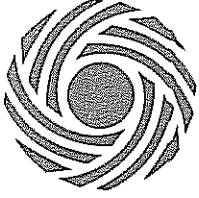


Chakwal Spinning Mills Limited.

3rd Quarter Ended

March 31, 2022



CHAKWAL SPINNING MILLS LTD.



**ISO 9001:2000
CERTIFIED**

7/1, E-3, Main Boulevard, Gulberg - III, Lahore, Pakistan.
Tel: +92-42-35757108, 35717510 - 17 Fax: +92-42-35764036, 35764043, 35757105
Email: ksml@pol.com.pk

Director's Report to the Members

The Directors of the company are pleased to present the quarterly un-audited accounts for the period ended March 31, 2022.

The Directors of the company has great belief that with the support of Almighty Allah it should get out of whims facing for the last years. The management is focusing to revive the company which is in the best interest of all stake holders including shareholders, creditors and banks. The management believe that change of political regime would benefit he industry and it would ultimately provide breathing space for the sick industrial units for early revival.

The management believe that it will lead to put the company on revival and get out from doubt of going concern with due course of time. Simultaneously the company shall also get the normal status at PSX. The management believe that its efforts will be matured and would again get the momentum of continued business operation

The directors of the company pay special thanks to its members employees and other peoples engaged with the company for their continued support and prayers in the difficult time.

For and on behalf of the Board

Khawaja Mohammad Jawed
Chairman

April 28, 2022

CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2022

	Note	March 31, 2022	June 30, 2021
		(Un-audited) Rupees	(Audited) Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 140,000,000 (2022: 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	5	42,375,000	42,375,000
Accumulated loss		(859,519,820)	(827,962,439)
Surplus on revaluation of property, plant and equipment		124,868,914	126,437,687
		(84,394,906)	(51,268,752)
Non Current Liabilities			
Deferred liabilities		-	-
Current Liabilities			
Trade and other payables		276,713,513	279,486,675
Unclaimed dividend		384,347	384,347
Accrued mark- up		67,778,697	67,778,697
Short term borrowings		480,389,050	477,639,029
Current portion of non current liabilities		37,742,792	37,742,792
Provision for taxation		10,232,356	10,232,194
		873,240,755	873,263,734
Contingencies and Commitments	6	-	-
		788,845,849	821,994,982
ASSETS			
Non Current Assets			
Property, plant and equipment	7	723,347,789	755,519,415
Long term loans		5,029,058	712,766
Long term deposits		27,839,747	27,839,744
		756,216,594	784,071,925
Current Assets			
Stores and spares		-	-
Stock in trade		-	-
Trade debts		324,607	324,607
Loans and advances		5,445,894	4,346,292
Tax refunds due from the government		23,880,927	23,880,927
Trade deposits, prepayments and other receivables		2,929,716	9,322,935
Cash and bank balances		48,111	48,296
		32,629,255	37,923,057
		788,845,849	821,994,982

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees	Rupees	Rupees	Rupees
Sales	-	-	-	-
Cost of sales	(31,872,176)	(34,338,192)	(10,624,059)	(11,446,064)
Gross Loss	(31,872,176)	(34,338,192)	(10,624,059)	(11,446,064)
Distribution cost	-	-	-	-
Administrative expenses	(1,253,793)	(2,328,531)	(404,892)	(637,872)
Operating Loss	(33,125,969)	(36,666,723)	(11,028,951)	(12,083,936)
Other operating expenses	-	-	-	-
Finance cost	(185)	(10,302)	-	(60)
Other operating income	-	-	-	-
Loss before Taxation	(33,126,154)	(36,677,025)	(11,028,951)	(12,083,996)
Taxation	-	-	-	-
Loss for the period	<u>(33,126,154)</u>	<u>(36,677,025)</u>	<u>(11,028,951)</u>	<u>(12,083,996)</u>
Loss per Share - Basic & Diluted	<u>(0.27)</u>	<u>(0.30)</u>	<u>(0.09)</u>	<u>(0.10)</u>


CHIEF EXECUTIVE OFFICER

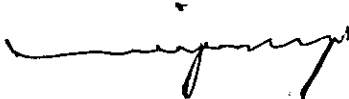

DIRECTOR


CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(33,126,154)	(36,677,025)	(11,028,951)	(12,083,996)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(33,126,154)</u>	<u>(36,677,025)</u>	<u>(11,028,951)</u>	<u>(12,083,996)</u>



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

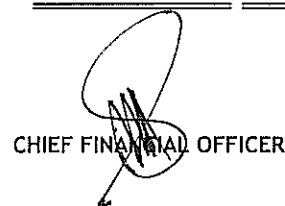
	Nine Months Ended	
	March 31, 2022	March 31, 2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(33,126,154)	(36,677,025)
Adjustments for:		
- Depreciation	32,171,626	34,700,656
- Provision for gratuity	-	-
- Finance cost	185	10,302
	32,171,811	34,710,958
Operating loss before working capital changes	(954,343)	(1,966,067)
(Increase) / decrease in current assets		
- Trade debts	-	608,890
- Loans and advances	(1,099,602)	(1,103,695)
- Sales tax refundable	-	-
- Trade deposits, prepayments and other receivables	6,393,219	6,428,219
Increase in current liabilities		
- Trade and other payables	(2,773,162)	(32,098,778)
	2,520,455	(26,165,364)
Cash used in operations	1,566,112	(28,131,431)
Finance cost paid	159	(10,302)
Gratuity paid	-	-
Income tax paid	-	(7,464)
Net cash used in operating activities	1,566,271	(28,149,197)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	(4,316,292)	(4,316,292)
Long term deposits	-	-
Net cash used in investing activities	(4,316,292)	(4,316,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	2,750,021	32,465,489
Net Cash generated from financing activities	2,750,021	32,465,489
Net increase / (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	48,111	49,193
	48,111	49,193



