

## Company Information

### BOARD OF DIRECTORS

Khawaja Mohammad Jahangir	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Naveed	(Director)
Mr. Mohammad Aman	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

### AUDIT COMMITTEE

Mr. Mohammad Naveed	(Chairman)
Khawaja Mohammad Jawed	(Member)
Mr. Mohammad Aman	(Member)

### HR & REMUNERATION COMMITTEE

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

### COMPANY SECRETARY

Mr. Muhammad Jahangir Khan jahangir@chakwalgroup.com.pk	BA (LLB), MBA, DTL, FCIS
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### CHIEF FINANCIAL OFFICER

Mr. Muhammad Ashraf	(FCMA)
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### BANKERS

Hanib Metrobank Limited  
Allied Bank Limited  
MCB Bank Limited  
The Bank of Punjab  
Meezan Bank Limited

### AUDITORS

Aslam Malik & Co.  
Chartered Accountants  
Suite # 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, Bhal Phero  
Tel : (04943) 540003-4

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors of your company are pleased to present before you the un-audited condensed interim financial statements for the period ended March 31, 2015.

During the nine months period under review, the performance of the company was not encouraging as net sales of the company dropped by Rs.433.460 million (21%) compared to same period last year. The drastic decrease in sales was due to lower export as a result of supplies at lower rate by exporters of India as well as decline in US dollar value compared to Pak Rupee in addition to sluggish overall textile scenario which severely affected overall export of the country. The company could not achieve the optimum capacity utilization which resulted decline in turnover as compared to corresponding period which also affected the performance of the company due to acute shortage of natural gas supply to textile sector. Net loss of the company remained at Rs.59.924 million as compared to net profit of Rs.67.0873 million during the corresponding period last year. Other major factor contributed in reducing profitability of the company was unrealistic decrease in raw material prices coupled with matchless decrease in corresponding sale prices both in local as well as in international market. However, finance cost and other expenses remained under control.

We stress the Government to come forward and address the issue of acute shortage of gas supply on top priority to the spinning industry, the core industry of the country, as the shortage of natural gas is continuously hampering the performance of textile sector. The Government should take timely remedial steps to save huge infrastructure and manpower investment of the industry. We understand if the gas supply to textile sector is restored, the textile sector specially spinning industry shall play major roll to boost up export to further strengthen the economy of the country. State Bank of Pakistan has further reduced interest rates by 50 base points in the monetary policy announced in March 2015 which is a right decision to support Pakistani entrepreneurs as it will lead to decrease finance costs.

The directors wish to place on record their appreciation for the true efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thanks their shareholders, customers and banks for their continued support in smooth running of company's operations and are hopeful that their cooperation will be continued with the same spirit in the future also.

For and on behalf of the Board

Lahore  
April 30, 2015

**(KHAWAJA MOHAMMAD JAHANGIR)**  
Chief Executive

## CONDENSED INTERIM BALANCE SHEET

Note	March 31, 2015 (Un-audited) Rupees (000)	June 30, 2014 (Audited) Rupees (000)
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and Reserves</b>		
Authorised Capital 100,000,000 ordinary Share of Rs 5/- each (June 30,2014: 100,000,000 )	<b>500,000</b>	<b>500,000</b>
Issued, subscribed and paid up share capital	200,000	200,000
Accumulated Profit	154,854	211,166
	<b>354,854</b>	<b>411,166</b>
Surplus on Revaluation of Property, Plant and Equipment	186,515	193,399
<b>Non Current Liabilities</b>		
Long term financing	271,255	271,256
Liabilities against asset subject to finance lease	7,327	11,825
Deferred liabilities	83,787	84,504
	<b>362,370</b>	<b>367,585</b>
<b>Current Liabilities</b>		
Trade and other payables	456,538	383,133
Accrued interest on loans and borrowings	8,945	9,646
Short term borrowings	400,574	372,264
Current portion of long term financing	5,901	5,349
Provision for taxation	14,875	7,119
	<b>886,834</b>	<b>777,511</b>
<b>Contingencies and Commitments</b>	-	-
	<b>1,790,574</b>	<b>1,749,651</b>

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

**AS AT MARCH 31, 2015 (Un-Audited)**

	Note	March 31, 2015 (Un-audited) Rupees (000)	June 30, 2014 (Audited) Rupees (000)
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment		<b>1,090,343</b>	1,121,980
Capital Work in Progress		<b>483</b>	13,842
Long term loans		<b>6,312</b>	5,512
Long term deposits		<b>8,297</b>	8,797
		<b>1,105,435</b>	1,150,131
<b>Current Assets</b>			
Stores and spares		<b>19,964</b>	15,661
Stock-in-trade		<b>358,024</b>	294,934
Trade debts		<b>107,856</b>	90,972
Loan and advances		<b>174,065</b>	174,639
Trade deposits, short term prepayments and other receivables		<b>23,106</b>	13,770
Cash and bank balances		<b>2,124</b>	9,554
		<b>685,139</b>	599,530
		<b>1,790,574</b>	1,749,661

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)**  
**For the period ended March 31, 2015**

Note	Nine Months Ended	Nine Months Ended	Quarter Ended	Quarter Ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Rupees	Rupees	Rupees	Rupees
	(000)	(000)	(000)	(000)
Sales	1,626,136	2,159,596	496,752	669,128
Cost of Goods Sold	(1,552,980)	(1,855,067)	(482,316)	(614,012)
<b>Gross Profit</b>	73,156	204,529	16,436	55,116
Distribution cost	(36,483)	(40,015)	(12,192)	(13,064)
Administrative expenses	(49,329)	(39,115)	(16,207)	(12,396)
	(85,811)	(79,132)	(28,399)	(25,460)
Operating /(Loss) Profit	(12,655)	125,397	(11,963)	29,656
Financing cost	(33,230)	(37,787)	(11,903)	(14,718)
Other Operating expenses		(562)	709	(372)
Other Operating income	808	716	808	24
<b>(Loss)/ Profit before taxation</b>	(45,077)	87,764	(22,349)	14,590
Taxation	(14,847)	(20,677)	(6,559)	(7,076)
<b>(Loss)/Profit after taxation</b>	(59,924)	67,087	(28,908)	7,514
<b>Earning per Share - Basic</b>	(1.50)	1.68	(0.77)	0.19

The annexed notes form an integral Part of these interim condensed financial statements.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2015**

	Nine Months Ended		Quarter Ended	
	Mar. 31, 2015	Mar. 31, 2014	Mar. 31, 2015	Mar. 31, 2014
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
<b>(Loss)/Profit after taxation</b>	(59,924)	67,087	(28,908)	7,514
<b>Total Comprehensive (Loss)/Income for the period</b>	<u>(59,924)</u>	<u>67,087</u>	<u>(28,908)</u>	<u>7,514</u>

The annexed notes form an Integral Part of these Interim condensed financial statements.

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2015**

	Nine Months Ended March 31, 2015 (Un-audited) Rupees (000)	Nine Months Ended March 31, 2014 (Un-audited) Rupees (000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(45,077)	87,764
<b>Adjustments for:</b>		
Depreciation	52,673	43,123
Gratuity	4,500	3,400
Gain on sale of operating assets	(808)	(716)
Financial expenses	33,230	37,767
<b>Operating profit before working capital changes</b>	<b>44,518</b>	<b>171,358</b>
<b>(Increase)/decrease in current assets</b>		
- Stores and spares	(4,303)	(7,093)
- Stock-in-trade	(63,090)	53,483
- Trade debts	(16,884)	(13,629)
- Loan and advances	(25,874)	(53,014)
- Trade deposits, short term prepayments and other receivables	(9,336)	1,631
Increase/(decrease) in current liabilities		
- Trade and other payables	101,697	(86,029)
	<b>(17,790)</b>	<b>(104,651)</b>
Finance cost paid	(33,931)	(33,710)
Gratuity paid	(5,217)	(3,687)
Income tax paid	(10,348)	(15,568)
<b>Net Cash (used in) generated from Operations</b>	<b>(22,768)</b>	<b>13,743</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(21,693)	(74,467)
Long term loans	(800)	564
Capital Work In progress	13,359	(51)
Sale proceed of fixed asset	1,465	920
Long term deposits	500	(1,940)
<b>Net Cash used in Investing Activities</b>	<b>(7,169)</b>	<b>(74,974)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(1,857)	593
Liabilities against asset subject to finance lease	(3,946)	-
Short term borrowing	28,310	64,954
<b>Net cash generated from financing activities</b>	<b>22,507</b>	<b>65,647</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,430)</b>	<b>4,416</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>9,554</b>	<b>728</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>2,124</b>	<b>5,144</b>

The annexed notes form an integral Part of these interim condensed financial statements.

Lahore:  
April 30, 2015

**(Khawaja Mohammad Jahangir)**  
Chief Executive

**(Khawaja Mohammad Kaleem)**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

Particulars	Share Capital	Accumulated (Loss)/Profit	Total
	Rupees (000)	Rupees (000)	Rupees (000)
Balance as at July 1, 2013	200,000	199,007	399,007
Total comprehensive Profit for the			
Period ended March 31, 2014	-	67,087	67,087
Transferred from surplus on revaluation property, Plant and equipment-net of deferred tax		2,406	2,406
Balance as at March 31, 2014	200,000	268,500	468,500
Balance as at July 1, 2014	200,000	211,166	411,166
Total comprehensive Loss for the			
Period ended March 31, 2015		(59,924)	(59,924)
Transferred from surplus on revaluation property, Plant and equipment-net of deferred tax		5,676	5,676
Dividend for the year ended June 30, 2014 @ Rs 0.50 per share		(1,376)	(1,376)
Dividend for the year ended September 30, 2014 @ Rs 0.25 per share		(688)	(688)
Balance as at March 31, 2015	200,000	156,918	354,854

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2015**

**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 Karachi and Lahore Stock Exchange. The registered office of the company is situated at 7/1-E-3 Main Boulevard Gulberg III, Lahore.

The company is engaged in the business of textile spinning.

**2 BASIS OF PREPARATION**

**Statement of compliance**

This interim condensed financial information is un-audited and have been prepared in accordance with the requirements of International Accounting standard, IAS 34 "Interim Financial Reporting". This Interim Condensed Financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2014.

**ACCOUNTING ESTIMATES, JUDGEMENTS & FINANCIAL RISK MANAGEMENT**

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use of judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by 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, 2014.

**3.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2014.

**4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

40,000,000 ordinary shares of Rupees 5/- each  
(June 30, 2014 : 40,000,000)

March 31 2015 Un-audited Rupees (000)	June 30 2014 Audited Rupees (000)
200,000	200,000

**5 LONG TERM FINANCING**

This loan is unsecured and interest free provided by the directors. The loan is subordinated to Habib Metrobank Ltd. and The Bank of Punjab. This loan is repayable after payment of liabilities of the bank or improvement in financial position of the company which ever is earlier.

**6 CONTINGENCIES AND COMMITMENTS****Contingencies**

The Company has provided bank guarantee in favour of Sul Northern Gas Pipelines Limited amounting to Rs. 38.522 million (June 2014:Rs. 38.522 million) on account of payment of dues against consumption of natural gas.

**Commitments**

Commitments in respect of letter of credit for capital expenditures as at March 31, 2015 amounting to Rs Nil (June 30, 2014: Rs Nil) and letters of credit for raw material amounting to Rs. 57.800 million (June 30, 2014 : Rs. 43.300 million)

**7 PROPERTY, PLANT AND EQUIPMENT**

	Period Ended	Year Ended
	March 31 2015 Un-audited Rupees (000)	June 30 2014 Audited Rupees (000)
<b>Operating assets</b>		
Opening written down value	1,097,831	1,716,231
Additions during the period	7,588	106,057
Transfer during the period	14,106	-
	<u>1,119,525</u>	<u>1,822,288</u>
Deletions during the period	(2,070)	(7,837)
	<u>1,117,455</u>	<u>1,814,451</u>
Depreciation charged during the period	50,355	716,620
	<u>1,067,100</u>	<u>1,097,831</u>
<b>Leased assets</b>		
Opening written down value	24,149	-
Additions/transfer during the period	-	24,352
	<u>24,149</u>	<u>24,352</u>
Amortization charges during the period	(906)	(203)
	<u>23,243</u>	<u>24,149</u>
	<u>1,090,343</u>	<u>1,121,980</u>

**8 EARNING PER SHARE****Basic**

	Period Ended		Quarter Ended	
	March. 31, 2015 Un-audited Rupees (000)	March. 31, 2014 Un-audited Rupees (000)	March. 31, 2015 Un-audited Rupees (000)	March. 31, 2014 Un-audited Rupees (000)
(Loss)/Profit after Taxation	(59,924)	67,087	(28,908)	7,514
Weighted average number of shares	40,000,000	40,000,000	40,000,000	40,000,000
<b>Earning per share - basic</b>	<b>(1.50)</b>	<b>1.68</b>	<b>(0.72)</b>	<b>0.19</b>

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

## 9 TRANSACTIONS WITH RELATED PARTIES

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

Transactions with related parties under taken during the period were as follows:

	March 31 2015 Un-audited Rupees (000)	March 31 2014 Un-audited Rupees (000)
<b>Purchase of materials and services:</b>		
Chakwal Textile Mills Limited	53,390	33,672
Kohinoor Spinning Mills Limited	-	2,674
Yousaf Weaving Mills Limited	-	22,795
<b>Sales of goods and services:</b>		
Yousaf Weaving Mills Limited	579	1,605
<b>Short term funds (received) /paid to directors (net)</b>	<b>20,767</b>	<b>1,607</b>

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

## 10 Financial Risk Management

The company's activities expose it to a variety of financial risk: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2014.

There has been no change in Company's sensitivity to these risks since June 30, 2014 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2014.

## 11 General

- 11.1** The interim financial information is authorized for issue on April 30, 2015 by the Board of Directors of the company.
- 11.2** Figures have been rounded off to the nearest thousand Rupees; and
- 11.3** Corresponding figures have been re-arranged wherever necessary to facilitate comparison. No material rearrangement has been made during the period.