



Shadman

Cotton Mills Limited

Half Yearly Report
December 31, 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS	MR. SHAHID MAZHAR (Chief Executive) MRS. GHAZALA SHAHID (Chairperson) MR. AHMED BIN SHAHID MRS. NAUREEN REHAN MR. MUHAMMAD AKHTAR MR. SHAHID MAHMUD MR. NADEEM BHATTI
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	MR. NADEEM BHATTI (Chairman) MRS. GHAZALA SHAHID (Member) MRS. NAUREEN REHAN (Member)
H.R. AND REMUNERATION COMMITTEE	MR. NADEEM BHATTI (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER	MR.SHAHID MAHMUD
COMPANY SECRETARY	MR. MUHAMMAD AKHTAR
BANKERS	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED MEEZAN BANK LIMITED
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 HAMEED MAJEED ASSOCIATES (PVT.) LTD. H.M.HOUSE, 7-BANK SQUARE LAHORE. TEL: 042-37235081-82 FAX: 042-37358817
MILLS	3.5 K.M. FEROZ WATOAN,WARBURTON ROAD, KOT SHAH MOHAMMAD TEHSIL & DISTRICT: NANKANA SAHIB
URL	www.shadman.com.pk

DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the un-audited condensed interim financial statements of the company for the six months period ended December 31, 2019 together with independent auditors review report.

During the six months under review, the net turnover of the company is Rs. 94.247 million as compared to net turnover of Rs. 213.232 million of corresponding period of previous year. The turnover decreased mainly due to temporary closure of spinning process. During the half year the company earned after tax profit of Rs. 5.160 million as compared to after tax profit of Rs. 1.830 million. Earnings per share are Rs. 0.29 as compared to earnings per share of Rs. 0.10 of the corresponding half year of the previous year.

During the period under review the company mainly focused to utilize the partial manufacturing process in a well-planned manner and also adopted alternative strategies to keep the project in running position. All these strategic activities produced better financial results to run the affairs of the company in a smooth manner.

The textile spinning sector is still facing uncertainty in view of the upward revision of gas & electricity tariff, imposition of sales tax and higher inflation level as well as various measures taken by government to enhance tax revenue. All these factors along with economic and political situation are creating hurdles for running of business in the country. Keeping in view all these factors, the management is utilizing the partial manufacturing process, adopting alternative strategies, started to set up apparel division and also waiting for suitable environment to restart the spinning process considering the viability and trend of local and international markets of yarn. We anticipate positive financial performance during the remaining period of current financial year.

We remain committed to the difficult task to improve the financial results. We would like to highlight the hard work put in by the member of corporate family. We look forward to same dedication and cooperation in the days ahead.

For and on behalf of the Board



CHIEF EXECUTIVE

For and on behalf of the Board



DIRECTOR

Lahore: February 28, 2020

مجلس نظام کی رپورٹ

ڈائریکٹر آزاد آڈیٹرز کے جائزے کے نمائندے کے ساتھ 31 دسمبر، 2019 کو ختم ہونے والی چھ ماہ کی مدت کے لئے کمپنی کے غیر آڈٹ شدہ اختصار کے گوشوارے پیش کرنے پر خوش ہیں۔

زیر جائزہ چھ ماہ کے دوران، کمپنی کا خالص کاروبار 94.247 ملین روپے کے خالص کاروبار کے مقابلے میں پچھلے سال کی اسی مدت کے 213.232 ملین رہا۔ کاروبار میں بنیادی طور پر سوتر بنانے کی عارضی بندش کی وجہ سے کمی واقع ہوئی ہے۔ آدھے سال کے دوران کمپنی نے 5.160 ملین روپے کا منافع کمایا جبکہ پچھلے سال کی اسی مدت میں یہ منافع 1.830 ملین روپے تھا۔ فی شیئر آمدنی 0.29 روپے فی حصص آمدنی کے مقابلے میں پچھلے سال کے اسی نصف سال کا 0.10 روپے رہی۔

