



Nine Months Report
March 31, 2014

COMPANY INFORMATION

BOARD OF DIRECTORS	:	MR. SHAHID MAZHAR (Chief Executive / Chairman) MRS. GHAZALA SHAHID MR. AHMED BIN SHAHID MRS. NAUREEN REHAN MR. FIDA HUSSAIN MR. MUHAMMAD AKHTAR MR. ABDUL RAZZAQ
AUDITORS	:	M/S MUSHTAQ & CO CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	:	MRS. NAUREEN REHAN (Chairperson) MRS. GHAZALA SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
H.R. AND REMUNERATION COMMITTEE	:	MR. SHAHID MAZHAR (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER	:	MR. FIDA HUSSAIN
BANKERS	:	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED
REGISTERED OFFICE	:	58, AL-HUMRA COOPERATIVE HOUSING SOCIETY, BLOCK 7/8, TIPU SULTAN ROAD, OFF: SHAHEED-E-MILLAT ROAD, KARACHI-PAKISTAN PHONE: (021)34312876
HEAD OFFICE	:	2/E, BLOCK G, MUSHTAQ AHMED GURMANI ROAD, GULBERG II, LAHORE - PAKISTAN PHONE : (042) 35959121 - 26 FAX : (92-42) 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

The Directors of your company are pleased to present before you the un-audited interim final statements for the 3rd Quarter ended on March 31, 2014.

The turnover for 9 months is Rs. 2.325 Billion as compared to Rs. 4.226 Billion for the corresponding period of last year. The net (loss) for the 9 month is Rs.(12.950) Million compared to net profit of Rs.19.206 Million for the same period of last year.

The decrease in turnover is attributed to the following factors:-

1. The Mills remained closed for 1, 1/2 Month during this quarter mainly for reason #2 explained below.
2. Our major sales are in export market and China has been the major buyer. Unfortunately export to China has come to stand still.
3. The entire Textile Industry is passing through this depression phase and prices in local market have gone down due to oversupply in the local market.
4. Duty Free import of yarn from neighboring country has further reduced the demand from local spinners on the basis of cost benefit.
5. Increase in power price, increase in minimum wages, and dwindling down Pak rupee parity rate have further eroded our profit ability.

EARNING PER SHARE

The earning (Loss) per share for the period ended on March 31, 2014 is Rs.(0.73) compared to Rs. 1.09 of the corresponding period in previous year.

FUTURE OUTLOOK

We don't see any promising growth or recovery in near future unless some drastic changes are made by the government to boost the textile/spinning industry.

Our Global competitors are enjoying subsidies and availability of basic needs for the industry from their Government. The absence of such facilities in Pakistan has caused Pakistani exporters at inconvenience position in the Global market. We all know that Textile industry is the major contributor to earn foreign exchange. On the basis of current challenges to the industry, and poor economy, the textile industry need BMR particularly for the old plants. This seriously needs textile investment support fund and technology upgradation fund or similar incentives to make the industry viable and Globally competitive.

ACKNOWLEDGEMENT

The Board wishes to record the appreciation to all banks for continued support to the company and are confident that this will continue in the coming years as well. We would like to place on record our deep appreciation for the executives, officers and other staff members for their hard work, cooperation and sincerity to the company. We are also thankful to our Suppliers, Customers, and Share holders for their cooperation.

