

CHAKWAL SPINNING MILLS LIMITED

**Condensed Interim Financial Statement
For the Period Ended December 31, 2024**



CHAKWAL SPINNING MILLS LTD.



ISO 9001:2000
CERTIFIED

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DIRECTOR'S REPORT TO THE SHARE HOLDERS

On behalf of the Directors of Chakwal Spinning Mills Limited, it is our pleasure to present six months accounts for the period ended 31st December, 2024.

The Financial highlights for the quarter ended 31st December, 2023 and 31st December, 2024 are as follows:

	2024	2023
	(Rupees)	(Rupees)
Operating Loss	58,041,945	20,574,277
Taxation	0	0
Loss After Taxation	56,784,103	18,702,112

During the half year under review, no operational activity has taken place. The loss for the half year is mainly attributable to depreciation, administration expenses, regulatory fees etc.

Your Company has sustained a net loss after tax of Rs. 56,784,103 for the half year ended 31st December, 2024 as compared to a net loss after tax of Rs. 18,702,112 for the corresponding last half year.

The management of the company has confidence that IT Sector can turn around the destiny of the company. The management has also engaged M/s Crowe Hussain Ch. & Co. Chartered Accountants to develop a business plan for establishment of Cloud Data Center. This plan shall be presented to the shareholders for approval soon.

In the end, we assure you that the management will continue its efforts to improve the overall performance of the company.

On behalf of the Board

Khawaja Muhammad Jahangir
Chairman

Lahore
February 28, 2025



Khawaja Muhammad Kaleem
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CHAKWAL SPINNING MILLS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim financial position of Chakwal Spinning Mills Limited as at December 31, 2024 and the related condensed interim financial statement of profit or loss, the condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and condensed notes to the financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim financial statements").

Management is responsible for the preparation and presentation of these condensed interim financial statement in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income for the quarters ended December, 31 2024 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2024.

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 Interim financial statements 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.

Material uncertainty related to Going Concern

We draw attention to note # 1.2 in the accompanying condensed interim financial statements, which states that the Company incurred loss during the current reporting period, contributing to accumulation of losses, which mainly pertains to depreciation and other costs incurred for the maintenance of the Company due to suspension of its operations since March 2020. The Directors of the Company are committed to fund these maintenance charges till the time viable business plan, as given in the note, is in full effect. Despite current liabilities surpassing current assets at the reporting date; Furthermore, The Company is addressing recovery suits filed by The Bank of Punjab and Habib Metropolitan Bank Limited related to

their outstanding balances against short-term borrowings and associated finance costs/charges for settlement/restructuring.

While these circumstances raise concerns about the Company's ability to continue as a going concern in the foreseeable future and meet its obligations in the normal course of business, the Directors with the help of M/S Crowe Hussain Chaudhry & Co, Chartered Accountants and the Management have developed a business plan of actions for revival/revamping the operations of the company, and for business diversification into the technology sector, as detailed in the above-mentioned note. The directors have also confirmed to provide financial support to the Company in order to bridge any financing requirements should need arises. Consequently, the management has committed to implement all the above plans subject to Crowe Hussain Chaudhry & Co, Chartered Accountants report and accordingly the company shall become a going concern.

Conclusion

Based on our review, 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.

Other Matters

The condensed interim financial statements for the half year ended December 31, 2023 and the financial statements for the year ended June 30, 2024 were reviewed/audited by another firm of Chartered Accountants, who vide their Review Report dated 28 February 2024 and Audit Opinion dated 21 December 2024, respectively, have expressed modified report/opinion.

The engagement partner on the review resulting in this independent auditor's report is Saeed Ul Hassan.



SAEED UL HASSAN & Co.
Chartered Accountants

Place: Lahore
Date: February 28, 2025
UDIN: RR202410617UgpNnxCT5



CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	December 31, 2024	June 30, 2024
Note	(Un-audited) Rupees	(Audited) Rupees
CAPITAL AND LIABILITIES		
Share Capital and Reserves		
Authorized share capital		
140,000,000 (2023: 140,000,000) ordinary shares of Rs. 5 each	700,000,000	700,000,000
Issued, subscribed and paid up share capital	607,881,000	607,881,000
Loan from directors	118,776,547	118,776,547
Accumulated loss	(1,002,844,138)	(979,422,361)
Surplus on revaluation of property, plant & equipment	1,563,912,198	1,597,274,524
	1,287,725,607	1,344,509,710
Non Current Liabilities		
Deferred liabilities	-	-
Current Liabilities		
Trade and other payables	279,597,007	278,035,442
Accrued mark- up	67,778,697	67,778,697
Short term borrowings	385,070,419	385,937,419
Current Portion of non current liabilities	37,865,589	37,865,589
Unclaimed dividend	384,347	384,347
Provision for taxation	10,232,349	10,232,194
	780,928,408	780,233,688
Contingencies and Commitments	5	-
	2,068,654,015	2,124,743,399
ASSETS		
Non Current Assets		
Property, plant and equipment	2,008,997,171	2,065,055,398
Long term loans	747,766	747,766
Long term deposits	30,339,744	30,339,744
	2,040,084,681	2,096,142,908
Current Assets		
Stores and spares	-	-
Stock in trade	-	-
Trade debts	324,607	324,607
Loans and advances	4,316,292	4,346,292
Tax refunds due from the government	23,880,927	23,880,927
Trade deposits, prepayments and other receivables	-	-
Cash and bank balances	47,508	48,665
	28,569,334	28,600,491
	2,068,654,015	2,124,743,399