زیر جائزہ مدت کے دوران کمپنی نے جزوی تیاری کے عمل کو ایک منصوبہ بند انداز میں استعمال کرنے کے لئے بنیادی طور پر توجہ مرکوز کی اور اس منصوبے کو چلتی پوزیشن میں رکھنے کے لئے متبادل حکمت عملی بھی اپنائی۔ ان تمام اسٹریٹجک سرگرمیوں نے کمپنی کے امور کو آسانی سے چلانے کے لئے بہتر مالی نتائج برآمد کیے۔

گیس اور بجلی کے نرخوں میں اضافہ، نظر ثانی، سیلز ٹیکس کا نفاذ اور افراط زر کی سطح کے ساتھ ساتھ ٹیکس کی محصول میں اضافے کے لئے حکومت کی جانب سے مختلف اقدامات کے پیش نظر ٹیکسٹائل اسپننگ سیکٹر کو ابھی بھی غیر یقینی صورتحال کا سامنا ہے۔ معاشی اور سیاسی صورتحال کے ساتھ یہ تمام عوامل ملک میں کاروبار چلانے میں رکاوٹیں پیدا کر رہے ہیں۔ ان تمام عوامل کو مد نظر رکھتے ہوئے، انتظامیہ جزوی تیاری کے عمل کو بروئے کار لارہی ہے، متبادل حکمت عملی اپنائے ہوئے ہے، ملبوسات کا ڈویژن قائم کرنا شروع کیا ہے اور سوتر کی مقامی اور بین الاقوامی منڈیوں کی عملداری اور رجحان کو دیکھتے ہوئے کتابی کے عمل کو دوبارہ شروع کرنے کے لئے مناسب ماحول کے منتظر ہے۔ ہم موجودہ مالی سال کی باقی مدت کے دوران مثبت مالی کارکردگی کی توقع کرتے ہیں۔

ہم مالی نتائج کو بہتر بنانے کے لئے مشکل کام کے پابند ہیں۔ ہم کارپوریٹ فیملی کے ممبر کی طرف سے دی گئی محنت کو اجاگر کرنا چاہیں گے۔ ہم اگلے دنوں میں بھی اسی لگن اور تعاون کے منتظر ہیں۔

لاہور 28 فروری 2020

منجانب بورڈ

منجانب بورڈ



ڈائریکٹر



چیف ایگزیکٹو

Independent auditor's review report to the members of Shadman Cotton Mills Limited

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shadman Cotton Mills Limited as at December 31, 2019 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than 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

1. As referred to in note 8.1.3 to the condensed interim financial statements, during the year ended June 30, 2015, the company has reversed accrued interest/markup amounting to Rs.179.89 million payables to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2019 amounting to Rs.183.91million and Rs.39.15 million during six months period ended December 31, 2019, based on the advice of the Company's legal advisor. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses would have been higher by Rs. 402.95 million and profit for the period would have been reduced by Rs.39.15 million. In the matter of Habib Bank Limited, Company had not recognized expenses for the cost of suit and cost of funds on outstanding liability, the decreed in favour of Habib Bank Limited by the Banking Court, appeal of which had been filed in Honorable Lahore High Court. In the absence of any estimate, we are unable to calculate its impact on the financial statements.

Shadman Cotton Mills Limited

Qualified Conclusion

Based on our review, with the exception of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasize of Matter Paragraph

We draw attention to note 2.2 in the financial statements which indicates that the Company has temporarily stopped the production of its spinning unit since October 21, 2018. As at December 31, 2019, the company has accumulated losses of Rs. 347.611 million. Its current liabilities exceed its current assets by Rs. 560.291 million. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 531.741 million. The lenders of debt finances have also filed recovery suits for recovery of these debt finances and interest/mark-up thereon amounting to Rs.577.391 million. These conditions, along with other matters as explained in note 2.2, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern. Our opinion is not modified in respect of this matter.

Other Matter Paragraph

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

The engagement partner on review resulting in this independent auditor's report is Zahid Hussain Zahid.