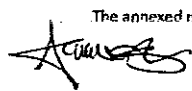
Lahore.
25 April, 2014


SHAHID MAZHAR
Chief Executive Officer

SHADMAN COTTON MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

		(UN-AUDITED)	(AUDITED)
	Note	31-Mar-14	30-Jun-13
		RUPEES	RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,391,664,007	1,408,043,568
Long term deposits		15,572,915	15,572,915
		<u>1,407,236,922</u>	<u>1,423,616,483</u>
CURRENT ASSETS			
Stores, spares and loose tools		94,397,100	78,999,842
Stock in trade		259,670,734	216,347,983
Trade debts		119,258,687	150,199,642
Loans and advances		31,880,733	14,785,171
Other receivables		13,941,881	116,629,094
Tax refund due from Government		55,556,313	71,698,566
Other financial assets		1,060,000	924,250
Cash and bank balances		4,045,987	28,852,373
		<u>579,811,435</u>	<u>678,436,921</u>
TOTAL ASSETS		<u>1,987,048,357</u>	<u>2,102,053,404</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
18,000,000 ordinary shares of Rs. 10 each		180,000,000	180,000,000
Issued, subscribed and paid up capital	6	176,367,190	176,367,190
Capital Reserve		53,218,752	53,218,752
Unappropriated (loss)		(226,244,052)	(238,007,847)
Shareholder's equity		<u>3,341,890</u>	<u>(8,421,905)</u>
Surplus on revaluation of property, plant and equipment		610,383,287	635,097,915
		<u>5,910,000</u>	<u>-</u>
Deferred income		5,393,624	6,742,029
NON CURRENT LAIBILITIES			
Loan from Directors-Unsecured		5,910,000	-
Long term financings		-	-
Liabilities against assets subject to finance lease		22,257,464	36,309,032
Deferred liabilities		167,982,062	171,848,414
		<u>190,239,526</u>	<u>208,157,446</u>
CURRENT LIABILITIES			
Trade & other payables		293,174,578	320,476,401
Interest / markup on loans		284,881,680	292,213,944
Short term borrowings		429,276,741	474,159,905
Current portion of:			
Long term financings		10,000,000	20,000,000
Liabilities against assets subject to finance lease		24,100,272	19,306,905
Overdue bank liabilities		112,284,822	102,284,822
Provision for taxation		18,061,937	32,035,942
		<u>1,171,780,030</u>	<u>1,260,477,919</u>
Contingencies and commitments	7		
TOTAL EQUITY AND LIABILITIES		<u>1,987,048,357</u>	<u>2,102,053,404</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


 Chief Executive
 Lahore: April 25, 2014


 Director

SHADMAN COTTON MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

Note	Nine Months Ended		Quarter Ended	
	31-Mar-14 RUPEES	31-Mar-13 RUPEES	31-Mar-14 RUPEES	31-Mar-13 RUPEES
Sales and services	2,325,849,379	4,226,238,778	523,853,422	1,574,555,580
Cost of sales and services	(2,298,076,468)	(4,012,881,092)	(591,290,665)	(1,504,259,984)
Gross profit / (Loss)	27,772,911	213,357,686	(67,437,243)	70,295,596
Other operating income	8 91,132,137	36,411,758	84,663,017	3,097,420
Distribution cost	(15,148,159)	(42,562,546)	(3,898,613)	(11,344,311)
Administrative expenses	(37,709,101)	(58,727,007)	(11,834,228)	(22,006,223)
Other operating expenses	(764,315)	(6,679,615)	1,344,337	(1,755,483)
Finance cost	(55,926,179)	(92,557,088)	(16,426,294)	(27,831,429)
Profit / (loss) before Taxation	(18,415,617)	(164,114,498)	53,848,219	(59,840,026)
Taxation:	9,357,294	49,243,188	(13,589,024)	10,455,570
Current year	(22,308,127)	(31,685,161)	(3,313,610)	(10,474,284)
Prior year	-	1,647,802	-	-
Profit / (loss) for the period	(22,308,127)	(30,037,359)	(3,313,610)	(10,474,284)
	(12,950,833)	19,205,829	(16,902,634)	(18,714)
Profit / (loss) per Share				
Basic and Diluted	(0.73)	1.09	(0.96)	(0.001)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive
Lahore: April 25, 2014




Director

SHADMAN COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine Months Ended		Quarter Ended	
	31-Mar-14 RUPEES	31-Mar-13 RUPEES	31-Mar-14 RUPEES	31-Mar-13 RUPEES
Profit / (Loss) for the period	(12,950,833)	19,205,829	(16,902,634)	(18,714)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant, and equipment incremental depreciation	24,714,630	19,098,720	8,238,210	6,366,240
Total comprehensive income / (loss) for the period	<u>11,763,797</u>	<u>38,304,549</u>	<u>(8,664,424)</u>	<u>6,347,526</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive
Lahore: April 25, 2014



Director

SHADMAN COTTON MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Note	31-Mar-14 RUPEES	31-Mar-13 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	9	65,364,874	294,351,368
Finance cost paid		(11,121,823)	(43,407,626)
Dividend paid		-	(323,620)
Gratuity paid		(9,410,416)	(9,008,680)
Taxes refunded/ (paid) - net		(20,539,085)	(29,059,073)
		(41,071,324)	(81,798,999)
Cash flow from operating activities		24,293,550	212,552,369
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(33,440,676)	(26,637,830)
Loan from Directors		5,910,000	-
plant and equipment		-	39,383,439
Cash flow used in investing activities		(27,530,676)	12,745,609
CASH FLOW FROM FINANCING ACTIVITIES			
Acquisition/(repayment) of Short term borrowings		(12,311,058)	(161,888,809)
Acquisition/(Payment) of liabilities against assets subject to finance lease		(9,258,202)	1,274,981
Acquisition/(repayment) of long term finances		-	(58,622,724)
		(21,569,260)	(219,236,552)
		(24,806,386)	6,061,426
Cash and cash equivalents at the beginning of the period		28,852,373	8,252,292
Cash and cash equivalents at the end of the period		4,045,987	14,313,718