The annexed notes form an integral part of these condensed interim financial information (Unaudited).


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (Un-audited)

	Half Year Ended		Quarter Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	Rupees	Rupees	Rupees	Rupees
Sales	-	-	-	-
Cost of sales	(55,943,731)	(18,344,917)	(27,971,864)	(9,172,459)
Gross Loss	(55,943,731)	(18,344,917)	(27,971,864)	(9,172,459)
Distribution cost	-	-	-	-
Administrative expenses	(2,098,214)	(2,229,360)	(249,325)	(1,520,730)
	(2,098,214)	(2,229,360)	(249,325)	(1,520,730)
Operating Loss	(58,041,945)	(20,574,277)	(28,221,189)	(10,693,189)
Finance cost	(2,028)	(1,048,381)	-	(1,047,940)
Other Income	1,259,870	2,920,546	499,755	2,920,546
Loss before Taxation	(56,784,103)	(18,702,112)	(27,721,434)	(8,820,583)
Taxation	-	-	-	-
Net loss for the period	(56,784,103)	(18,702,112)	(27,721,434)	(8,820,583)
Loss per Share - Basic & Diluted	(0.47)	(0.15)	(0.23)	(0.07)

The annexed notes form an integral part of these condensed interim financial information (Unaudited).


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (Un-audited)

	Half Year Ended		Quarter Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	(56,784,103)	(11,170,356)	(27,721,434)	(8,820,583)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(56,784,103)</u>	<u>(11,170,356)</u>	<u>(27,721,434)</u>	<u>(8,820,583)</u>

The annexed notes form an integral part of these condensed interim financial information (Unaudited).



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (Un-audited)

	Half Year Ended	
	December 31, 2024	December 31, 2023
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(56,784,103)	(18,702,112)
Adjustments for:		
- Depreciation	56,058,227	18,482,297
- Finance cost	2,028	1,048,381
Operating profit before working capital changes	56,060,255 (723,848)	19,530,678 828,566
(Increase) / decrease in current assets		
- Loans and advances	30,000	4,177,607
- Trade deposits, prepayments and other receivables	-	429,716
Increase / (decrease) in current liabilities		
- Trade and other payables	1,561,565	(3,091,280)
Cash generated from operations	1,591,565 867,717	1,516,043 2,344,609
Finance cost paid	(2,028)	(1,048,381)
Net cash generated from operating activities	865,843	1,296,382
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	-	-
Net Cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	(867,000)	(1,289,811)
Net Cash used in financing activities	(867,000)	(1,289,811)
Net increase in cash and cash equivalents	(1,157)	6,571
Cash and cash equivalents at the beginning of the period	48,665	52,195
	47,508	58,766

The annexed notes form an integral part of these condensed interim financial information (Unaudited).


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (Un-audited)

Particulars	Share Capital	Accumulated Loss	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2023	607,881,000	(893,697,878)	42,375,000	118,116,081	(125,325,797)
Net loss for the period		(18,702,112)			(18,702,112)
Reclassification of Directors' Loan from Short term	-	-	76,401,547		76,401,547
Impact of revaluation	-	-	-	1,515,179,832	1,515,179,832
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	2,571,026	-	(2,571,026)	-
Balance as at December 31, 2023	607,881,000	(909,828,964)	118,776,547	1,630,724,887	1,447,553,470
Balance as at July 01, 2024	607,881,000	(979,422,361)	118,776,547	1,597,274,524	1,344,509,710
Net loss for the period	-	(56,784,103)	-	-	(56,784,103)
Impact of revaluation	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	33,362,326	-	(33,362,326)	-
Balance as at December 31, 2024	607,881,000	(1,002,844,138)	118,776,547	1,563,912,198	1,287,725,607

The annexed notes form an integral part of these condensed interim financial information (Unaudited).



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



CHAKWAL SPINNING MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (Un-audited)

Note 1

The Company and its Operations

- 1.1 The Company was incorporated in Pakistan on January 31, 1988 as a Public Limited Company. Its shares are quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is situated at 7/1, E-III, Main Boulevard Gulberg III, Lahore, While the production plants of the Company are located at 49-Km, Multan Road, Bhai Phero The Company is engaged in the business of textile spinning.
- 1.2 During the period the Company has incurred loss after tax of Rs. 56.782 million (2023: Rs. 18.702 million) and at period end, its accumulated losses stood at Rs. 1002.842 million (2024: Rs. 979.422 million). Its current liabilities exceed its current assets by Rs. 752.357 million (2024: Rs. 751.633 million). The Company in order to carry on its business and to meet its current obligation requires generating sufficient cash flows. Further, the banking companies also filed suit against the Company for recovery of outstanding balances and related interest accrued thereon. Accordingly there is a material uncertainty relating to the Company's operation that may cast sufficient doubt on the discharge of its liabilities in the normal course of business. Continuation of the Company as a going concern is dependent on improved cash flows. For this purpose the management of the Company has drawn up plans which include:-

The directors of the Company are fully committed to injecting fresh capital into the business to stabilize our financial position. This capital infusion underscores directors' confidence in the Company's long-term prospects and their unwavering commitment to creating value for our stakeholders. The additional capital will provide us with the necessary resources to navigate through current challenges and capitalize on future opportunities.

The management of the company has confidence that IT Sector can turn around the destiny of the company. The management has also engaged M/s Crowe Hussain Ch. & Co. Chartered Accountants to develop a business plan for establishment of Cloud Data Center. This plan shall be presented to shareholders for approval soon.

The management is actively engaged in negotiations with our banking partners to restructure our outstanding liabilities. Our objective is to normalize our banking relationships, alleviate financial pressure, and establish a sustainable repayment framework. The restructuring efforts demonstrate our proactive approach to addressing financial challenges and strengthening our financial footing

The management has initiated a thorough review of our operational expenses and processes to identify opportunities for cost optimization and efficiency improvement. By streamlining our operations and eliminating unnecessary expenditures, we aim to enhance our profitability and preserve financial resources.

The management believes that with the improvement in current political scenario, our economy will also ameliorate, which will ultimately assist the local industry to cope with on-going financial crisis and to achieve economic stability in long run.

In view of the above, these financial statements have been prepared on going concern assumption.

Note 2
Basis of Preparation

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June, 2024.
- This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentational currency. The financial statements have been prepared under the historical cost convention. Figures have been rounded off to the nearest thousand rupee, unless stated otherwise.

Note 3
Significant Accounting Policies

The accounting policies and methods of computation of the interim financial information are the same as those followed in the preparation of annual financial information for the preceding year ended June 30, 2024.

Note 4
Accounting Estimates and Judgments

The accounting estimates and associated assumptions used in preparation of this condensed interim financial information are consistent with those applied in the preparation of annual financial statement of the Company Limited for the year ended June 30, 2024.

Note 5
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, 2024, except that the Company is in negotiation with the banks to reschedule its short term loans for a period of five years along with two years grace period. The Company has already accounted for the mark-up of Habib Metropolitan Bank Limited and Bank of Punjab up to 2017 & 2018 respectively, whereas mark-up for remaining periods can not be determined yet, it will be accounted for at the time of rescheduling/restructuring of loan accordingly.

Note 6
Property, Plant and Equipment

	Half year Ended Dec 31, 2024 (Un-audited) Rupees	Year Ended June 30, 2024 (Audited) Rupees
Operating fixed assets	2,008,997,171	2,065,055,398
Opening written down value	2,065,055,398	672,820,222
Addition during the period / year (at cost)	-	-
Revaluation adjustment	-	1,515,179,832
Disposal during the period / year (written down value)	-	-
	2,065,055,398	2,188,000,054
Depreciation charge for the period / year	(56,058,227)	(122,944,656)
Closing written down value	2,008,997,171	2,065,055,398

Note 7

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:

Half Year Ended	
Dec 31, 2024	Dec 31, 2023
(Un-audited)	(Un-audited)
Rs. In '000'	Rs. In '000'

Significant transaction with related parties are as follows:

- Loan repaid to directors - net	(867)	(1,908)
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Note 8

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, 2024.

Note 9

General

10.1 This interim financial information is authorized for issue on February 28, 2025 by the Board of Directors of the Company.

10.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison. Following rearrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Gratuity payable	Current portion of	Trade and other payables	6,440,353
Advance from customer	non current	Trade and other payables	28,993,671
Lease liability	liabilities	Short term borrowings	2,431,565

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

