

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 Javed	(Member)
Mr. Mohammad Aman	(Member)

HR & REMUNERATION COMMITTEE

Khawaja Mohammad Javed	(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

Habib 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,
Centra 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) 35835182
Fax : (042) 35865037

MILLS

49-Kilometer
Multan Road, Bhai Phero
Tel : (04943) 540383-4

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 half year ended December 31, 2014.

During the half year under review, the company's net sales dropped by Rs.263,084 (18.92%) 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 which also severely affected export sale. The company posted net loss of Rs.31.016 million as compared to net profit of Rs.59.573 million during the corresponding period last year. Other factors contributed in reducing profitability of the company were decrease in raw material prices which resulted matchless decrease in sale prices both in local as well as in international market, cut off of gas supply resulting consumption of high tariff electricity in addition to erratic electricity load shedding. Furthermore, cut off of gas supply and severe load shedding also caused under utilization of production capacity which led to lower production and sales resulting lower profitability. However, finance cost and other expenses remained under control and no major deviation has been noted.

Time and again the issue of acute shortage of gas which has crippled the textile industry altogether has been taken up with SNGPL and the concerned Government authorities by APTMA but in vein. 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 reduced interest rates by 100 base points in the monetary policy recently announced which is a right decision to support Pakistani entrepreneurs. However, we stress that SBP should further reduce the discount rates to give further space and enabling them to compete global markets which shall result aggressive economic activities in the country.

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

(KHAWAJA MOHAMMAD JAHANGIR)
Chief Executive

Lanore:
February 28, 2015

**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 ("The Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. 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 December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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 condensed interim financial information consist 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 December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:
February 28, 2015

Aslam Malik & Co.
Chartered Accountants
Audit Engagement Partner:
Mohammad Aslam Malik

CONDENSED INTERIM BALANCE SHEET

	note	December 31, 2014 (Un-audited) Rupees (000)	June 30, 2014 (Audited) Rupees (000)
EQUITY AND LIABILITIES			
Share capital and Reserves			
Authorised Capital 100,000,000 ordinary shares of Rs. 5/- each (June 30, 2014: 100,000,000 Rs. 5/- each)		500,000	500,000
Issued, subscribed and paid up capital	5	200,000	200,000
Accumulated Profit		178,389	211,166
		378,389	411,166
Surplus on revaluation of property, plant and equipment		139,614	193,399
NON CURRENT LIABILITIES			
Long term financing	6	271,256	271,256
Liabilities against asset subject to finance lease		8,876	11,825
Deferred liabilities		83,577	84,504
		363,709	367,585
CURRENT LIABILITIES			
Trade and other payables		471,150	383,133
Accrued interest on loans and borrowings		8,706	9,646
Short term borrowings		395,133	372,264
Current portion of non current liabilities		5,711	5,349
Provision for taxation		13,509	7,119
		894,209	777,511
CONTINGENCIES & COMMITMENTS			
	7	-	-
		1,826,421	1,749,661

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

AS AT DECEMBER 31, 2014

	Note	December 31, 2014 (Un-audited) Rupees (000)	June 30, 2014 (Audited) Rupees (000)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	1,103,689	1,121,980
Capital work in progress		96	13,842
Long term loans		5,512	5,512
Long term deposits		8,297	8,797
		<u>1,117,594</u>	<u>1,150,131</u>
CURRENT ASSETS			
Stores and spares		32,314	15,661
Stock-in-trade		391,960	294,934
Trade debts		89,640	90,972
Loan and advances		175,772	174,639
Trade deposits, short term prepayments and other receivables		16,800	13,770
Cash and bank balances		2,341	9,554
		<u>708,827</u>	<u>599,530</u>
		<u>1,826,421</u>	<u>1,749,661</u>

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

Notes	Half Year Ended		Quarter Ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Sales	1,127,384	1,390,468	419,137	682,221
Cost of sale	(1,070,664)	(1,241,055)	(441,790)	(612,181)
Gross Profit	56,720	149,413	(22,653)	70,040
Distribution cost	(24,291)	(26,952)	(9,425)	(12,086)
Administrative expenses	(33,121)	(26,720)	(18,786)	(12,385)
	(57,412)	(53,672)	(28,211)	(24,471)
Operating (Loss)/Profit	(692)	95,741	(50,865)	45,569
Finance cost	(21,327)	(23,069)	(10,566)	(12,308)
Other operating expenses	(709)	(190)	(1,005)	(490)
Other operating income			-	692
(Loss)/Profit before taxation	(22,728)	73,174	(62,440)	33,463
Taxation	(8,288)	(13,601)	(1,137)	(6,450)
(Loss)/Profit after taxation	(31,016)	59,573	(63,577)	27,013
(Loss)/Earning per Share - Basic 9	(0.78)	1.49	(1.59)	0.68

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half Year Ended		Quarter Ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
(Loss)/Profit after taxation	(31,016)	59,573	(63,577)	27,013
Operating Comprehensive Income	-	-	-	-
Total Comprehensive (Loss)/Income	(31,016)	59,573	(63,577)	27,013

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	December 31, 2014 (Un-audited) Rupees (000)	December 31, 2013 (Un-audited) Rupees (000)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(22,726)	73,174
Adjustments for:		
Depreciation	34,921	28,373
Provision for Gratuity	3,001	2,800
(Gain) on sale of operating assets	-	(692)
Finance cost	21,327	23,069
	59,249	53,550
Operating profit before working capital changes	36,521	126,724
(Increase)/decrease in current assets		
- Stores and spares	(16,653)	(3,366)
- Stock-in-trade	(97,325)	9,877
- Trade debts	1,332	5,375
- Loan and advances	(28,100)	(67,289)
- Trade deposits, short term prepayments and other receivables	(3,030)	200
Increase / (decrease) in current liabilities		
- Trade and other payables	115,773	(70,179)
	(27,791)	(125,382)
Cash generated operations	8,817	1,342
Finance cost paid from	(22,267)	(22,448)
Gratuity paid	(3,926)	(2,295)
Income tax paid	(6,413)	(11,185)
Net Cash used in operations	(32,609)	(34,587)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,525)	(18,918)
Capital work in progress	-	564
Long term loans	5,000	(190)
Long term advances		(2,240)
Proceeds from disposal of property, plant and equipment		850
Net Cash from / (used in) Investing Activities	2,475	(19,940)
CASH FLOW FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(2,588)	-
Dividend Paid	(1,321)	693
Short term borrowing	22,869	59,120
Net cash from Financing Activities	18,960	59,813
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,211)	5,286
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,554	727
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	2,341	6,013

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

Lahore:
February 28, 2015

(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, 2014**

Particulars	Share Capital	Accumulated Profit	Total
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Balance as at July 1, 2013	200,000	199,007	399,007
Total comprehensive profit for the half year ended December 31, 2013		59,573	59,573
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax		1,597	1,597
Balance as at December 31, 2013	200,000	260,177	460,177
Balance as at July 1, 2014	200,000	211,166	411,166
Total comprehensive loss for the half year ended December 31, 2014	-	(31,016)	(31,016)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax		803	803
Dividend for the year ended June 30, 2014 @ Rs. 0.50 per share		(1,376)	(1,376)
Dividend for the period September 30, 2014 @ Rs. 0.25 per share		(688)	(688)
Balance as at December 31, 2014	200,000	173,889	373,889

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

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-E 3/1 Main Boulevard Gulberg III Lahore.

The company is engaged in the business of textile spinning.

2 BASIS OF PREPARATION

2.1 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.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES, JUDGEMENTS & FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with 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. Estimates, assumption 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.

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.

4.2 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.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

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

6 LONG TERM FINANCING

This loan is unsecured and interest free provided by the directors. The loan is subordinated to Habib Metrobank Ltd.

7 CONTINGENCIES AND COMMITMENTS**Contingencies**

The Company has provided bank guarantee in favour of Sui Northern Gas Pipelines limited amounting to Rs.38,522 million (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 December 31, 2014 amounting to Rs Nil million (June 30, 2014: Rs Nil million) and letters of credit for raw material amounting to Rs. 43,600 million (June 30, 2014 : Rs. 43,300 million)

8 PROPERTY, PLANT AND EQUIPMENT

		Half Year Ended December 31 2014 Un-audited Rupees (000)	Year Ended June 30 2014 Audited Rupees (000)
Operating assets			
Opening written down value		1,097,830	1,716,231
Additions during the period	8.1	2,525	106,057
Transfer during the period		14,106	-
		1,114,461	1,822,288
Deletion/ transfer during the period		-	(7,837)
Depreciation charged during the period		1,114,461	1,814,451
		34,317	716,620
		1,080,144	1,097,830
Leased assets			
Opening written down value		24,149	-
Additions/transfer during the period		-	24,352
		24,149	24,352
		24,149	24,352
Amortization charged during the period		(604)	(203)
		23,545	24,149
		1,103,689	1,121,983
8.1	Addition/Transfer during the period		
	Colony Building on Free Hold Land	177	29,820
	Plant & Machinery	1,920	58,020
	Tools & Equipment	294	3,336
	Office Equipment	134	-
	Vehicles	-	14,281
		2,525	106,057

9 (LOSS)/EARNING PER SHARE

	Half year ended		Quarter Ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	Un-audited Rupees (000)	Un-audited Rupees (000)	Un-audited Rupees (000)	Un-audited Rupees (000)
Basic				
(Loss)/Profit after taxation	(31,016)	59,573	(63,577)	77,013
Weighted average number of shares	40,000,000	40,000,000	40,000,000	40,000,000
(Loss)/Earning per share - basic	(0.78)	1.49	(1.59)	0.63

9.1 DILUTED EARNING PER SHARE

There is no dilution effect on the basic earning per share of the company and the company has no such commitments.

10 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:

	December 31	December 31
	2014	2013
	Un-audited	Un-audited
	Rupees in million	
Purchase of raw materials:		
Chakwal Textile Mills Limited	36,078	11,253
Sales of goods :		
Yousaf Weaving Mills Limited	0.579	15.760
Short term funds (paid to) / received from directors (net)	(9.872)	4.960

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

11 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.

12 AUTHORIZATION FOR ISSUE

These condensed interim financial statements are authorised for issue on February 28, 2015 by the Board of Directors of the Company.

13 GENERAL

Figures have been rounded off to the nearest thousand rupees.