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive
Lahore: April 25, 2014



Director

SHADMAN COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	SHARE CAPITAL	RESERVES			
		REVENUE		SUB TOTAL	TOTAL EQUITY
		CAPITAL RESERVE	UN-APPROPRIATED PROFIT/(LOSS)		
	Rupees				
Balance as at July 01, 2012	176,367,190	53,218,752	(364,421,443)	(311,202,691)	(134,835,501)
Total Comprehensive income/(loss) for the nine months ended March. 31, 2013			38,304,549	38,304,549	38,304,549
Balance as at March.31, 2013	176,367,190	53,218,752	(326,116,894)	(272,898,142)	(96,530,952)
Balance as at April 01, 2013	176,367,190	53,218,752	(326,116,894)	(272,898,142)	(96,530,952)
Comprehensive income/(loss) for the 4th Quarter (April 2013-June 2013)	-	-	88,109,047	88,109,047	88,109,047
Balance as at June30, 2013 (Audited)	176,367,190	53,218,752	(238,007,847)	(361,007,189)	(8,421,905)
Balance as at July 01, 2013	176,367,190	53,218,752	(238,007,847)	(361,007,189)	(8,421,905)
Total Comprehensive income/(loss) for the nine months ended March. 31, 2014	-	-	11,763,797	11,763,797	11,763,797
Balance as at March31, 2014	176,367,190	53,218,752	(226,244,050)	(349,243,392)	3,341,892

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive
Lahore: April 25, 2014



Director

SHADMAN COTTON MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

Shadman Cotton Mills Ltd. (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 Exchange. The registered office of the Company is located at 58, Alhumra Housing Society, Block 7/8, Tipu Sultan Road, off. Shaheed-e-Millat Road, Karachi (Previously 201-202, 2nd Floor, Commerce Centre, Hasrat Mohani Road, Karachi) and its mills are located at Feroze Watwan. The Company is principally engaged in manufacturing and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standards IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for Annual Financial Statements, and should be read in conjunction with the financial statements of the Company for the year ended 30th June, 2013.

This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Karachi & Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed interim balance sheet, 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 for the nine month ended March 31, 2014 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended March 31, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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 proceeding year ended June 30, 2013 Except note # 3.3

3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either was not relevant to the Company's operations or did not have any impact on the accounting policies of the Company. As otherwise disclosed.

3.3 During the period, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gain and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability/asset.

This change in accounting policy has been accounted for retrospectively as required under international Accounting standard-B 'Accounting policies, Change in Accounting Estimates and Errors', and the comparative financial statements have been prepared accordingly.

The changes in the accounting policy on the interim financial statement have no effect on the balance sheet as the company has policy of recognizing all actuarial gains or losses arising at each valuation date immediately in profit and loss account. However the amendments in IAS 19, (Revised) 'Employee Benefits', require to recognize the actuarial gain or loss in other comprehensive income instead of profit and loss account., hence the effect based on the relevant available actuarial valuation on the financial statement have been summarized below:

	As at	
	30-Jun-13	30-Jun-12
Impact on Balance sheet		
Increase in the retirement benefits	-	-
Decrease in deferred tax liability	-	-
Decrease in accumulated profits	-	-
	Year ended	
	30-Jun-13	30-Jun-12
Impact on Profit and Loss account		
Increase in profit and loss account	4,050,261	7,774,789
Decrease in deferred taxation-current	-	-
Decrease in other comprehensive	4,050,261	7,774,789

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 recognized 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 as at and for the year ended 30 June, 2013.

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, 2013.

5 PROPERTY, PLANT AND EQUIPMENT	(Un-audited) 31-Mar-14	(Audited) 30-Jun-13
	Rupees	
Property, plant and equipment	1,391,664,007	1,408,043,568

5.1 The cost of additions and deletions to property, plant and equipment during the half year ended March 31, 2014 were as follows.