MUSHTAQ & CO
Chartered Accountants

Lahore.
Dated: February 28, 2020

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	Dec. 31, 2019 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
18,000,000 (2019: 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
Capital reserve		53,218,752	53,218,752
Accumulated losses		(347,610,257)	(355,834,416)
Equity portion of Directors loan		120,000,000	120,000,000
Surplus on revaluation of property, plant and equipment		503,721,430	506,785,111
TOTAL EQUITY		505,697,115	500,536,637
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	6	-	-
Deferred liabilities	7	21,202,688	21,251,163
		21,202,688	21,251,163
CURRENT LIABILITIES			
Trade and other payables		127,964,513	143,208,370
Accrued interest/markup		103,514,885	103,514,885
Short term borrowings		323,912,148	341,546,148
Current portion of non-current liabilities		105,968,864	105,968,864
Ijara rentals payable		28,544,690	28,544,690
Provision for taxation		1,400,874	5,282,190
		691,305,974	728,065,147
TOTAL LIABILITIES		712,508,662	749,316,310
CONTINGENCIES AND COMMITMENTS			
TOTAL LIABILITIES	8	1,218,205,777	1,249,852,947
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,003,412,081	1,060,980,372
Investment Property	10	55,597,878	-
Long term deposits - <i>unsecured, considered good</i>		28,180,774	28,180,774
		1,087,190,732	1,089,161,146
CURRENT ASSETS			
Stores, spares and loose tools		13,364,021	13,778,882
Stock in trade		26,335,174	15,479,636
Trade debts - <i>unsecured</i>		29,830,261	76,378,150
Loans and advances		8,772,139	9,308,087
Trade deposits and short term prepayments		3,747,309	3,500,000
Other receivables		1,844,144	5,851,796
Tax refunds due from govt.		8,191,791	12,218,236
Short term investments		12,686,039	62,279
Cash and bank balances		26,244,167	24,114,735
		131,015,045	160,691,801
TOTAL ASSETS		1,218,205,777	1,249,852,947

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

Note	Six months ended		Three months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Turnover - net	94,247,483	213,232,017	39,531,056	56,872,122
Cost of sales	(101,834,311)	(209,763,718)	(43,696,278)	(53,484,320)
Gross profit/ (loss)	(7,586,828)	3,468,299	(4,165,222)	3,387,802
Selling and distribution expenses	(398,629)	(1,110,109)	(75,240)	(117,475)
Administrative and general expenses	(10,624,059)	(10,117,140)	(5,247,449)	(4,679,351)
	(11,022,688)	(11,227,249)	(5,322,689)	(4,796,826)
Other income	(18,609,516)	(7,758,950)	(9,487,911)	(1,409,024)
	27,102,824	12,599,747	14,529,620	7,916,303
Operating profit	8,493,308	4,840,797	5,041,709	6,507,279
Finance cost	(250,634)	(60,192)	(239,716)	(14,603)
Other Expenses	(1,149,423)	(328,727)	(915,327)	-
Profit before taxation	7,093,252	4,451,878	3,886,667	6,492,676
Taxation	(1,932,774)	(2,622,211)	(1,093,653)	(613,502)
Profit after taxation	5,160,478	1,829,667	2,793,014	5,879,174
Profit per share - basic and diluted	0.29	0.10	0.16	0.33

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Six months ended		Three months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Profit after taxation for the period	5,160,478	1,829,667	2,793,014	5,879,174
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation surplus on Property, plant and machinery	-	-	-	-
Remeasurements of defined benefit obligation	-	-	-	-
Total comprehensive Income	5,160,478	1,829,667	2,793,014	5,879,174

