during the period.

As regards the suit filed by the Bank of Punjab in 2011 for the recovery of amount Rs. 577.391 million and counter suit filed by the company for Rs. 744.348 million against the Bank of Punjab is still pending. The sponsors awaits the outcome of the suits so that the liabilities are settled on such terms and conditions as their case merits. Refer note 7.1.1. It has also filed appeal against the decree issued by Banking court in favor of Habib Bank Limited in High Court, which is pending for further adjudication.

The management has taken steps to counter the loss caused by power outages through self generation and injected funds and projects increase in turnover and reduction in loss in the second half. The sponsors shall continue to support and meet the working capital requirements.

In view of the above the company has prepared these interim financial information using going concern assumptions.

2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial report of the company for the half year period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 -Interim Financial reporting and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2 This condensed interim financial report comprises of the condensed interim balance sheet as at December 31, 2015 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and the condensed interim cash flow statement for the half year then ended which have been subjected to a review but not audited. This condensed interim financial report also includes the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 which is not subject to a review.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial report, as at June 30, 2015 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2015 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement for the half year ended December 31, 2014 were subjected to a review but not audited. The comparative condensed profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2014 included in this condensed interim financial report were not subjected to a review.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended 30 June, 2015.

- 4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2015.

5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
	Note	31-Dec-15	30-Jun-15
		Rupees	
Opening Written down value		1,326,203,585	1,380,998,221
Additions during the period- at cost	5.1	1,707,875	13,113,788
Disposals during the period- at WDV	5.1	-	(5,017,031)
Depreciation charged		(29,952,926)	(62,891,393)
		<u>1,297,958,534</u>	<u>1,326,203,585</u>

- 5.1 The cost of additions and deletions to property, plant and equipment during the half year ended December 31, 2015 were as follows.

	31-Dec-15		30-Jun-15	
	Acquisition Cost	Disposal WDV	Acquisition Cost	Disposal WDV
	Rupees		Rupees	
PROPERTY, PLANT & EQUIPMENT				
Plant & machinery	-	-	10,998,056	(361,888)
Office equipment	21,945	-	-	-
Vehicles	1,685,930	-	2,115,732	(4,655,143)
	<u>1,707,875</u>	<u>-</u>	<u>13,113,788</u>	<u>(5,017,031)</u>

6 SHARE CAPITAL

			(Un-audited)	(Audited)										
			Note											
			31-Dec-15	30-Jun-15										
			Rupees											
<table><tr><th colspan="2">Number of shares</th><th></th><th></th><th></th></tr><tr><th>31-Dec-15</th><th>30-Jun-15</th><th></th><th></th><th></th></tr></table>					Number of shares					31-Dec-15	30-Jun-15			
Number of shares														
31-Dec-15	30-Jun-15													
11,627,344	11,627,344	Ordinary Shares of Rs.10/- each allotted for consideration paid in cash	116,273,440	116,273,440										
6,009,375	6,009,375	Ordinary Shares of Rs.10/- each issued as bonus shares	60,093,750	60,093,750										
17,636,719	17,636,719		176,367,190	176,367,190										

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements which are being disclosed below:

7.1 Contingencies

- 7.1.1** The Company is contesting recovery suit filed by Bank of Punjab in year 2011 in the Lahore High Court amounting to Rs. 577.391 million on account of principal and mark-up claimed in the suit with cost of funds till the disposal of suit. The Company has in turn filed counter suit of Rs. 744.348 million against The Bank of Punjab, before the Lahore High Court vide COS No. 26/2012 on grounds including acts and omission committed by the Bank against the company. The company has not recognised the cost of fund since the matter is subjudice and yet to be decided by the Court and also not recognised any receivable/ income on account of its suit against the bank till the final disposal of the suit by the Court.

During the year ended 30 June 2015, the Company reversed mark-up recorded in earlier years that included mark-up charged after the expiry date of finance agreement and mark-up booked against usance LC amounting to Rs. 179.893 million in aggregate since its legal counsel has advised that mark-up liability mentioned above would not allowed by the Court. In addition, there is difference of Rs.15.155 million between the mark up accrued in financial statement and that claimed by the bank in the suit as of 31.12.2011. Moreover, the estimate of cost of funds not recognised as liability for the period from the date of suit till the reporting date if calculated by using 1 year kibar rate would be Rs. 124.59 million. In the opinion of the legal counsel, this matter is subjudice and would not be permitted by the Court in the circumstances of the case of the company on principal loan liability balance as claimed by the bank and the company has not recorded any liability on this account.

