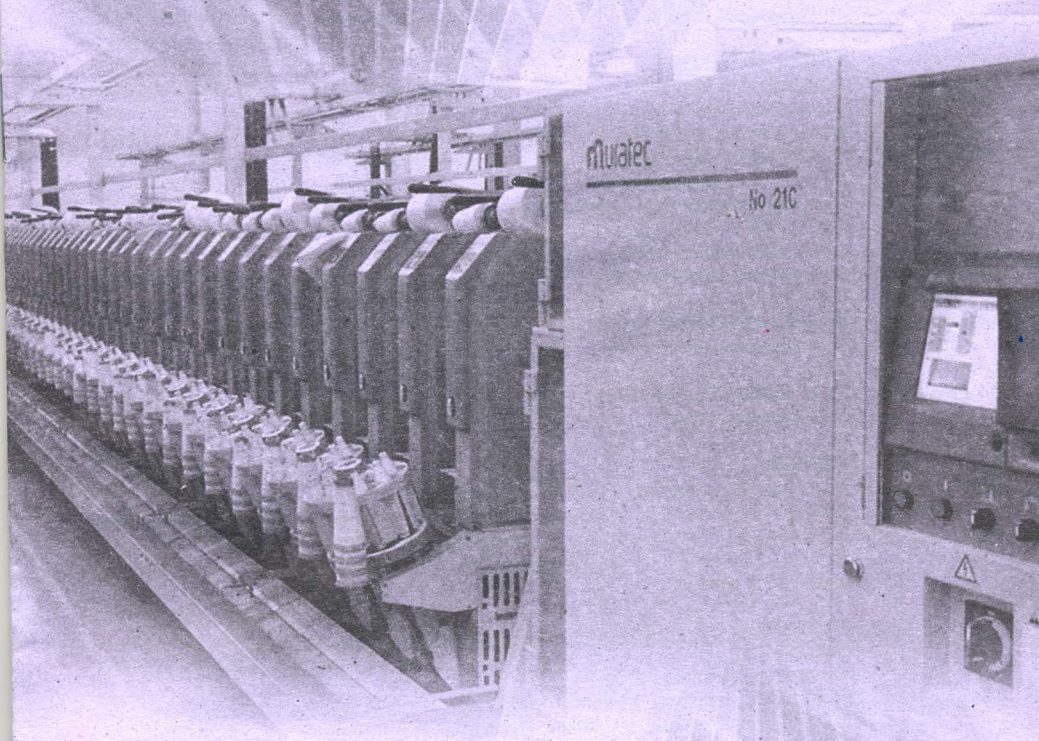




Chakwal Spinning Mills Limited



HALF YEARLY REPORT
UN-AUDITED
For the Period Ended
Dec. 31, 2016

Company Information

BOARD OF DIRECTORS

Khawaja Mohammad Jahangir	(Chief Executive)
Khawaja Mohammad Kaleem	(Executive Director)
Khawaja Mohammad Jawed	(Non-Executive Director)
Khawaja Mohammad Tanveer	(Non-Executive Director)
Khawaja Mohammad Nadeem	(Non-Executive Director)
Mr. Mohammad Naveed	(Non-Executive Director)
Mr. Mohammad Hamza Yousaf	(Non-Executive Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Naveed	(Chairman)
Khawaja Mohammad Javed	(Member)
Mr. Mohammad Hamza Yousaf	(Member)
Mr. Mohammad Tariq Sufi	(Member)

HR & REMUNERATION COMMITTEE

Khawaja Mohammad Javed	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Tanveer	(Member)

COMPANY SECRETARY

Mr. Muhammad Ashraf	(FCMA)
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CHIEF FINANCIAL OFFICER

Mr. Muhammad Ashraf	(FCMA)
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BANKERS

Habib Metro Bank Limited
 Allied Bank of Pakistan
 MCB Bank Limited
 The Bank of Punjab
 Meezan Bank Limited

AUDITORS

H.A.M.D & Co.
 Chartered Accountants
 Office No. 01, 2nd floor, Diamond Tower,
 Liberty Market, Opposite LDA Parking Plaza,
 Near Capri Cinema, Lahore, Pakistan.

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
 Tel : (042) 35717510
 Fax : (042) 35757105

SHARE REGISTRARS

Corp link (Pvt) Limited
 Wings Arcade, 1-K, Commercial, Model Town, Lahore.
 Tel : (042) 35839182
 Fax : (042) 35869037

MILLS

49-Kilometer
 Multan Road, Bhai Phero.
 Tel : (0494) 540084-86

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of CHAKWAL SPINNING MILLS LIMITED (here-in-after called 'the Company') as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2016.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention of members on the matters given in this paragraph and our conclusion is not qualified on these matters.