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

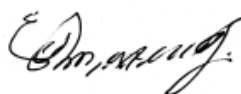
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Six months ended	
	December 31, 2019	December 31, 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,093,252	4,451,878
Adjustments for non-cash items		
Depreciation	10,125,961	15,436,098
Provision for employees retirement benefits	700,000	300,000
(Gain)/loss on disposal of property, plant and equipment	(543,798)	65,535
Old liabilities written back	(4,521,893)	-
Changes in fair value of investments at fair value through profit or loss	(2,298,276)	3,752
Finance cost	250,634	60,192
	3,712,627	15,865,577
Operating profit before changes in working capital	10,805,879	20,317,455
Changes in working capital		
Stores, spares and loose tools	414,561	215,814
Stock in trade	(5,298,441)	26,951,186
Trade debts	46,547,889	(17,689,137)
Advances, prepayments and other receivables	3,927,884	1,857,930
Short term investments	(10,325,184)	-
Trade and other payables	(16,505,332)	(38,080,996)
	18,761,377	(26,745,203)
Net cash generated from/(used in) operations	29,567,256	(6,427,748)
Payments for		
Finance cost	(24,362)	(60,192)
Income tax	(1,419,238)	(813,435)
Employees retirement benefits	(748,475)	(712,850)
Net cash generated from / (used in) operating activities	27,375,181	(8,014,225)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,491,749)	(3,258,452)
Proceeds from disposal of property, plant and equipment	880,000	6,380,000
Net cash generated from /(used in) investing activities	(7,611,749)	3,121,548
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from directors (repaid)/obtained	(9,640,000)	16,235,000
Net decrease in short term borrowings	(7,994,000)	(4,317,000)
Net cash generated from/ (used in) financing activities	(17,634,000)	11,918,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,129,432	7,025,323
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	24,114,735	2,504,688
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	26,244,167	9,530,011

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Share capital	Reserves		Equity	Revaluation Surplus	
	Issued subscribed and paid-up capital	Capital reserve	Accumulated losses	Equity portion of directors loan	Revaluation Surplus on Property, plant and machinery	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2018 (Restated)- Audited	176,367,190	53,218,752	(408,113,726)	-	546,053,347	367,525,563
Profit after taxation for the Period	-	-	1,829,667	-	-	1,829,667
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive Income	-	-	1,829,667	-	-	1,829,667
Incremental Depreciation-net of deferred tax	-	-	4,874,838	-	(4,874,838)	-
Balance as at December 31, 2018 - Un-audited	<u>176,367,190</u>	<u>53,218,752</u>	<u>(401,409,221)</u>	<u>-</u>	<u>541,178,509</u>	<u>369,355,230</u>
Balance as at July 01, 2019 - Audited	176,367,190	53,218,752	(355,834,416)	120,000,000	506,785,111	500,536,637
Profit after taxation for the period	-	-	5,160,478	-	-	5,160,478
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss	-	-	5,160,478	-	-	5,160,478
Incremental Depreciation-net of deferred tax	-	-	3,063,681	-	(3,063,681)	-
Balance as at December 31, 2019 - Un-audited	<u>176,367,190</u>	<u>53,218,752</u>	<u>(347,610,257)</u>	<u>120,000,000</u>	<u>503,721,430</u>	<u>505,697,115</u>


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 under the then Companies Act, 1973 (now the Companies Act 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn. The registered office of the Company is situated at 2/E, Block G, Mushtaq Ahmed Gurmani Road, Gulberg II, Lahore.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 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 as at and for the year ended 30th June, 2019.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.1 Accounting convention

The condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.2 Appropriateness of going concern assumption

The Company has been facing operational losses mainly due to decrease in selling prices in local as well as international markets, dumping of Indian yarn at low prices along with other factors. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved. Company has stopped its production temporarily since October 21, 2018.

As a result, the company has accumulated losses of Rs. 347.611 million as at the reporting date. The company's current liabilities exceeds its current assets by Rs. 560.291 million. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 531.741 million. The providers of debt finances have filed recovery suits for recovery of these debts finances and interest/mark-up thereon amounting to Rs. 577.391 million. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

- a) In the opinion of Company's legal counsel the ongoing litigation between the Company and The Bank of Punjab regarding recovery of debt finances and interest/mark-up thereon will take a few years to conclude as such the Company will be able to settle its liabilities to The Bank of Punjab through the stream of cash flows from future sales.
- b) The management has started utilizing the doubling segment considering the demand of doubled yarn in local and international markets and further making plan to restart the spinning production process in view of management plan to provide funds to the company according to its requirements.
- c) The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of manpower, resource conservation and close monitoring of fixed cost.
- d) Directors have conveyed their commitment for providing continued financial support