7.1.2 Guarantee

i	Bank guarantee issued to Sui Northern Gas Department	27,767,900	27,767,900
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- 7.1.3** A Suit No. 1638 of 2010 has been filed in the High Court of Sindh by the Company against the Show Cause notice issued by the SECP on related party transactions and has obtained stay order from the High Court of Sindh, Karachi restraining SECP from taking any adverse action.

7.2 Commitments:

There were no commitments as at 31 December, 2015.

8 OTHER INCOME

Note	(Un-audited) 31-Dec-15	(Un-audited) 31-Dec-14
	Rupees	
Profit on Bank deposits	2,103	10,503
Gain on sale of fixed assets	-	1,065,357
Mark-up waived off	-	23,921,692
Gain on measurement of investment at fair value	-	194,000
Amortization of Deferred Income	-	1,348,405
	<u>2,103</u>	<u>26,539,957</u>

9 CASH (USED IN) / GENERATED FROM OPERATIONS

Note	(Un-audited) 31-Dec-15	(Un-audited) 31-Dec-14
	Rupees -----	
Loss before taxation	(97,884,531)	(87,387,011)
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	29,952,926	31,338,939
(Gain) on sale of property, plant and equipment	-	(1,065,357)
Fair value adjustment in value of investment	6,500	(194,000)
Provision for gratuity	269,750	2,953,000
Mark-up waived off	-	(23,921,692)
Deferred Income	-	(1,348,405)
Finance cost	650,192	33,467,797
	30,879,368	41,230,282
Operating profit before working capital changes	(67,005,163)	(46,156,729)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares & loose tools	3,679,865	179,905
Trade debts	(4,971,260)	(12,412,891)
Loans and advances	(35,128,225)	(24,647,560)
Sales tax Refundable	4,900,772	2,590,119
Special excise duty	4	-
Stock in Trade	7,406,752	(22,376,118)
Other receivables	-	(1,012,959)
	(24,112,092)	(57,679,504)
Increase / (decrease) in current liabilities		
Trade and other payables	65,962,816	126,935,779
	(25,154,439)	23,099,546

10 TRANSACTIONS WITH RELATED PARTIES

Relationship	Transaction	2015 Rupees	2014 Rupees
Associated Undertaking	Sale / Purchase of Goods	-	-
Key management personnel	Receipt/(payment) of loan from directors	36,279,094	-

11 FINANCIAL INSTRUMENTS - FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted equity shares prices used for financial assets held by the company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels :

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

The additional disclosures due to the adoption of IFRS 13 *Fair value measurement* are as follows :

		Carrying Amount			Fair Value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Note	Rupees						
<u>On-balance sheet financial instruments</u>								
31 December 2015- (Un-audited)								
<u>Financial assets measured at fair value</u>								
Other financial assets - quoted shares		94,500	-	-	94,500	94,500	-	-
		94,500	-	-	94,500	94,500	-	-
<u>Financial assets not measured at fair value</u>								
	11.1							
Long term deposits		-	36,843,871	-	36,843,871	-	-	-
Trade debts		-	71,586,957	-	71,586,957	-	-	-
Income tax		-	-	-	-	-	-	-
Loans and advances		-	67,869,938	-	67,869,938	-	-	-
Other receivables		-	12,326,880	-	12,326,880	-	-	-
Cash and bank balances		-	2,210,807	-	2,210,807	-	-	-
		-	190,838,453	-	190,838,453	-	-	-
<u>Financial liabilities measured at fair value</u>								
		-	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>								
	11.1							
Trade and other payables		-	-	371,656,867	371,656,867	-	-	-
Accrued Interest / mark-up on loans		-	-	107,376,294	107,376,294	-	107,376,294	-
Loan from directors		-	-	83,270,934	83,270,934	-	-	-
Short term borrowings		-	-	372,991,640	372,991,640	-	372,991,640	-
Long term financings and overdue bank liabilities		-	-	133,361,833	133,361,833	-	133,361,833	-

11.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information has been authorized for issue on March 31, 2016 by the Board of Directors.



Chief Executive



Director