As more fully described in note 2.2 to the Condensed interim financial information that during the current period under review, the Company incurred loss after tax of Rs. 135.664 million and its accumulated losses amounted to Rs 381.321 million at the period end and its current liabilities exceeds its current assets by Rs 698.768 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharges its liabilities in the normal course of business. This condensed interim financial information, however, has been prepared on a going concern basis in the expectation of future profitability, continuing support from financial institutions, and commitment of financial support by the sponsoring directors, as and when required.

Lahore:
February 28, 2017

H.A.M.D & Co.
Chartered Accountants
Engagement Partner : Waseem Ashfaq

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the board of directors of the company, I present before you un-audited condensed interim financial statements for the half year ended December 31, 2016.

During the period under review, the company earned a net loss of Rs.135.664 million compared to a net loss of Rs.73.848 million for the corresponding period last year. The loss was mainly due to lower sale which remained at Rs.348.152 million compared to Rs.709.037 million of corresponding period last year. The drastic decrease in sales was a result of unfavorable export market due to long recession worldwide and sluggish local yarn market as well. Other factors contributed in increasing loss of the company were, high tariff energy cost, instable economic policies and business conditions and unfavorable textile policy which resulted closure of many spinning mills particularly in the province of Punjab. In view of the circumstances prevailing in the spinning sector, company had to curtail the operation at almost 50% production capacity which also includes a closure period of 25 days. However, all other expenses were kept under control and substantial reduction has been witnessed.

Though, the Government has announced a package for textile sector allowing import of raw materials and machinery for export sector at 0% import duty which definitely will support the industry to cut cost of doing the business but it could only be beneficial if the Government reduces the prices of RNLG equivalent to natural gas tariff enabling the spinning industry to compete in international markets. Spinning industry which is the core industry of the country is striving hard for its survival, has always stressed the Government to envisage the situation and come forward to save and revive the industry by reducing the RLNG and electricity tariff.

The company has been facing operational losses since the year 2015 mainly due to long recession in yarn markets worldwide, high tariff energy cost unfavourable business conditions which severely affected the textile particularly spinning industry. Resulting the company has not been to utilize an optimal level of capacity. The statutory auditors of the company has raised the doubts on the company's ability to continue as going concern as reflected in note 2.2 in the interim financial statements. However, these condensed interim financial statements have been prepared on going concern basis on the grounds described in note 2.2 annexed to the statements.

The directors of the company will continue their strenuous efforts by taking each and every necessary step to make the company profitable including fresh injection of funds and hope that they will overcome the current situation shortly.

The board of directors appreciates continued support of its bankers, creditors and stake holders in addition to dedication and hard work of all the employees of the company.

For and on behalf of the Board

Lahore:
February 28, 2017

(KHAWAJA MOHAMMAD JAHANGIR)
Chief Executive

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2016 کے اختتام شدہ ششماہی کی مدت کے لئے تکلیف شدہ، غیر جانچ شدہ حسابات پیش کرتا ہوں۔

زیر جائزہ عرصہ کے دوران کمپنی کو پچھلے سال کے اسی عرصہ کے دوران 73.848 ملین روپے کے نقصان کے مقابلے میں 135.664 ملین روپے کا نقصان ہوا۔ نقصان کی وجہ سبز میں کمی بنی جو کہ پچھلے سال کے اسی عرصہ کے 709.037 ملین روپوں کے مقابلے میں 348.152 ملین روپے رہی۔ سبز میں شدید کمی کی بنیادی موجب بین الاقوامی مارکیٹ میں لمبے عرصے سے جاری مراجعت کی وجہ سے غیر موافق برآمدی منڈی، دھاگے کی مقامی منڈی میں کساد بازاری ہے۔ دیگر عوامل جو کمپنی کے نقصان میں اضافے کی وجہ بنے ان میں زیادہ قیمت والی توانائی، غیر مستحکم معاشی پالیسیاں اور کاروباری حالات، غیر موافق یکنسائل پالیسی جو بالخصوص صوبہ پنجاب میں بہت ساری سپنگ ملز کی بندش کا سبب بنیں۔ سپنگ سیکٹر میں جاری حالات کو مد نظر رکھتے ہوئے کمپنی کو اپنی پیداواری استعداد کو 50% تک محدود کرنا پڑا جس میں 25 دن کا بندش کا عرصہ بھی شامل ہے۔ تاہم باقی تمام اخراجات مکمل قابو میں رہے اور اچھی خاصی کمی دیکھنے میں آئی۔