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019 except for change referred to note 4 & 5.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2019. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

The company has adopted the following standards and improvements to IFRSs which became effective for the current period:

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Standards or Interpretation

IFRS- 16	Leases
IFRS- 9	Prepayment features with negative compensation (Amendments)
IAS- 19	Plan amendment, curtailment or settlement (Amendments)
IAS- 28	Long term interests in associates and joint ventures (Amendments)
IFRIC- 23	Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS- 3	Business combinations - Previously held interests in a joint operation
IFRS- 11	Joint arrangements - Previously held interests in a joint operation
IAS- 12	Income taxes- Income tax consequences of payments on financial instruments classified as equity
IAS- 23	Borrowing costs - Borrowing costs eligible for capitalization

5 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of building. The company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets.

	Note	December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)

6 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/markup arrangements from banking companies

The Bank of Punjab - Demand finance - I	6.1	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	6.2	80,000,000	80,000,000
Habib Bank Limited - Term finance	6.3	8,105,608	8,105,608
		105,968,864	105,968,864
Current maturity presented under current liabilities		(105,968,864)	(105,968,864)
		-	-

- 6.1** The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at 7% per annum, payable quarterly. The finance was repayable in ten equal half yearly installments with the first installment was due in September 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 8.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 6.2** The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at six months KIBOR plus 2% per annum payable semi annually. The finance was repayable in eight equal half yearly installments with the first installment was due in October 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 8.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 6.3** The finance was been obtained from Habib Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/markup at three months KIBOR plus 1.50% per annum, payable quarterly. The finance was repayable in eighteen equal monthly installments with the first installment was due in June 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 8.1.2 for details of litigation between the Company and Habib Bank Limited regarding recovery of this amount.

	Note	December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)

7 DEFERRED LIABILITIES

Infrastructure fee payable - ETO	18,316,926	18,316,926
Employees retirement benefits	2,885,762	2,934,237
	21,202,688	21,251,163

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8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1** The Company is contesting recovery suit filed by The Bank of Punjab in year 2011 amounting to Rs. 577.391 million on account of principal and markup claimed in the suit along with cost of funds, estimated at Rs. 672.14 million upto December 31, 2019, and all other claims arising therein till realization. A counter suit has been filed by the Company against The Bank of Punjab, before the Lahore High Court wherein, along other prayers, the Company has claimed Rs. 744.348 million on account of acts and omission committed by the Bank against the Company. The suits is pending before the Lahore High Court and has been fixed for arguments.
- 8.1.2** The Company is contesting recovery suit filed by Habib Bank Limited amounting to Rs. 8.996 million on account of principal and markup claimed in the suit. The suits was decreed by the Banking Court for an amount of Rs. 8.105 million. Appeal is pending in Lahore High Court.
- 8.1.3** The company has reversed accrued interest/markup amounting to Rs.179.89 million payable to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2019 amounting to Rs.183.91 million and Rs.39.15 million during six months period ended December 31, 2019, based on the advice of the Company's legal advisor. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses and loss for the period would have been higher by Rs. 402.95 million and Rs.39.15 million
- 8.1.4** A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.196 million from Lahore Electric Supply Company (LESCO). The case is pending in court however legal advisor is of the view that the outcome of the case will be in favor of the company.
- 8.1.5** A suit was filed by the Meezan bank limited before the Banking Court Lahore against recovery of outstanding balance of ijara rentals amounting to Rs. 51.419 million. The suit is decreed by the banking court for an amount of Rs. 28.545 million along with costs of suit as well as costs of funds. Appeal is pending in Lahore High Court.

8.2 Commitments

- 8.2.1** There are no known commitments as at the reporting date.