CHIEF EXECUTIVE



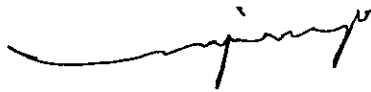
DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2022

Particulars	Share Capital	Accumulated Profit / (Loss)	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2020	607,881,000	(784,259,887)	42,375,000	131,310,019	(2,693,868)
Loss for the period		(36,677,025)		-	(36,677,025)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	1,568,773	-	(1,568,773)	-
Balance as at March 31, 2021	607,881,000	(819,368,139)	42,375,000	129,741,246	(39,370,893)
Balance as at July 01, 2021	607,881,000	(827,962,439)	42,375,000	126,437,687	(51,268,752)
Loss for the period	-	(33,126,154)	-	-	(33,126,154)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	1,568,773	-	(1,568,773)	-
Balance as at March 31, 2022	607,881,000	(859,519,820)	42,375,000	124,868,914	(84,394,906)



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2022

Note 1

The Company and its Operations

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.

- During the nine months ended March 31, 2019, Company has incurred loss after tax of Rs. 88.084 million (March 31, 2018: Rs. 73.467 million) and at nine months end and as of the year end, its accumulated losses stood at Rs. 775.913 million (June 30, 2018: 689.649 million), its current liabilities exceed its current assets by Rs. 854.441 million (at June 30, 2018: Rs. 786.529 million). The Company in order to carry on its business and to meet its current obligation requires generating sufficient cash flows. 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 Government has announced subsidized energy prices for textile industry i.e.; electricity will be provided @ 7.5 US Cents per KWH, whereas 6.5 US\$ per MMBTU will be charged for sui gas consumption. As a result, it is expected the our energy cost will reduced by 20% with respect to previous period. Reduction in electricity tariff will, not only assist in fulfilling the working capital requirements but also result in operating profitability of the Company.
- The Director's loan amounting to Rs. 407.881 million has been converted into paid up share capital with the approval of SECP. It will enhance the capital worth of the Company and will facilitate future business prospectus in the form of obtaining fresh working capital facilities from the banks.
- The management is putting its efforts on product diversification which will enhance its sales revenue. The management is also focusing to enhance productive efficiency along with quality of its products, which will lead to sustainable operating profitability for the Company.
- Local yarn market shown positive indicators, i.e. an upward trend is reflected in the yarn's selling prices, the management has planned to capture this opportunity by production of high quality yarn having better margin prospectus. With the improvement in general economic conditions management is optimistic that existing raw material prices will drop down during the next period and the management will be able to cut down production cost to overcome current deficit.
- The management's efforts are very obvious to make the Company a going concern and in view of the above the financial statements has been prepared on going concern.

Note 2

Basis of Preparation

2.1 Statement of compliance

These condensed interim financial statements has 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:

- 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 directives issued under the Companies Act, 2017.

Note 2 - Basis of Preparation - Continued...

- Where provisions of 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 These condensed interim financial statements are presented in Pak rupees, which is the Company's functional and presentation currency. These condensed financial statements do not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

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, 2021.

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, 2021.

Note 5
Loan from Directors

	March 31, 2022	June 30, 2021
	Un-audited Rupees	Audited Rupees
	42,375,000	42,375,000

The director of the Company had advanced loan in previous years to meet working capital requirements. To keep the Company going special resolution was passed by the shareholders of the Company in its Extra Ordinary General Meeting held on May 31, 2018 to convert the directors' loan of Rs. 407,881,000 into 81,576,200 Ordinary Shares at Rs. 5 per share by way of shares otherwise than right under Section 83 of Companies Act, 2017. During the current period shares have been issued to following directors;

	No. of Shares
i) Khawaja Mohammad Jawed	24,841,000
ii) Khawaja Mohammad Kaleem	53,135,200
iii) Khawaja Mohammad Jahangir	3,600,000
	<u>81,576,200</u>

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, 2021.

Note 7 Property, Plant and Equipment	Nine Months Ended	Year Ended
	March 31, 2022	June 30, 2021
	(Un-audited)	(Audited)
	Rupees	Rupees
Opening written down value	755,519,415	801,787,161
Addition during the period / year (at cost)	-	-
Revaluation adjustment	-	-
Disposal during the period / year (written down value)	-	-
	755,519,415	801,787,161
Depreciation charge for the period / year	(32,171,626)	(46,267,746)
Closing written down value	723,347,789	755,519,415

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:

	Nine Months Ended	
	Mar 31, 2022	Mar 31, 2021
	(Un-audited)	(Un-audited)
	Rs. In '000'	Rs. In '000'
Significant transaction with related parties are as follows:		
- Purchase of materials from Yousaf Weaving Mills Limited	-	-
- Loan received from directors - net	2,750	520
- Lease income from Yousaf Weaving Mills Limited	-	-

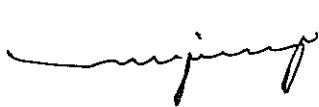
Note 9
Financial Risk Management

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, 2021.

Note 10
General

10.1 This interim financial information is authorized for issue on April 30, 2022 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.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER