



Shadman

Cotton Mills Limited

**HALF YEARLY REPORT
DECEMBER 31, 2021**

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COMPANY INFORMATION

BOARD OF DIRECTORS	MR. SHAHID MAZHAR (Chief Executive) MRS. GHAZALA SHAHID (Chairperson) MR. AHMED BIN SHAHID MR. MUHAMMAD AFNAN SHAHID MR. MUHAMMAD AKHTAR MR. NADEEM BHATTI Mr. HAMID BASIR
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	MR. NADEEM BHATTI (Chairman) MRS. GHAZALA SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
H.R. AND REMUNERATION COMMITTEE	Mr. HAMID BASIR (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AFNAN SHAHID (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 presenting the un-audited condensed interim financial statements of the company for the six months period ended December 31, 2021 together with independent auditor's review report.

During the six months under review, the net turnover of the company is Rs. 157.916 million including export sale of Rs. 148.760 million as compared to net turnover of Rs. 21.037 million of corresponding period of previous year. The turnover increased mainly due to acceleration of pace of apparel segment. During the half year after tax loss of the company is Rs. (12.952) million as compared to after tax loss of Rs. (19.139) million. Loss per share is Rs. (0.73) as compared to loss per share of Rs. (1.09) of the corresponding half year of the previous year.

During the period under review the company mainly utilized the export oriented apparel division manufacturing process in a well-planned manner and also adopted alternative strategies to keep up the project. High cost of production of apparel including high prices of fabrics and competitive low sale rates in the market resulted in loss during the period.

The textile sector is now started growing in the country having handsome export orders in hand. The management is mainly focusing to decrease the cost of production with increase in productivity of apparel division along with alternative measures. 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: March 01, 2022

مجلس نظاماء کی رپورٹ

محترم حصص یافتگان،

ہم آزاد آڈیٹر کے جائزے کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات
اختصار کے گوشوارے پر اے ختم ہونے والی چھ ماہ کی مدت 31 دسمبر 2021 کو آپ کی
خدمت میں پیش کر رہے ہیں۔

زیر نظر چھ ماہ کی مدت میں کمپنی نے 157.916 ملین روپے بشمول
برآمدات 148.760 ملین روپے کی فروخت کی جب کہ پچھلے سال اسی مدت کی فروخت
21.037 ملین روپے تھی۔ فروخت میں اضافہ ملبوسات کی تیاری کا عمل تیز ہونے کی
وجہ سے ہوا ہے۔ کمپنی کو زیر جائزہ چھ مہینوں میں (12.952) ملین روپے کا نقصان ہوا۔
جب کے پچھلے سال کی اسی مدت میں یہ نقصان (19.139) ملین روپے تھا۔ اس مدت کے
دوران نقصان فی حصص (0.73) روپے رہا۔ جب کہ پچھلے سال کی اسی مدت میں یہ
نقصان فی حصص (1.09) روپے تھا۔


زیر جائزہ اس مدت کے دوران کمپنی نے بنیادی طور پر برآمدی ملبوسات کے حصے کی
تیاری کے منصوبے کو بہتر منصوبہ بند انداز میں استعمال کیا اور کمپنی کو جاری رکھنے کے
لیے متبادل حکمت عملی بھی اپنائی۔ ملبوسات کی زیادہ لاگت کیڑے کی زیادہ قیمتوں اور
ملبوسات کی کم قیمت فروخت کے نتیجے میں اس مدت کے دوران نقصان ہوا۔

ملک میں اب ٹیکسٹائل کے شعبے میں افزائش شروع ہو گئی ہے جس کے برآمدات کے
خاطر خواہ آرٹرز ہیں۔ انتظامیہ بنیادی طور پر متبادل اقدامات کے ساتھ ملبوسات کی تیاری
کی پیداوار بڑھا کر لاگت کو کم کرنے پر توجہ دے رہی ہے۔ اسپیننگ یونٹ کی بحالی کا
کام بھی جاری ہے کیونکہ مقامی اور بین الاقوامی منڈیوں میں سوتل کی طلب سازگار ہے۔
ہم موجودہ مالی سال کی باقی مدت کے دوران مثبت مالی کارکردگی کی توقع کرتے ہیں۔

تا ہم انتظامیہ مالیاتی گوشواروں میں بہتری کے مشکل کام میں کوشاں ہے۔ یہاں پر ہم
کارپوریٹ خاندان کے ممبران کی انتھک محنت کا ذکر کرنا بہت ضروری سمجھتے ہیں۔
امید کی جاتی ہے کہ آنے والے دنوں میں کارپوریٹ خاندان کے ممبران کی اسی طرح
انتھک محنت سے ادارے کو بہتر بنانے کے لیے کوششیں جاری رکھیں گے۔


لاہور: 1 مارچ 2022

منجانب بورڈ



ڈائریکٹر

منجانب بورڈ



چیف ایگزیکٹو

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, 2021 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 6.1.3 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, 2021 amounting to Rs.274.830 million and Rs.18.755 million during six months period ended December 31, 2021, based on the advice of the Company's legal advisor. As a result of reversal, the interest/markup recognized in payable to The Bank of Punjab stands at 103.52 million as at December 31, 2021 as against Rs.747.16 million claimed by bank including cost of fund. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses would have been higher by Rs. 417.171 million and profit for the period would have been reduced by Rs.26.68 million.
2. An amount of Rs.4.01 million of long term loan from Habib Bank Limited in note 6.1.2 has not been confirmed by the bank, also as referred to in note 6.1.2 to these financial statements, Company had not recognized expenses for the cost of suit and cost of funds on outstanding liability, the case is 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.
3. As referred in note 5.1, this liability of Rs. 18.316 million was payable to Excise and Taxation Officer (ETO) Government of Sindh. Company had filed the suit against ETO in Sindh High Court against this levy. No copy of suit filed provided to us neither legal advisor confirmed this suit in his direct confirmation.

4. Trade debts includes an amount receivable from LESCO of Rs. 16.198 million, this receivable is past due since 30th June, 2011. The balance is not directly confirmed by the party as the said balance is also under litigation. In our opinion, this past due balance has been impaired but no loss allowance in respect of this receivable balance has been made in the financial statements.
5. As disclosed in Note 6.1.5, a suit has been filed by the Meezan bank limited before the banking court, Lahore, against recovery of outstanding balance of ijarah rentals amounting to Rs. 51.419 million. Suit decreed by Banking Court for Rs. 28.54 million. Appeal of said decree has been filed in Lahore High Court. Bank's execution is also pending before Banking Court Lahore. We do not receive bank confirmation for this Rental Payable.

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, 2021, the company has accumulated losses of Rs. 410.332 million. Its current liabilities exceed its current assets by Rs. 588.241 million. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 524.639 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, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

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

MUSHTAQ & CO

Chartered Accountants

Karachi

Dated: March 01, 2022

UDIN: RR2021100431TmrjAo7H

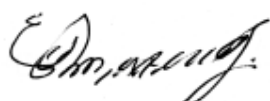
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Note	Dec. 31, 2021 Rupees (Un-Audited)	June 30, 2021 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
18,000,000 (June 2021: 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		(410,332,451)	(400,293,309)
Directors loan		120,000,000	120,000,000
Surplus on revaluation of property, plant and equipment		492,830,560	495,743,069
TOTAL EQUITY		432,084,051	445,035,702
NON-CURRENT LIABILITIES			
Long term finances - secured	4	-	-
Long term payable	5	39,797,969	41,118,479
Employee retirement obligation		5,489,725	5,993,171
		45,287,694	47,111,650
CURRENT LIABILITIES			
Trade and other payables		174,593,016	152,543,702
Accrued interest/markup		103,514,885	103,514,885
Short term borrowings		405,205,846	381,875,148
Current portion of non-current liabilities		101,868,864	101,868,864
Current portion of GIDC Payable		2,641,020	2,641,020
Ijara rentals payable		28,544,690	28,544,690
Provision for taxation		1,624,933	10,140,770
		817,993,254	781,129,079
TOTAL LIABILITIES		863,280,948	828,240,729
CONTINGENCIES AND COMMITMENTS			
TOTAL LIABILITIES	6	1,295,364,999	1,273,276,431
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	921,746,715	923,543,917
Investment Property	8	115,685,307	117,149,678
Long term deposits - unsecured, considered good		28,180,774	28,180,774
		1,065,612,796	1,068,874,369
CURRENT ASSETS			
Stores, spares and loose tools		27,357,443	34,346,259
Stock in trade		63,073,409	82,866,581
Trade debts - unsecured		24,110,558	27,140,981
Loans and advances		30,737,608	11,858,421
Trade deposits and short term prepayments		3,773,600	3,622,729
Other receivables		10,700,293	12,647,546
Tax refunds due from govt.		25,433,189	28,430,894
Short term investments	9	13,633,491	2,449,619
Cash and bank balances		30,932,612	1,039,032
		229,752,203	204,402,062
TOTAL ASSETS		1,295,364,999	1,273,276,431