حالانکہ حکومت نے یکنسائل سیکٹر کے لئے پیکج کا اعلان کیا ہے لیکن یہ ای وقت فائدہ مند ہوگا جب حکومت سپنگ انڈسٹری کو برآمدی منڈی میں مقابلہ کرنے کے لئے RLNG کے نرخ قدرتی گیس کے نرخوں کے مطابق کمی نہیں کرتی سپنگ انڈسٹری جو کہ ملک کی بنیادی انڈسٹری ہے اپنے احیاء کے لئے بھرپور کوشش کر رہی ہے حکومت پر زور دینی ہے کہ وہ حالات کو بھانپے اور RLNG اور بجلی کی قیمتوں کو کم کرتے ہوئے انڈسٹری کو بچانے اور بحال کرنے کے لئے آگے آئے۔

کمپنی کو سال 2015 سے خسارے کا سامنا ہے جسکی بنیادی وجوہات دنیا بھر میں دھاگے کی منڈیوں میں جاری مراجعت، توانائی لاگت کے زیادہ نرخ اور ناموافق کاروباری حالات ہیں جس نے یکنسائل بالخصوص سپنگ کی صنعت کو بری طرح متاثر کیا ہے۔ نتیجے کے طور پر کمپنی اپنی پیداواری استعداد کو مطلوبہ حد پر نہ چلا سکی۔ کمپنی کے قانونی محاسب نے کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر شکوک کا اظہار کیا ہے جیسے کہ مالی رپورٹس کے نوٹ 2.2 میں ظاہر کیا گیا ہے۔ تاہم یہ تکلیف شدہ مالی رپورٹس کاروبار جاری دساری رہنے کی بنیاد پر تیار کی گئیں ہیں جن کے اسباب رپورٹس کے شامل نوٹ 2.2 میں بیان کئے گئے ہیں

بہر کیف کمپنی کے ڈائریکٹران کمپنی کو منافع بخش بنانے کے لئے ہر ضروری قدم اٹھاتے ہوئے اپنی سرگرم کوششیں جاری رکھیں گے جس میں مزید سرمائے کا لگانا بھی شامل ہے اور امید کرتے ہیں کہ صورت حال پر جلد قابو پائیں گے۔

بورڈ آف ڈائریکٹرز بینکرز قرض خواہوں، دیگر متعلقین کی مزید برآں اپنے ملازمین کی لگن اور محنت کی قدر کرتا ہے۔

مخانب بورڈ آف ڈائریکٹرز

خواجہ محمد جہانگیر

چیف ایگزیکٹو

لاہور

فروری 28، 2017

CONDENSED INTERIM BALANCE SHEET

	Notes	December 31, 2016 (Un-audited) Rupees (000)	June 30, 2016 (Audited) Rupees (000)
SHARE CAPITAL AND RESERVES			
Authorised Capital			
100,000,000 (June30,2016: 100,000,000 of Rs 5/-each) ordinary shares of Rs.5 each		500,000	500,000
Issued, subscribed and paid up share capital	5	200,000	200,000
Loan from Directors (subordinated)	6	271,256	271,256
Accumulated Loss		(381,321)	(249,314)
		89,935	221,942
Surplus on revaluation of property, plant and equipment		170,948	175,803
Non Current Liabilities			
Liabilities Against Asset Subject to Finance Lease		-	-
Deferred liabilities		67,166	70,303
		67,166	70,303
Current Liabilities			
Trade and other payables		444,620	529,973
Accrued interest on short term borrowings		13,712	6,240
Short term borrowings	7	527,072	461,681
Current portion of Liabilities Against Asset Subject to Finance Lease		2,366	6,800
Provision for taxation	8	12,744	9,263
		1,000,514	1,013,957
Contingencies and Commitments		-	-
		1,328,563	1,482,005

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

AS AT DECEMBER 31, 2016

	Notes	December 31, 2016 (Un-audited) Rupees (000)	June 30, 2016 (Audited) Rupees (000)
ASSETS			
Non Current Assets			
Property, plant and equipment	10	1,011,249	1,043,625
Capital work in progress		1,260	1,260
Long term loans		6,011	6,151
Long term deposits		8,297	8,297
		1,026,817	1,059,333
Current Assets			
Stores and spares		8,062	8,477
Stock-in-trade	11	109,908	133,051
Trade debts		45,987	109,817
Loan and advances		124,856	168,619
Trade deposits, short term prepayments and other receivables		2,799	967
Cash and bank balances		10,134	1,741
		301,746	422,672
		<u>1,328,563</u>	<u>1,482,005</u>

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Notes	Half Year Ended		Quarter Ended	
		Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
		(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Sales		348,152	709,037	115,598	298,418
Cost of Sales	12	(448,661)	(718,443)	(164,873)	(304,829)
Gross Loss		(100,509)	(9,406)	(49,275)	(6,411)
Distribution cost		(229)	(11,610)	(176)	(4,028)
Administrative expenses		(19,249)	(30,463)	(9,898)	(14,403)
		(19,478)	(42,073)	(10,074)	(18,431)
Operating Loss		(119,987)	(51,479)	(59,349)	(24,842)
Finance cost		(13,497)	(16,132)	(7,187)	(7,486)
Other operating expenses		-	(411)	-	(672)
Other operating Income		103	-	103	-
Loss before taxation		(133,381)	(68,022)	(66,433)	(33,000)
Taxation		(2,283)	(5,826)	(432)	(2,164)
Loss after taxation		(135,664)	(73,848)	(66,865)	(35,164)
Earning / (Loss) per share - Basic	13	(3.39)	(1.85)	(1.67)	(0.88)

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half Year Ended		Quarter Ended	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
(Loss) after taxation	(135,664)	(73,848)	(66,865)	(35,164)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the period	<u>(135,664)</u>	<u>(73,848)</u>	<u>(66,865)</u>	<u>(35,164)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half year ended December 31, 2016	Half year ended December 31, 2015
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(133,381)	(68,023)
Adjustments for non cash changes and other items		
Depreciation	31,651	35,198
Provision for gratuity	2,000	5,000
Gain on disposal of property, plant & equipment	(103)	-
Finance cost	13,498	16,132
	47,046	56,330
Operating loss before working capital changes	(86,335)	(11,693)
(Increase)/decrease in current assets		
- Stores and spares	414	523
- Stock-in-trade	23,142	34,782
- Trade debts	63,830	(2,808)
- Loan and advances	46,286	(18,965)
- Trade deposits, short term prepayments and other receivables	(1,833)	(16,170)
Increase/(decrease) in current liabilities		
- Trade and other payables	(87,490)	24,455
	44,349	21,817
Cash (used in) / generated from operations	(41,986)	10,124
Finance cost paid	(6,025)	(17,582)
Gratuity paid	(5,137)	(2,166)
Income tax paid	(384)	(4,681)
Net Cash used in Operating Activities	(53,532)	(14,304)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22)	-
Long term loans	140	-
Long term deposit	-	1,325
Proceeds from disposal of property, plant and equipment	850	-
Net Cash from Investing Activities	968	1,325
CASH FLOW FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(4,434)	(2,949)
Short term borrowing	65,391	13,916
Net Cash from Financing Activities	60,957	10,967
Net Increase / (Decrease) in Cash and Cash equivalent	8,393	(2,012)
Cash and cash equivalent at the beginning of the period	1,741	3,941
CASH AND CASH EQUIVLANT AT THE END OF THE PERIOD	10,134	1,929

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Lahore:
February 28, 2017

(Khawaja Mohammad Jahangir)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

Particulars	Share Capital	Accumulated Profit / (Loss)	Loan From Directors	Total
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Balance as at July 01, 2015	200,000	78,863	271,256	550,119
Total comprehensive income for the half year ended December 31, 2015		(73,848)		(73,848)
Transfer from surplus on revaluation of Property, Plant & Equipment in respect of incremental depreciation charged to Current period - net of deferred tax		2,271		2,271
Balance as at December 31, 2015	200,000	7,286	271,256	478,542
Balance as at July 01, 2016	200,000	(249,314)	271,256	221,942
Total Comprehensive (Loss) for the half year ended December 31, 2016		(135,664)		(135,664)
Transfer from surplus on revaluation of Property, Plant & Equipment in respect of incremental depreciation charged to Current period - net of deferred tax		3,657		3,657
Balance as at Decemebr 31, 2016	200,000	(381,321)	271,256	89,935

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**1 THE COMPANY AND ITS OPERATIONS**

Chakwal Spinning Mills Limited was incorporated on January 31, 1988 as a public limited company in Pakistan under Companies Ordinance 1984 and is quoted on Pakistan Stock Exchange. The Company is engaged in the business of textile spinning. Corporate and Registered office of the company is situated at 7/1 E III, Main Boulevard, Gulberg III, Lahore.