PROPERTY, PLANT AND EQUIPMENT	31-Mar-14		30-Jun-13	
	Acquisition	Disposal	Acquisition	Disposal
	Cost Rupees		Cost Rupees	
Land	24,717,500	-	-	(30,250,000)
Factory building	-	-	313,000	(114,143,357)
Non factory building	-	-	725,000	(56,071,622)
Plant & Machinery	5,703,359	-	29,345,641	(354,444,547)
Office equipment	360,861	-	2,261,902	(3,687,736)
Furniture & Fixture	146,300	-	29,200	(1,546,845)
Vehicle	2,512,655	-	5,062,640	(18,448,919)
Plant & Machinery Lease	-	-	55,615,937	(148,576,747)
	<u>33,440,675</u>	<u>-</u>	<u>93,353,320</u>	<u>(727,169,773)</u>

6	SHARE CAPITAL			(Un-audited) 31-Mar-14	(Audited) 30-Jun-13
				—	—
				Rupees	
	Number of shares				
	31-Mar-14	30-Jun-13			
	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
	<u>17,636,719</u>	<u>17,636,719</u>		<u>176,367,190</u>	<u>176,367,190</u>

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 7.1 and 7.2 respectively.

7.1 Contingencies:		
I Bank guarantee issued to Sui Gas Department	27,767,900	27,767,990
II ETO guarantees issued to Custom Department	30,500,000	30,500,000
III Post Dated cheques	8,214,316	475,158
7.2 Commitments:		
Letter of credit in respect of:		
- Raw material	8,040,952	11,077,456
- Machinery Parts	643,000	-

	(Un-audited) 31-Mar-14	(Un-audited) 31-Mar-13
	Rupees	
8 OTHER OPERATING INCOME		
Gain on sale of property, plant & equipment	-	28,906,275
Gain on lease back	1,348,405	2,810,790
Gain on forwarding booking	-	915,945
Gain on Restatement of share	135,750	210,000
Bad debts recovered	52,176	2,400,000
Profit on PLS account	237,080	493,879
Foreign exchange gain	-	674,869
Rental Income on assets	4,650,000	-
Liabilities waived off by bank	84,708,726	-
	<u>91,132,137</u>	<u>36,411,758</u>
9 CASH USED IN OPERATIONS		
Profit / (Loss) before taxation	9,357,294	49,243,189
Adjustments for non cash charges and other items:		
Depreciation on property, plant & equipment	49,820,236	60,092,069
(Gain) on sale of property, plant & equipment	-	(28,888,110)
ETO charges	-	(2,461,366)
Amortization of deferred Income	-	2,756,650
Exchange Gain/(Loss)	316,763	-
Fair value adjustment made in value of investment	(135,750)	(210,000)
Provision for gratuity	5,544,066	9,991,336
Finance cost	55,926,179	92,557,088
Gain/(loss) on lease back	(1,348,405)	-
Write off Payables	(52,176)	-
Liabilities waived off by bank	(84,708,726)	-
Restatement of assets and liabilities	447,552	-
	<u>25,809,739</u>	<u>133,837,667</u>
Operating profit before working capital changes	35,167,033	183,080,856
Changes in working capital		
(Increase) / decrease in current assets:		
Store, spares, loose tools and stock in trade	(58,720,009)	77,314,735
Trade debts	30,228,816	(83,966,553)
Loans and advances	(16,696,356)	3,660,615
Trade deposits and short term prepayments	-	(797,844)
Other receivables	102,687,213	3,159,736
	<u>57,499,664</u>	<u>(629,311)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	(27,301,823)	111,899,823
	<u>65,364,874</u>	<u>294,351,368</u>

(Un-audited) (Un-audited)
31-Mar-14 31-Mar-13

Rupees

10 TRANSACTIONS WITH RELATED PARTIES

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

Nadeem Textiles Mills Limited**Associates**

Sales of yarn	-	165,589,000
Purchase of raw material	-	393,097,242
Reprocessing income	-	303,650
Purchase of Land	23,000,000	-
Nadeem Power Generation (Pvt) Limited	Associates	
Purchase of electricity	-	166,081,311

Note: Nadeem Textile Mills Ltd and Nadeem Power Generation (Pvt) Ltd are no more associated companies since 27-01-2014. These have been shown for the sake of comparison with the previous period only.

11 DATE OF AUTHORIZATION FOR ISSUE

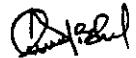
These financial statements were approved by the Board of Directors and authorized for issue on April 25, 2014.

12 GENERAL

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



Chief Executive
Lahore: April 25, 2014



Director