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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

Habib MetroBank Limited
Allied Bank of Pakistan
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
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CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35217510
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' REPORT TO THE SHAREHOLDERS

The Directors of your company are pleased to present before you the un-audited condensed interim financial statements for the quarter ended September 30, 2015.

During the quarter under review, the company earned a net loss of Rs.39,206 million compared to a net profit of Rs. 10,204 million for the corresponding quarter last year. The decrease in profitability was mainly due to lower sale which dropped by Rs.185,249 million (31.08%) compared to corresponding quarter last year. The drastic decrease in sales was due to lower export due to supplies at lower rates by exporters of India and sluggish local yarn market as well. Other factors contributed in reducing profitability of the company were decrease in raw material rates which resulted matchless decrease in sale prices, operations of the company at 80% capacity, availability of Indian yarn at cheaper rates in local market, increase in electricity rates in terms of various surcharges, imposition of GIDC in natural gas bills in addition to only six hours supply of natural gas to spinning industry. However, all other expenses were kept under control and no major deviation has noted.

Spinning industry which is the core industry of the country is striving hard for its survival and is facing manifold problems due to acute shortage of natural gas, high power tariff and other higher input cost which has crippled the textile industry altogether resulting the industry is not in a position to compete in international market. APTMA officials had so many meetings with concerned Government authorities and hoping a relief package for textile as promised. Industry as Textile sector is playing a pivotal role in strengthening the economy of the country. Government must envisage the situation, come forward to save the textile industry by giving immediate relief package to escape the industry from heavy losses.

However, the directors of the company will continue their strenuous efforts to improve overall performance of the company through increased productivity, cost control and by devising optimal production strategies at their best by taking every step necessary to meet the challenges except external factors and the circumstances beyond control.

For and on behalf of the Board

Lahore:
January 19, 2016

(KHAWAJA MOHAMMAD JAHANGIR)
Chief Executive

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

	UN-AUDITED September 30, 2015	AUDITED June 30, 2015
Rupees in thousand		
SHARE CAPITAL AND RESERVES		
Authorised Capital 100,000,000 (June30,2014: 100,000,000 of Rs 5/-each) ordinary shares of Rs.5 each	500,000	500,000
Issued, subscribed and paid up share capital	200,000	200,000
Accumulated profit	40,402	78,863
Surplus on evaluation of property, plant and equipment	240,402	278,863
	183,075	184,223
Non Current Liabilities		
Long term financing	271,256	271,256
Liabilities Against Asset Subject to Finance Lease	6,300	6,097
Deferred liabilities	85,874	84,651
	363,430	362,004
Current Liabilities		
Trade and other payables	510,317	520,504
Accrued interest on short term borrowings	6,541	8,078
Short term borrowings	388,349	375,665
Current portion of non current liabilities	4,074	5,728
Provision for taxation	19,809	15,745
	929,090	925,720
Contingencies and Commitments		
	-	-
	1,715,997	1,750,810
Non Current Assets		
Property, plant and equipment	1,108,292	1,126,706
Capital work in progress	802	802
Long term loans	7,129	7,129
Long term deposits	8,297	9,622
	1,124,520	1,144,259
Current Assets		
Stores and spares	12,007	11,757
Stock-in-trade	288,700	342,924
Trade debts	95,415	54,210
Loan and advances	179,104	187,201
Trade deposits, short term prepayments and other receivables	14,463	6,518
Cash and bank balances	1,788	3,941
	591,477	606,551
	1,715,997	1,750,810

The annexed notes form an integral part of these accounts.

Lahore:
January 19, 2016

(**Khawaja Mohammad Jahangir**)
Chief Executive

(**Khawaja Mohammad Kaleem**)
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended September 30 2015	Quarter ended September 30 2014
	(Rupees in thousand)	
Sales	410,619	595,868
Cost of Sales	(413,614)	(543,728)
Gross (Loss)/Profit	(2,995)	52,140
Distribution cost	(7,582)	(11,893)
Administrative expenses	(16,060)	(13,991)
	(23,642)	(25,884)
Operating (loss)/profit	(26,637)	26,256
Financing cost	(8,646)	(10,256)
Other Operating expenses	(261)	(416)
(Loss)/Profit before taxation	(35,544)	15,584
Taxation	(3,662)	(5,560)
(Loss)/Profit after taxation	(39,206)	10,024
Earning per Share - Basic	(0.98)	0.25

The annexed notes form an integral part of these accounts.

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended September 30 2015	Quarter ended September 30 2014
	(Rupees in thousand)	
(Loss)/Profit after taxation	(39,206)	10,024
Other comprehensive income for the period	-	-
	<u>(39,206)</u>	<u>10,024</u>

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	September 30 2015	September 30 2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(35,544)	15,584
Adjustments for:		
Depreciation	18,459	17,384
Gratuity	2,500	1,500
Financial expenses	8,646	10,256
Operating profit before working capital changes	(5,939)	44,724
(Increase)/decrease in current assets		
- Stores and spares	(251)	(16,457)
- Stock-in-trade	54,224	(10,057)
- Trade debts	(41,205)	34,160
- Loan and advances	10,426	(33,261)
- Trade deposits, short term prepayments and other receivables	(7,945)	(21,964)
Increase/(decrease) in current liabilities		
- Trade and other payables	(9,994)	55,987
	5,255	8,328
Cash generated from operations	(684)	53,052
Finance cost paid	(10,183)	(12,257)
Gratuity paid	(1,277)	(2,354)
Income tax paid	(2,568)	(3,035)
Net cash (used in) from operating activities	(14,712)	35,400
CASH FLOW FROM INVESTING ACTIVITIES		
Capital work in progress	-	(75)
Long term deposit	1,325	500
Net Cash used in investing Activities	1,325	425
CASH FLOW FROM FINANCING ACTIVITIES		
Liabilities against asset subject to finance lease	(1,450)	(1,272)
Dividend Paid	-	-
Short term borrowing	12,684	(40,904)
Net Cash (used in) from Financing Activities	11,234	(42,176)
Net Increase in Cash and Cash equivalent	(2,153)	(6,345)
Cash and cash equivalent at the beginning of the period	3,941	9,553
CASH AND CASH EQUIVLANT AT THE END OF THE PERIOD	1,788	3,208

The annexed notes form an integral part of these accounts.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Share Capital Paid up	Accumulated (Loss) / Profit	Total
(Rupees in thousand)			
Restated Balance as at July 01, 2014	200,000	211,166	411,166
Total comprehensive income for the Quarter ended Sep 30, 2014		10,024	10,024
Transfer from surplus on revaluation of Property, Plant & Equipment in respect of incremental deprecator charged to Current period - net of deferred tax		1,788	1,788
Balance as at September 30, 2014	200,000	222,978	422,978
Total comprehensive income for the Nine months ended June 30, 2015		(150,097)	(150,097)
Interim Dividend		(476)	(476)
Remeasurment of net defined benefit liability		(1,146)	(1,146)
Transfer from surplus on revaluation of Property, Plant & Equipment in respect of incremental depreciation charged to Current period - net of deferred tax		7,603	7,603
Balance as at July 01, 2015	200,000	78,852	278,852
Total comprehensive income for the Quarter ended Sep 30, 2015		(39,206)	(39,206)
Transfer from surplus on revaluation of Property, Plant & Equipment in respect of incremental depreciation charged to Current period - net of deferred tax		746	746
Balance as at September 30, 2015	200,000	40,402	240,402

The annexed notes form an integral part of these accounts.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 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 Company is engaged in the business of textile spinning. Registered office of the company is situated at 7/1 E III, Main Boulevard, Gulberg III, Lahore.

2 Basis of preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standard, IAS 34 "Interim Financial Reporting". These Financial Statement are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3 Significant Accounting Policies

The accounting policies and methods of computation of the interim financial statements are the same as those followed in the preparation of annual financial statements for the year ended, June 30, 2015.

4 Issued, Subscribed and Paid up Capital

40,000,000 (June 30, 2015: 40,000,000) ordinary shares of Rupees 5/- each.

Sep. 30, 2015 Un-audited (Rupees in thousand)	June 30, 2015 Audited
200,000	200,000

5 Long Term Loans

These loans are unsecured and interest free provided by the directors. These loans are subordinated to Habib Metropolitan Bank Ltd and The Bank of Punjab

6 Contingencies and commitments

Contingencies

There is no material change in the status of contingencies in the financial statements for the preceding financial year ended June 30, 2015

Commitments

Commitments in respect of letter of credit for raw materials amounting to Rs 44.00 million (June 30, 2015 : Rs 34.700 million)

7 Property, Plant and Equipment

	Sep. 30, 2014 Un-audited	June 30, 2014 Audited
	(Rupees in thousand)	
Operating assets		
Opening written down value	1,126,751	1,121,980
Addition during the period	-	69,527
	<u>1,126,751</u>	<u>1,191,507</u>
Transfer/Adjustment		14,106
Deletion during the period	-	(22,105)
	<u>1,126,751</u>	<u>1,183,508</u>
Transfer/Adjustment		13,082
Depreciation charged during the period	(17,312)	(68,632)
	<u>1,109,439</u>	<u>1,127,958</u>
Leased Assets		
Depreciation charged during the period	(1,147)	(1,207)
	<u>1,108,292</u>	<u>1,126,751</u>

8 Capital Work In Progress-Building

Opening balance	802	13,842
Addition during the period	-	1,243
Less Transfer		(14,283)
	<u>802</u>	<u>802</u>

9 Earning per Share

Basic		
(Loss)/Profit after Taxation	(39,206)	10,024
Weighted average number of shares	40,000,000	40,000,000
Earning per share - basic	(0.98)	0.25

No figure for diluted 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.

10 Transactions with related parties

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

	Sep. 30, 2015 Un-audited	June 30, 2015 Audited
	(Rupees in thousand)	
Purchase of raw materials from associates		
Chakwal Textile Mills Limited	5.797	48.941
Yousaf Weaving Mills Limited	-	2.145
Sales of goods to associates	-	
Yousaf Weaving Mills Limited	-	0.495
Short term funds repaid to / (received from) directors	3.564	17.449

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, 2015.

There has been no change in Company's sensitivity to these risks since June 30, 2015 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, 2015.

12 General

Figures have been rounded off to the nearest thousand rupees. The Financial statements were authorised for issue on January 19, 2016.

Lahore:
January 19, 2016

(Khawaja Mohammad Jahangir)
Chief Executive

(Khawaja Mohammad Kaleem)
Director