2 STATEMENT OF COMPLIANCE

The condensed interim financial information of the Company for the six months period ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard -34 - "Interim Financial Reporting" and provisions of the directives issued under the Companies Ordinance 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1 The condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984

2.2 Appropriateness of the Going Concern Assumption

The Company has been facing operational losses since the year 2015 mainly due to long recession in yarn markets worldwide, the severe power crises, high tariff energy cost, dumping of Indian yarn at low prices along with other factors, including economic instability and unfavourable textile policy of the Government, affecting the textile industry, particularly spinning industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved.

As a result, the Company has incurred gross loss of Rs.100.509 million and loss after taxation of Rs.135.664 million during the period. The Company has accumulated losses of Rs.381.321 million as at the reporting date. Its current liabilities exceed its current assets by Rs.698.768 million. These factors raise doubts about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following assumptions:

- (a) Management is optimistic that the government will ban the dumping of Indian yarn in our local markets to help the local industry. The Government has also imposed anti-dumping duty and anti subsidy measures.
- (b) The Government has started to provide RNLG to textile sector to overcome the energy crises. The government has announced a bale out package by making import duty at 0% and announced rebate on export of yarn which will help for revival of textile industry.
- (c) The directors/sponsors continued to support the Company in the form of interest free loans. During the period, the sponsors provided financial support amounting to Rs. 61.640 million in the form of short term borrowing to meet the working capital requirements of the company (see note 14). Further, the sponsors have already given long term loan to be paid at the discretion of the entity (see note 6).
- (d) The management expects continued support of its bankers in providing financial support to the Company (see note 10.1 of the audited accounts for the year ended June 30, 2016).
- (e) The Company has drawn up cost cutting planning aimed at curtailing/reducing fixed costs and rationalizing variable costs.

3 BASIS OF PREPARATION

- 3.1 The condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as on June 30, 2016.
- 3.2 The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements for the year ended, June 30, 2016.

There are certain new International Financial Reporting Standards, amendments to published standards and interpretations that are medatory for the accounting periods beginning on or after 01 July 2016. These are considered not to be relevant or to have any significant effect on the Company's reporting and operation and are therefore not disclosed in this condensed interim financial information.

4 ACCOUNTING ESTIMATES, JUDGEMENTS, & FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires management to make estimates, assumptions and use of judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates, assumptions and judgements 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.

Judgements and estimates made by the 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 June 30, 2016.

- 4.2 The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

40,000,000 (June 30, 2016: 40,000,000) ordinary shares of
Rupees 5/- each. (June 30, 2016 : Rupees 5/ each)

December 31 2016 Un-audited Rupees (000)	June 30 2016 Audited Rupees (000)
200,000	200,000

6 LOAN FROM DIRECTORS - SUBORDINATED

These loans are unsecured and interest free provided by the directors and payable at the discretion of the company. These loans are subordinated to Habib Metropolitan Bank Ltd and The Bank of Punjab.

7 SHORT TERM BORROWING

This includes Rs.156.361 million (June 30, 2016 Rs.94.721 million interest free loan from directors to meet working capital requirements.

	December 31 2016 Un-audited Rupees (000)	June 30 2016 Audited Rupees (000)
8 TAXATION		
Opening Balance	9,263	15,745
Provision for the period/year	3,481	10,639
	12,744	26,384
Paid /(Adjusted) during the period/year	-	(17,121)
Balance as at end of the period / year	12,744	9,263

8.1 Deferred tax asset amounting Rs. 11.95 Million (June 30, 2016: 8.092 Million) arising mainly due to brought forward losses amounting to Rs. 363.3 Million (June 30, 2016 Rs 327 Million) has not been recognized in the current period, as the attributable temporary differences are not expected to reverse in the foreseeable future.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

The company has provided bank guarantee in favour of Sui Northern Gas Pipelines Limited amounting to Rs.38.522 million (June 30, 2016 Rs.38.522) million on account of payment of dues against consumption of natural gas.

Commitments

Commitments in respect of letter of credit for raw materials and capital expenditure amounting to Rs Nil (June 30, 2016 : Rs Nil)

	December 31 2016 Un-audited Rupees (000)	June 30 2016 Audited Rupees (000)
10 Property, Plant and Equipment		
Operating assets		
Opening written down value	1,043,625	1,126,706
Addition during the period	22	571
	1,043,647	1,127,277
Transfer/Adjustment	-	-
Deletion during the period	(747)	(13,805)
	1,042,900	1,113,472
Transfer/Adjustment	-	-
Depreciation charged during the period	(31,106)	(68,700)
	1,011,794	1,044,772
Leased Assets		
Depreciation charged during the period	(545)	(1,147)
	1,011,249	1,043,625

	December 31 2016 Un-audited Rupees (000)	June 30 2016 Audited Rupees (000)
11 STOCKS IN TRADE		
Raw Material	71,858	79,774
Work in progress	33,818	45,459
Finished Goods	4,232	7,818
	<u>109,909</u>	<u>133,051</u>

	December 31 2016 Un-audited Rupees (000)	December 31 2015 Un-audited Rupees (000)
12 COST OF GOODS SOLD		
Cost of goods manufactured	445,075	729,672
Opening Stock - Finished Goods	7,818	46,473
Closing Stock - Finished Goods	(4,232)	(57,701)
	<u>448,661</u>	<u>718,443</u>

13 EARNING PER SHARE-BASIC & DILUTED

	Half year ended		Quarter Ended	
	Dec. 31, 2016 Un-audited Rupees (000)	Dec. 31, 2015 Un-audited Rupees (000)	Dec. 31, 2016 Un-audited Rupees (000)	Dec. 31, 2015 Un-audited Rupees (000)
Basic				
(Loss) after Taxation	(135,664)	(73,848)	(66,865)	(35,164)
Weighted average number of shares	40,000	40,000	40,000	40,000
Earning / (Loss) per share - basic	(3.39)	(1.85)	(1.67)	(0.88)

No figure for diluted (loss) per share has been presented as the company has not issued any instrument which would have an impact on (loss) per share when exercised.

14 Transactions with related parties

The related parties comprise associated companies, related group companies, directors and key management personnel. Transaction with related parties and associated companies, other than remuneration and benefits to key management personnel under the term of their employments are as follows:

The outstanding balance of related parties are as under.

Party Name	Nature of Relationship	Nature of Transaction	December 31	June 30,
			2016 Un-audited	2016 Audited
(Rupees in thousand)				
Kohinoor Spinning Mills Limited	Associated Undertaking	Creditor	1,957	1,957
Chakwal Textile Mills Limited	Associated Undertaking	Creditor	103	10,249
Khawaja Mohammad Tanveer	Director	Loan Given	69,605	69,605
Khawaja Mohammad Jahangir	Director	Loan Given	39,240	39,240
Khawaja Mohammad Kaleem	Director	Loan Given	51,009	51,009
Khawaja Mohammad Naveed	Director	Loan Given	14,139	14,139
Khawaja Mohammad Jawed	Director	Loan Given	97,263	97,263
Transactions with related parties under taken were as follows:				
Purchase of raw materials				
Kohinoor Spinning Mills Limited			-	741
Chakwal Textile Mills Limited			18,706	28,470
Yousaf Weaving Mills Limited			61	-
Sales of goods				
Chakwal Textile Mills Limited			-	4,635
Short term funds received from directors - Net			61,640	42,714

Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method

15 Fair value Measurements

15.1 Financial Instruments

The Company measures some of its assets 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 following 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 assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

15.1.1 Financial instruments measured at fair value

(a) Recurring fair value measurements

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

(b) Non-Recurring fair value measurements

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

15.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

15.2 Assets and liabilities other than Financial Instruments.

15.2.1 Recurring Fair Value Measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	December 2016 Un-audited	June 30, 2016 Audited
				(Rupees in thousand)	
Freehold Land		74,520		74,520	74,520
Factory Buildings on Free hold Land			118,015	118,015	124,227
Colony Buildings on free hold Land			61,443	61,443	64,667
Plant and Machinery			672,419	672,419	689,746
Power House			73,787	73,787	77,670

15.2.2 Non-recurring fair value measurements

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

16 SEASONALITY EFFECT

The company has not purchased cotton during the first half of the year except imported cotton in small quantity, hence there is no seasonal impact on the operations of the company.

17 General

- 17.1 Figures have been rounded off to the nearest thousand rupees.
- 17.2 Taxation are estimated and these are subject to adjustment in annual financial statements.
- 17.3 The condensed interim financial statements are authorized for issue on February 28, 2017 by the Board of Directors of the company.