The annexed notes 1 to 15 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, 2021

	<i>Note</i>	Six months ended		Three months ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Turnover - net		157,915,521	21,036,843	94,344,890	14,744,163
Cost of sales		(174,868,639)	(50,240,249)	(98,473,729)	(34,653,714)
Gross loss		(16,953,118)	(29,203,406)	(4,128,839)	(19,909,551)
Selling and distribution expenses		(9,060,182)	(987,394)	(5,770,652)	(700,007)
Administrative and general expenses		(17,221,673)	(16,578,339)	(7,410,021)	(8,212,658)
		(26,281,855)	(17,565,733)	(13,180,673)	(8,912,665)
Other income		(43,234,973)	(46,769,139)	(17,309,512)	(28,822,216)
		24,883,163	23,216,856	7,035,398	7,963,778
Operating loss		(18,351,810)	(23,552,283)	(10,274,114)	(20,858,438)
Finance cost		(32,484)	(22,472)	(8,380)	(15,500)
Other Expenses		(1,464,371)	(1,501,919)	(732,186)	(750,959)
Loss before taxation		(19,848,665)	(25,076,674)	(11,014,680)	(21,624,897)
Taxation		6,897,014	5,937,267	7,539,163	6,031,657
Loss after taxation		(12,951,651)	(19,139,407)	(3,475,517)	(15,593,240)
Loss per share - <i>basic and diluted</i>		(0.73)	(1.09)	(0.20)	(0.88)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

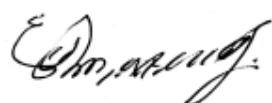
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months ended		Three months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Loss after taxation for the period	(12,951,651)	(19,139,407)	(3,475,517)	(15,593,240)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation surplus on Property, plant and machinery	-	-	-	-
Remeasurements of defined benefit obligation	-	-	-	-
Total comprehensive loss	<u>(12,951,651)</u>	<u>(19,139,407)</u>	<u>(3,475,517)</u>	<u>(15,593,240)</u>

The annexed notes 1 to 15 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, 2021

	Six months ended	
	December 31, 2021	December 31, 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(19,848,665)	(25,076,674)
Adjustments for non-cash items		
Depreciation	10,443,434	10,749,945
Provision for employees retirement benefits	1,000,000	-
Gain on disposal of property, plant and equipment	(1,665,521)	(4,886,080)
Changes in fair value of investments at fair value through profit or loss	1,037,018	-
Finance cost	32,484	22,472
	10,847,415	5,886,336
Operating loss before changes in working capital	(9,001,250)	(19,190,337)
Changes in working capital		
Stores, spares and loose tools	6,988,816	(27,985,761)
Stock in trade	19,793,172	(7,678,092)
Trade debts	3,030,423	7,008,307
Advances, prepayments and other receivables	(11,818,659)	(22,497,127)
Short term investments	(12,220,890)	13,081,925
Trade and other payables	20,728,804	41,662,785
	26,501,666	3,592,037
Net cash generated from/(used in) operations	17,500,416	(15,598,300)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,416,340)	(22,104,604)
Proceeds from disposal of property, plant and equipment	1,900,000	19,240,000
Net cash used in investing activities	(5,516,340)	(2,864,604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	-	(4,100,000)
Net increase in short term borrowings	23,330,698	43,000
Net cash generated from/ (used in) financing activities	23,330,698	(4,057,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	29,893,580	(24,345,518)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,039,032	27,405,912
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	30,932,612	3,060,394