	Note	December 31, 2019	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i> <i>(Restated)</i>
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	997,765,332	1,060,980,372
Capital work in progress		5,646,749	-
		1,003,412,081	1,060,980,372
9.1 Operating fixed assets			
Assets owned by the Company	9.1.1	997,765,332	1,060,980,372
		997,765,332	1,060,980,372
9.1.1 Assets owned by the Company			
Net book value at the beginning of the period/year		1,060,980,372	1,129,499,938
Additions during the period/year		2,845,000	3,258,452
Revaluation Surplus on PPE		-	-
Net book value transfer to investment property		(56,183,118)	-
Net book value of assets disposed during the period/year		(336,202)	(45,714,415)
Depreciation for the period/year		(9,540,720)	(26,063,603)
Net book value at end of the period/year		997,765,332	1,060,980,372

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10 INVESTMENT PROPERTY - At Cost	December 31, 2019 Rupees	June 30, 2019 Rupees
Net carrying value as at July 01	-	-
Transferred form PPE	56,183,118	-
Addition during the period	-	-
Disposal during the period	-	-
Depreciation charged during the period	(585,241)	-
Net book value as at Dec 31	<u>55,597,878</u>	<u>-</u>
Gross carrying value as at June 30		
Cost	56,183,118	-
Accumulated Depreciation	(585,241)	-
Net book value as at Dec 31	<u>55,597,878</u>	<u>-</u>
10.1 Depreciation is charged by reducing balance method at the rate % per annum	2.5%	2.5%
10.2 Depreciation charge for the period has been allocated as follows:		
Other operating expenses	(585,241)	-

10.3 During the period a part of building is being used for rental purpose from August, 2019. Therefore, it is transfer from Property Plant and Equipment to investment property and accounted for as per requirements of IAS-40 under cost model.

11 TAXATION

11.1 Provision for taxation has been made under section 113, 154 and 169 of the Income Tax Ordinance, 2001.

11.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Details of transactions and balances with related parties is as follow s:

	Note	December 31, 2019 Rupees	June 30, 2019 Rupees
		(Un-Audited)	(Audited)
12.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Directors	Short term borrow ings obtained	15,400,000	67,645,000
	Short term borrow ings repaid	25,040,000	35,280,000
	Note	December 31, 2019 Rupees	June 30, 2019 Rupees
		(Un-Audited)	(Audited)
12.2 Balances with related parties			
Nature of relationship	Nature of balances		
Directors	Equity portion of director loan	120,000,000	120,000,000
	Short term borrow ings	30,199,374	39,839,374

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13 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follow s:

	December 31, 2019	June 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Audited)
13.1 Financial assets		
<i>Cash in hand</i>	175,447	180
<i>Loans and receivables</i>		
Long term deposits	28,180,774	28,180,774
Trade debts	29,830,261	76,378,150
Security deposits	3,500,000	3,500,000
Cash at bank	26,068,720	24,114,375
	87,755,202	132,173,479
<i>Available for sale financial assets</i>		
Short term investments	12,686,039	62,279
	<u>100,616,688</u>	<u>132,235,938</u>
13.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Long term finances	105,968,864	105,968,864
Ijarah rentals payables	28,544,690	28,544,690
Infrastructure fee payable - ETO	18,316,926	18,316,926
Short term borrow ings	323,912,148	341,546,148
Accrued interest/markup	103,514,885	103,514,885
Trade creditors	52,186,885	58,791,679
Accrued liabilities	45,535,172	50,409,593
	<u>677,979,570</u>	<u>707,092,785</u>

14 FAIR VALUE MEASUREMENTS

The Company measures some of it financial instruments at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the follow ing levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follow s:

14.1 Financial instruments measured at fair value

14.1.1 Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	December 31, 2019	June 30, 2019
			Rupees	Rupees
			(Un-Audited)	(Audited)
Financial assets at fair value through profit or loss				
Short term investments	Level 1	Quoted bid prices in an active market	12,686,039	62,279

14.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

14.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

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15 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial information.

16 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, subject to appropriateness of going concern reservation, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in this condensed interim financial information.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 28, 2020.

18 GENERAL

18.1 There are no other significant activities since December 31, 2019 affecting the interim financial information.

18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

18.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR