

QUARTERLY REPORT
UN-AUDITED
For the 3rd Quarter Ended
March 31, 2018



Chakwal Spinning Mills Limited

Company Information

BOARD OF DIRECTORS

Khawaja Mohammad Jawed	(Chairman)
Khawaja Mohammad Kaleem	(Executive Director)
Khawaja Mohammad Jahangir	(Chief Executive Officer)
Khawaja Mohammad Tanveer	(Non-Executive Director)
Mr. Mohammad Hamza Yousaf	(Non-Executive Director)
Mr. Dasnish Tanveer	(Non-Executive Director)
Mst. Munaza Kaleem	(Non-Executive Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Jawed	(Member)
Mr. Dansih Tanveer	(Member)
Mr. Mohammad Hamza Yousaf	(Member)

HR & REMUNERATION COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Jawed	(Member)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Tanveer	(Member)

COMPANY SECRETARY

Mr. Nadeem Anwar	(ACA)
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CHIEF FINANCIAL OFFICER

Mr. Abdul Hye Khan Ghouri

BANKERS

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

AUDITORS

Aslam Malik & Co.
Chartered Accountants
Suit # 18-19, 1st Floor,
Central Plaza, Civic Centre,
New Garden Town,
Lahore, Pakistan.

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

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 : (04943) 540083-4

DIRECTORS' REVIEW

The Directors of the company pleased to present their review report along with the un-audited quarterly accounts for the 3rd quarter ended March 31, 2018.

The operations of the company which were suspended since March 2017 was ignited by giving on lease the production facilities to the Yousaf Weaving Mills Limited. However the management of the company has resumed the operation since April 01, 2018 and lease arrangement has been terminated. The management has regained confidence to sustain the operational activities uninterrupted and it is very much optimistic to turn around the results of the company. The management has planned a strategy to optimize its production capacity, redact cost to do business, improved efficiency and quality of the product. And ultimately with bullish marketing efforts the operating results will definitely reshape.

The Directors has also proposed to increase the Authorized capital of the company from Rs. 500 million to Rs. 700 million and further proposed to increase the paid up capital of the company from Rs. 200 million to Rs. 622.956 million by issue of 84,591,200 ordinary shares of Rs. 05 each by way of otherwise than right shares to the directors of the company against their outstanding loan toward the company. The proposed issuance of shares is subject to the approval of the shareholders of the Company and the Securities and Exchange Commission of Pakistan and compliance with necessary legal formalities.

Your Directors are thankful to their shareholders, customers, suppliers, bankers, worker and employees for the dedicated support, commitment and diligence.

For and on behalf of the Board of Directors

Lahore
April 28, 2018

(Khawaja Mohammad Jahangir)
Chief Executive Officer

(Khawaja Mohammad Kaleem)
Director

ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز اپنی جائزہ رپورٹ بشمول 31 مارچ 2018 پر اختتام پذیر سہ ماہی کے غیر جانچ شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کمپنی کا پیداواری عمل جو مارچ 2017 سے بند تھا، یوسف و یونگ ملز لیمیٹڈ کو پیداواری سہولیات لیز پر دینے کی وجہ سے ممکن ہوا۔ تاہم کمپنی کے منتظمین نے 11 اپریل 2018 سے پیداواری عمل کا انتظام سنبھال لیا ہے اور لیز معاہدہ ختم کر دیا گیا ہے۔ منتظمین پیداواری عمل دوبارہ شروع کرنے کے لیے کافی حوصلہ مند ہیں اور کمپنی کے نتائج کو یکسر بدلنے کے لیے بہت پر امید ہے۔ منتظمین نے پیداواری صلاحیت کو بہتر کرنے، لاگت کو کم کرنے اور کارکردگی و معیار کو بہتر کرنے کی حکمت عملی وضع کی ہے، مزید برآں جارحانہ مارکیٹنگ کی بدولت نتائج میں تبدیلی یقینی امر ہے۔

ڈائریکٹرز نے منظور شدہ سرمائے کو 500 ملین روپے سے بڑھا کر 700 ملین روپے کرنے کی تجویز بھی دی ہے اور مزید تجویز کیا ہے کہ ادائ شدہ سرمائے کو 200 ملین روپے سے 622.956 ملین روپے تک بطریق 5 روپے فی حصص کے حساب سے ڈائریکٹرز کے قرضہ جات کے مقابلے میں 84,591,200 عام حصص رائٹ حصص کے اجراء کے بغیر جاری کر کے بڑھا دیا جائے۔ حصص کا اجرا حصہ داران اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی اجازت اور دیگر قانونی تقاضے پورا کرنے سے مشروط ہے۔ آپ کے ڈائریکٹرز اپنے حصہ داران، گاہکوں، فراہم کنندگان، بینکاروں، مزدوروں اور ملازمین کی مسلسل حمایت، عزم اور ایمانداری کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

لاہور

تاریخ : 28 اپریل 2018

خواجہ محمد جہانگیر
(چیف ایگزیکٹو)

خواجہ محمد کلیم
(ڈائریکٹر)

CONDENSED INTERIM BALANCE SHEET

Note	March 31, 2018 (Un-audited) Rupees (000)	June 30, 2017 (Audited) Rupees (000)
CAPITAL AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs. 5 each	500,000	500,000
Issued, subscribed and paid up capital		
40,000,000 (June 30, 2017: 40,000,000) ordinary shares of Rs. 5 each	200,000	200,000
Loan from Directors 5	450,256	450,256
Accumulated loss	(668,452)	(599,371)
	(18,196)	50,885
Surplus on revaluation of property, plant and equipment	163,688	168,074
NON CURRENT LIABILITIES		
Deferred liabilities	32,218	35,836
CURRENT LIABILITIES		
Trade and other payables	449,941	427,901
Accrued mark up	51,858	30,801
Short term borrowings	370,875	366,317
Current / overdue portion of lease liability	2,366	2,366
Provision for taxation	3,413	5,519
	878,453	832,904
CONTINGENCIES AND COMMITMENTS 6	-	-
	<u>1,056,163</u>	<u>1,087,699</u>

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

AS AT MARCH 31, 2018 (Un-Audited)

	Note	March 31, 2018 (Un-audited) Rupees (000)	June 30, 2017 (Audited) Rupees (000)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	937,446	984,232
Long term loans		5,127	4,897
Long term deposits		8,297	8,297
		950,870	997,426
CURRENT ASSETS			
Stores and spares		7,505	7,505
Stock in trade		9,080	965
Trade debts		11,629	11,561
Loans and advances		68,691	69,253
Trade deposits and short term prepayments and other receivables		8,009	437
Cash and bank balances		379	552
		105,293	90,273
		<u>1,056,163</u>	<u>1,087,699</u>

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Note	Nine Months Ended	Nine Months Ended	Quarter Ended	Quarter Ended
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Sales - net		-	537,788	-	189,636
Cost of sales		(47,300)	(688,778)	(15,438)	(240,117)
Gross Loss		(47,300)	(150,990)	(15,438)	(50,481)
Operating expenses:					
- Distribution costs		-	(281)	-	(52)
- Administrative expenses		(13,908)	(28,426)	(2,626)	(9,177)
		(13,908)	(28,707)	(2,626)	(9,229)
Operating Loss		(61,209)	(179,697)	(18,065)	(59,710)
Other operating expenses		(100)	(19,157)	-	(5,660)
Finance cost		(21,070)	(9,397)	(6,857)	-
Other operating income		7,500	846	4,500	743
Loss before Taxation		(74,879)	(207,405)	(20,422)	(64,627)
Taxation		1,412	(4,104)	471	(1,821)
Loss for the period		(73,467)	(211,509)	(19,951)	(66,448)
Loss per share - basic & diluted		(1.47)	(5.29)	(0.40)	(1.66)

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine Months Ended		Quarter Ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Loss for the Period	(73,467)	(211,509)	(19,951)	(75,845)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive loss for the Period	<u>(73,467)</u>	<u>(211,509)</u>	<u>(19,951)</u>	<u>(75,845)</u>

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Nine Months Ended March 31, 2018	Nine Months Ended March 31, 2017
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(74,879)	(207,405)
Adjustments for:		
- Depreciation	46,786	47,154
- Provision for gratuity	200	3,000
- Loss on disposal of property, plant and equipment	-	8,551
- Finance cost	21,070	19,157
	<u>68,057</u>	<u>77,862</u>
Operating loss before working capital changes	(6,822)	(129,543)
(Increase) / Decrease in current assets:		
- Stores and spares	-	1,091
- Stock in trade	(8,115)	66,554
- Trade debts	(68)	60,718
- Loan and advances	(94)	51,602
- Trade deposits, short term prepayments and other receivables	(7,572)	(701)
Increase / (Decrease) in current liabilities:		
- Trade and other payables	22,040	(106,348)
	<u>6,190</u>	<u>72,916</u>
Cash generated used in operations	(632)	(56,627)
Finance cost paid	(13)	(6,230)
Gratuity paid	(3,817)	(6,814)
Income tax paid	(38)	(569)
Net cash generated used in Operating Activities	(4,501)	(70,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(2,022)
Long term loans	(230)	958
Proceeds from disposal of property, plant and equipment	-	7,850
Net cash used in Investing Activities	(230)	6,786
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	-	(4,434)
Short term borrowings	4,558	67,518
Net Cash generated from Financing Activities	4,558	63,084
Net increase decrease in Cash and Cash Equivalents	(173)	(370)
Cash and cash equivalents at the beginning of the period	552	1,741
Cash and Cash Equivalents at the End of Period	<u>379</u>	<u>1,371</u>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Particulars	Share Capital	Accumulated Loss	Loan From Directors	Total Equity
	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)
Balance as at July 01, 2016	200,000	(249,314)	271,256	221,942
Total comprehensive loss for the nine months period ended March 31, 2017	-	(211,509)	-	(211,509)
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	3,938	-	3,938
Balance as at March 31, 2017	200,000	(456,885)	271,256	14,371
Balance as at July 01, 2017	200,000	(599,371)	450,256	50,885
Total comprehensive loss for the nine months period ended March 31, 2018	-	(73,467)	-	(73,467)
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	4,386	-	4,386
Balance as at March 31, 2018	200,000	(668,452)	450,256	(18,196)

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Note 1

The Company and its Operations

- 1.1 Chakwal Spinning Mills Limited was incorporated on January 31, 1988 as a public limited company in Pakistan under Companies Ordinance 1984 (Now Companies Act, 2017) 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.
- 1.2 The Company rented its production facilities including land, building, plant & machinery, equipments, parts and accessories to M/S Yousaf Weaving Mills Limited. These arrangements have been terminated as on March 31, 2018.

Note 2

Basis of Preparation

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of: -International accounting standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and provisions of and directive issued under the Companies Act 2017. Where the provisions and directives issued under the Companies Act 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 The condensed interim financial information does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2017.
- 2.3 This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentation currency. Figures have been rounded off to nearest thousand rupees, unless stated otherwise.

Note 3

Significant Accounting Policies

The accounting policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2017.

Note 4

Accounting Estimates and Judgments

The accounting estimates and associated assumptions used in the preparation of this interim financial statement are consistent with those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2017.

Notes to and forming part of the Condensed Interim Financial Information (Un-audited)

Note 5

Long Term Loans

These loans are unsecured and interest free provided by the directors. The loans are shown as part of equity in line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Note 6

Contingencies and Commitments

There is no other significant change in the contingencies and commitments as reported in the last published audited financial statements for the year ended June 30, 2017.

Note 7

Property, Plant and Equipment

	Nine Month Ended	
	Mar-31, 2018	Year Ended June 30, 2017
	(Un-audited) Rupees "000"	(Audited) Rupees "000"
Opening written down value	984,232	1,043,625
Addition at cost	-	22,483
	984,232	1,066,108
Disposal at written down value	-	(17,418)
	984,232	1,048,690
Depreciation charged	(46,786)	(64,458)
Closing written down value	937,446	984,232

Note 8

Transactions with Related Parties

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

Relationship	Nine Month Ended	
	March 31, 2018	March 31, 2017
	(Un-audited) Rupees "000"	(Un-audited) Rupees "000"

Significant transaction with related parties are as follows:

Purchase of materials and services:

Chakwal Textile Mills Limited	Associate	-	15,794
Yousaf Weaving Mills Limited	Associate	2,712	61
Loan received / paid to directors - net	Director	4,305	81,116
Lease income	Associate	7,500	-

There were no transactions with key management personnel other than undertaken as per terms of their employment.

Notes to and forming part of the Condensed Interim Financial Information (Un-audited)

Note 9

Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended June 30, 2017.

Note 10

General

- 10.1 This interim financial information is authorized for issue on April 28, 2018 by the Board of Directors of the Company.
- 10.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison. No material rearrangement has been made during the period.