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Share capital	Reserves		Equity	Revaluation Surplus	
	Issued subscribed and paid-up capital <i>Rupees</i>	Capital reserve <i>Rupees</i>	Accumulated losses <i>Rupees</i>	Directors loan <i>Rupees</i>	Revaluation Surplus on Property, plant and machinery <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at July 01, 2020 - Audited	176,367,190	53,218,752	(349,498,947)	120,000,000	501,717,448	501,804,443
Loss after taxation for the Period	-	-	(19,139,407)	-	-	(19,139,407)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive Income	-	-	(19,139,407)	-	-	(19,139,407)
Incremental Depreciation-net of deferred tax	-	-	2,987,190	-	(2,987,190)	-
Balance as at December 31, 2020 - Un-audited	176,367,190	53,218,752	(365,651,163)	120,000,000	498,730,258	482,665,037
Balance as at July 01, 2021 - Audited	176,367,190	53,218,752	(400,293,309)	120,000,000	495,743,069	445,035,702
Loss after taxation for the period	-	-	(12,951,651)	-	-	(12,951,651)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss	-	-	(12,951,651)	-	-	(12,951,651)
Incremental Depreciation-net of deferred tax	-	-	2,912,509	-	(2,912,509)	-
Balance as at December 31, 2021 - Un-audited	176,367,190	53,218,752	(410,332,451)	120,000,000	492,830,560	432,084,051



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

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 and apparels. 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, 2021.

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 spinning production temporarily since October 21, 2018.

As a result, the company has accumulated losses of Rs. 410.332 million as at the reporting date. The company's current liabilities exceeds its current assets by Rs. 588.241 million. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 524.639 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:

- 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.
- The management has started utilizing the apparel segment considering the demand of apparel products 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.
- The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of man power, resource conservation and close monitoring of fixed cost.
- 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, 2021.

	Note	December 31, 2021	June 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Audited)
4 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
The Bank of Punjab - Demand finance - I	4.1	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	4.2	80,000,000	80,000,000
Habib Bank Limited - Term finance	4.3	4,005,608	4,005,608
		101,868,864	101,868,864
Current maturity presented under current liabilities		(101,868,864)	(101,868,864)
		-	-

Shadman Cotton Mills Limited

- 4.1** 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 6.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 4.2** 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 6.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 4.3** 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 6.1.2 for details of litigation between the Company and Habib Bank Limited regarding recovery of this amount.

	<i>Note</i>	December 31, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
5 LONG TERM PAYABLE			
Infrastructure fee payable - ETO	5.1	18,316,926	18,316,926
Infrastructure cess payable - Gas	5.2	21,481,043	22,801,553
		39,797,969	41,118,479

- 5.1** This represents infrastructure cess levied by Excise and Taxation Officer ("ETO") Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ("SHC") challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO.
- 5.2** This represents infrastructure gas cess payable to Sui Northern Gas Pipelines Limited.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1** 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. 741.900 million upto December 31, 2021, 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.
- 6.1.2** 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. The company has paid an amount of Rs. 4.100 million through Court.
- 6.1.3** 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, 2021 amounting to Rs.274.830 million and Rs.18.775 million during six months period ended December 31, 2021, 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. 417.171 million and Rs.26.68 million respectively.
- 6.1.4** 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.
- 6.1.5** 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 alongwith costs of suit as well as costs of funds. Appeal is pending in Lahore High Court.

6.2 Commitments

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

	<i>Note</i>	December 31, 2021	June 30, 2021
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
7	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	<i>7.1</i>	921,746,715	923,543,917
		<u>921,746,715</u>	<u>923,543,917</u>
7.1	Operating fixed assets		
Assets owned by the Company	<i>7.1.1</i>	921,746,715	923,543,917
		<u>921,746,715</u>	<u>923,543,917</u>
7.1.1	Assets owned by the Company		
Net book value at the beginning of the period/year		923,543,917	932,745,235
Additions during the period/year		7,416,340	22,355,891
Net book value of assets disposed during the period/year		(234,479)	(14,362,076)
Transfers		-	1,498,242
Depreciation for the period/year		(8,979,063)	(18,693,375)
Net book value at end of the period/year		<u>921,746,715</u>	<u>923,543,917</u>
8	INVESTMENT PROPERTY - At Cost	December 31, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
Net carrying value as at July 01		117,149,678	120,153,516
Depreciation charged to other operating expnses during the period/year		(1,464,371)	(3,003,838)
Net book value as at close of period		<u>115,685,307</u>	<u>117,149,678</u>
Gross carrying value			
Cost		122,267,095	122,267,095
Accumulated Depreciation		(6,581,788)	(5,117,417)
Net book value		<u>115,685,307</u>	<u>117,149,678</u>
8.1	Depreciation is charged by reducing balance method at the rate % per annum	2.5%	2.5%
8.2	Depreciation charge for the period has been allocated as follows:		
Other operating expenses		(1,464,371)	3,003,838

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9 SHORT TERM INVESTMENTS

This represents investment in listed equity securities held for trading classified as "financial assets at fair value through profit or loss". Particulars of investments are as follows:

	December 31, 2021 Rupees	Jun 30, 2021 Rupees
Cost	14,670,509	2,164,559
Fair value adjustment	(1,037,018)	285,060
	<u>13,633,491</u>	<u>2,449,619</u>

	Market ValuesRupees.....	
9.1 Market value of investments		
MCB Bank 357 (June 30, 2021: 357) shares	54,746	57,059
Fauji Fertilizer Company 25,000 (June 30, 2021: 7,000) shares	2,506,500	742,700
Oil & gas Development Co. 12,000 (June 30, 2021: 7,000) shares	1,034,400	665,210
Pakistan Oil Fields Ltd. 15,500 (June 30, 2021: 2,500) shares	5,543,110	984,650
Pak Petroleum Ltd. 5,000 (June 30, 2021: Nil) shares	395,200	-
Engro Fertilizers Ltd. 9,000 (June 30, 2021: Nil) shares	684,810	-
Engro Powergen Qadirpur 35,000 (June 30, 2021: Nil) Shares	677,250	-
Kotaddu Power Company Limited 9,000 (June 30, 2021: Nil) Shares	291,150	-
Pakistan State Oil Company Limited 7,500 (June 30, 2021: Nil) Shares	1,364,175	-
Engro Corporation Limited 2,000 (June 30, 2021: Nil) Shares	544,840	-
Nishat Chunian Power Limited 5,000 (June 30, 2021: Nil) Shares	80,000	-
Dg Khan Cement Company Limited 4,000 (June 30, 2021: Nil) Shares	331,760	-
Hub Power Company Limited 1,000 (June 30, 2021: Nil) Shares	71,340	-
Engro Polymer & Chemical Ltd. 1,000 (June 30, 2021: Nil) Shares	54,210	-
	<u>13,633,491</u>	<u>2,449,619</u>

10 TAXATION

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

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

11 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 follows:

	Note	December 31, 2021 Rupees (Un-Audited)	June 30, 2021 Rupees (Audited)
11.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Directors	Short term borrowings obtained	34,880,698	60,050,000
	Short term borrowings repaid	8,750,000	32,150,000
Associate	Short term borrowings obtained	-	31,215,000
	Short term borrowings repaid	2,800,000	-
	Note	December 31, 2021 Rupees (Un-Audited)	June 30, 2021 Rupees (Audited)
11.2 Balances with related parties			
Nature of relationship	Nature of balances		
Directors	Equity portion of director loan	120,000,000	120,000,000
	Short term borrowings	87,080,072	60,949,374
Associate	Short term borrowings	28,415,000	31,215,000

12 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.

13 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.

14 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 March 01, 2022.

15 GENERAL

15.1 There are no other significant activities since December 31, 2021 affecting the interim financial information.

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

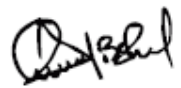
15.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR