



Khurshid Spinning Mills Limited

**ACCOUNTS
FOR THE HALF YEAR ENDED
31 DECEMBER, 2019**



CONTENTS

	Page
COMPANY INFORMATION	1
DIRECTORS' REPORT TO THE MEMBERS	2-5
INDEPENDENT AUDITORS' REVIEW REPORT	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF PROFIT OR LOSS	8
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE INTERIM FINANCIAL INFORMATION	12-14



COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Muhammad Shahbaz Ali	Director
	Mr. Faseeh Uzaman	Director
	Mr. Muhammad Amman Adil	Director (Beacon Nominee)
	Mr. Qaiser Nasir	Director (Beacon Nominee)
Audit Committee	Mr. Zeeshan Saeed	Chairman
	Mr. Muhammad Amman Adil	Member
	Mr. Muhammad Shahbaz Ali	Member
HR and Remuneration Committee	Mr. Muhammad Shahbaz Ali	Chairman
	Mr. Muhammad Iqbal	Member
	Mr. Faseeh Uzaman	Member
Company Secretary	Mr. Ali Mudassar	
Chief Financial Officer	Mr. Bisharat Ali	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Banks	The Bank of Punjab Habib Metropolitan Bank Limited	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered/Head Office	133, 134, Regency The Mall, Faisalabad.	
Mills	35 Kilometer, Sheikhpura Road, Faisalabad	



DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of the Company are pleased to present the un-audited financial results of the Company reviewed by statutory auditors of the Company for the half year ended on 31 December 2019.

Financial Results:

The financial results of the Company for the half year ended 31 December 2019 are as follow:

	Half Year Ended	
	31 December 2019	31 December 2018
	(Rupees in Thousand)	
REVENUE	311,573	-
COST OF SALES	(273,154)	-
GROSS PROFIT	38,419	-
ADMINISTRATIVE EXPENSES	(7,821)	(967)
OTHER EXPENSES	(940)	(13,043)
OTHER INCOME	-	18,000
FINANCE COST	(16,977)	(4,490)
PROFIT / (LOSS) BEFORE TAXATION	12,681	(500)
TAXATION	(1,816)	1,896
PROFIT AFTER TAXATION	<u>10,865</u>	<u>1,396</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>0.82</u>	<u>0.11</u>

Since the resumption of operational activities from August 01, 2019 the management of the Company has put extra efforts for turning the company operations to profitable and has earned profit after taxation of Rupees 10.865 million as compared to previous half year's profit after taxation of Rupees 1.396 million. The basic earnings per share changed from changed from Rs. 0.11 to Rs. 0.82 per share.

Industry Overview:

Spinning industry is the strong pillar of textile industry in the country and plays vital role for development of the economy of the country. Currently, it is very difficult time for spinning industry due to decline in cotton crop, high cost of production, high energy tariff, and disproportionate selling prices of local yarn, uncertain economic policies and business conditions, high interest rates, hike in inflation and absence of subsidies to spinning industry which are available to other value added textile sectors. Due to these reasons, most of the spinning units are facing heavy losses from past many years.

Future Prospects:

The company resumed its commercial production / spinning business operations from 01 August 2019, the management of the Company has taken significant steps to make it a profitable venture like, redefining the organizational structure; arrangement of working capital; negotiations made with customers; agreements made with vendors; IT infrastructure put in place; compliances with legal, corporate and other requisite matters.



The directors of the Company are fully aware of the affairs of the company and are making their strenuous efforts to improve overall performance of the company, cost controls and internal expenses to a minimum level to earn more profits.

Composition of the Board:

The total number of directors are seven as per the following:

- a. Male: **07**
- b. Female: **00**

The directors expect that the board of directors shall have female director in near future.

The composition of board is as follows:

- a) Independent Director: **03**
- b) Other Non-executive Directors: **03**
- c) Executive Director: **01**

Committees of the Board:

Audit Committee:

Sr. #	Name of Directors	
1	Mr. Zeeshan Saeed	Chairman/Member
2-	Mr. Muhammad Amman Adil	Member
3-	Mr. Muhammad Shahbaz Ali	Member

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Directors	
1-	Mr. Muhammad Shahbaz Ali	Chairman/ Member
2-	Mr. Muhammad Iqbal	Member
3-	Mr. Faseeh Uzaman	Member

Acknowledgment

Board of the company is committed to keep employees of the Company motivated and appreciate their hard work and commitment. We would also like to express our gratitude to the valued shareholders and lenders for extending their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Chief Executive Officer

**Faisalabad:
February 28, 2020**



ڈائریکٹرز رپورٹ برائے ممبران
کمپنی کے ڈائریکٹرز 31 دسمبر 2019 کو اختتام پذیر ششماہی کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔
مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ 31 دسمبر 2019 کے اختتام پر درج ذیل ہے۔

2018	2019	
روپے ہزاروں میں	روپے ہزاروں میں	
-	311,573	آمدن
-	(273,154)	لاگت آمدن
-	38,419	مجموعی نفع
(967)	(7,821)	انتظامی اخراجات
(13,043)	(940)	دیگر اخراجات
18,000	-	آمدن
(4,490)	(16,977)	مالیاتی لاگت
(500)	12,681	قبل از ٹیکس منافع (نقصان)
1,896	(1,816)	ٹیکس
<u>1,396</u>	<u>10,865</u>	بعد از ٹیکس منافع
<u>0.11</u>	<u>0.82</u>	فی حصص منافع روپے میں

01 اگست 2019 سے پیداواری سرگرمیوں کے دوبارہ آغاز کے بعد کمپنی کی مینجمنٹ نے اس کو منافع بخش بنانے کے لئے خاص محنت کی ہے۔ اور 10.865 ملین روپے کا بعد از ٹیکس منافع کمایا ہے۔ جب کہ پچھلے اسی مدت میں یہ 1.396 ملین روپے تھا۔ کمپنی کی فی حصص کمائی 0.11 روپے سے بڑھ کر 0.82 روپے فی حصص ہو گئی ہے۔
انڈسٹری کا جائزہ:

سپننگ انڈسٹری ہلکی معیشت کا مضبوط ستون ہے۔ اور ہلکی ترقی میں کلیدی کردار ادا کر رہی ہے۔ موجودہ حالات میں سپننگ انڈسٹری کے لئے مشکل وقت ہے۔ جس کی وجہ کپاس کی پیداوار میں کمی، پیداواری لاگت میں اضافہ، توانائی کے زیادہ نرخ، دھاگے کی غیر متناسب مقامی قیمت فروخت، سود کا زیادہ ریٹ، مہنگائی میں اضافہ اور سپننگ انڈسٹری کو ویلیو ایڈڈ ٹیکسٹائل سیکٹر کے لیے دستیاب رعایت کی عدم دستیابی ہے۔ ان وجوہات کی وجہ سے سپننگ انڈسٹری پچھلے کئی سال سے ہماری نقصان اٹھا رہی ہے۔
مستقبل کے امکانات:

آپ کی کمپنی نے اپنی کمرشل پیداوار 01 اگست 2019 سے دوبارہ شروع کر دی ہے۔ پیداواری سرگرمیاں دوبارہ شروع کرنے کے لیے آپ کی کمپنی کی مینجمنٹ نے مندرجہ ذیل کام کیے ہیں۔ جس میں از سر نو تنظیمی ڈھانچہ، مالی معاہدات، خریداروں سے گفت و شنید اور معاہدے، انفارمیشن ٹیکنالوجی ڈھانچہ، قانونی اور دوسرے معاملات شامل ہیں۔
کمپنی کے ڈائریکٹرز کمپنی کے معاملات سے مکمل طور پر آگاہ ہیں اور کمپنی کی مجموعی کارکردگی کو بہتر بنانے کے لئے سخت کوششوں کو بروئے کار لارہے ہیں۔ جس میں لاگت کو کنٹرول کرنا، اندرونی اخراجات میں کمی اور زائد منافع حاصل کرنا۔

بورڈ کی ساخت:

ڈائریکٹرز کی کل تعداد سات ہے

a: مرد 07

b: خواتین 0

ڈائریکٹرز کو توقع ہے مستقبل قریب میں خانوں ڈائریکٹرز بورڈ آف ڈائریکٹرز کا حصہ ہوں گے۔



بورڈ کی ساخت درج ذیل ہے۔

آزاد ڈائریکٹرز: 03

دیگر غیر ایگزیکٹو ڈائریکٹرز: 03

ایگزیکٹو ڈائریکٹرز: 01

بورڈ کی ترتیب:

بورڈ کی آڈٹ کمیٹی:

جناب ذیشان سعید چیئر مین / ممبر

جناب محمد امان عادل ممبر

جناب محمد شہباز علی ممبر

بورڈ کی انسانی وسائل اور معاوضہ کمیٹی:

جناب محمد شہباز علی چیئر مین / ممبر

جناب محمد اقبال ممبر

جناب فصیح الزمان ممبر

اعتراف

بورڈ آف ڈائریکٹرز مالیاتی اداروں، شیئر ہولڈرز اور اپنے ملازمین کی لگن اور محنت کی قدر کرتا ہے

فیصل آباد

28 فروری 2020

بورڈ آف ڈائریکٹرز کی جانب سے


محمد اقبال

چیف ایگزیکٹو آفیسر

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Khurshid Spinning Mills Limited****Report on review of Condensed Interim Financial Statements**Introduction

We have reviewed the accompanying condensed interim statement of financial position of KHURSHID SPINNING MILLS LIMITED as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to condensed interim financial statements for the half year then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements 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 and condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2019.

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 condensed 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed 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.

The engagement partner on the review resulting in this independent auditor's review report is Liaqat Ali Panwar.

RIAZ AHMAD & COMPANY
Chartered Accountants
Faisalabad
Date: February 28, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	NOTE	UN-AUDITED 31 December 2019	AUDITED 30 June 2019	NOTE	UN-AUDITED 31 December 2019	AUDITED 30 June 2019
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital		170,000	170,000		343,987	354,595
17 000 000 (30 June 2019: 17 000 000) ordinary shares of Rupees 10 each				5	5,733	5,733
Issued, subscribed and paid up share capital		131,748	131,748		349,720	360,328
13 174 800 (30 June 2019: 13 174 800) ordinary shares of Rupees 10 each fully paid in cash						
Capital reserves						
Equity portion of shareholders' loans		13,335	13,335			
Surplus on revaluation of property, plant and equipment - net of deferred income tax		143,729	150,725			
Accumulated loss		(441,780)	(459,641)			
Total equity		(152,968)	(163,833)			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	3	39,693	55,272		25,805	-
Deferred income tax liability		52,412	55,269		50,513	-
Staff retirement gratuity		17,745	739		16,284	11,832
CURRENT LIABILITIES		109,850	111,280		3,203	-
Trade and other payables		100,769	550			
Short term borrowings		355,980	373,427			
Accrued mark-up on short term borrowings		-	10,333			1,801
Current portion of long term financing	3	36,260	36,260			
Provision for taxation		11,892	7,219		16,258	1,275
TOTAL LIABILITIES		504,901	427,789		112,063	14,908
		614,751	539,069			
CONTINGENCIES AND COMMITMENTS	4					
TOTAL EQUITY AND LIABILITIES		461,783	375,236		461,783	375,236

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE	Half Year Ended		Quarter Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	------(RUPEES IN THOUSAND)-----			
REVENUE	311,573	-	192,607	-
COST OF SALES	(273,154)	-	(181,857)	-
GROSS PROFIT	38,419	-	10,750	-
ADMINISTRATIVE EXPENSES	(7,821)	(967)	(4,232)	(701)
OTHER EXPENSES	(940)	(13,043)	(940)	(6,521)
OTHER INCOME	-	18,000	-	9,000
FINANCE COST	(16,977)	(4,490)	(1,367)	(2,201)
PROFIT / (LOSS) BEFORE TAXATION	12,681	(500)	4,211	(423)
TAXATION	(1,816)	1,896	(1,465)	948
PROFIT AFTER TAXATION	10,865	1,396	2,746	525
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	0.82	0.11	0.21	0.04

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Half Year Ended		Quarter Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)			
PROFIT AFTER TAXATION	10,865	1,396	2,746	525
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Surplus on revaluation of plant and equipment	-	8,868	-	8,868
Related deferred income tax liability	-	(2,572)	-	(2,572)
	-	6,296	-	6,296
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period - net of tax	-	6,296	-	6,296
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>10,865</u>	<u>7,692</u>	<u>2,746</u>	<u>6,821</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	RESERVES				TOTAL EQUITY	
	SHARE CAPITAL	EQUITY PORTION OF SHAREHOLDERS' LOANS	CAPITAL RESERVES			ACCUMULATED LOSS
			SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX	SUB-TOTAL		
Balance as at 30 June 2018-(Audited)	131,748	13,335	155,452	168,787	(456,209)	(155,674)
Transfer from surplus on revaluation of plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(5,127)	(5,127)	5,127	-
Profit for the period	-	-	-	-	1,396	1,396
Other comprehensive income for the period	-	-	6,296	6,296	-	6,296
Total comprehensive income for the period	-	-	6,296	6,296	1,396	7,692
Balance as at 31 December 2018-(Un-audited)	131,748	13,335	156,621	169,956	(449,686)	(147,982)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(5,896)	(5,896)	5,896	-
Loss for the period	-	-	-	-	(15,851)	(15,851)
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(15,851)	(15,851)
Balance as at 30 June 2019-(Audited)	131,748	13,335	150,725	164,060	(459,641)	(163,833)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(6,996)	(6,996)	6,996	-
Profit for the period	-	-	-	-	10,865	10,865
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	10,865	10,865
Balance as at 31 December 2019-(Un-audited)	131,748	13,335	143,729	157,064	(441,780)	(152,968)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Half year ended	
	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	12,681	(500)
Adjustments for non-cash charges and other items:		
Depreciation	16,212	13,107
Provision for staff retirement gratuity	4,825	18
Finance cost	16,977	4,490
	<u>50,695</u>	<u>17,115</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(25,805)	-
Trade debts	(50,513)	-
Loans and advances	(1,332)	(11)
Prepayments	(3,203)	-
Sales tax recoverable	1,801	-
	<u>(79,052)</u>	<u>(11)</u>
Increase / (decrease) in trade and other payables	113,640	(3,473)
	<u>85,283</u>	<u>13,631</u>
Cash generated from operations	85,283	13,631
Finance cost paid	(27,310)	(284)
Staff retirement gratuity paid	(1,240)	-
Income tax paid	(3,120)	-
	<u>53,613</u>	<u>13,347</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(5,604)	-
Net cash used in investing activities	<u>(5,604)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(15,579)	(13,416)
Repayment of short term borrowings	(17,447)	-
Net cash used in financing activities	<u>(33,026)</u>	<u>(13,416)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	14,983	(69)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,275	216
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>16,258</u>	<u>147</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 133-134, Regency the Mall, Faisalabad. The Company manufactures and deals in all types of yarn. The manufacturing facility of the Company is situated at 35 Kilometer, Main Sheikhpura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad.

The Company has recommenced its commercial operations from 01 August 2019. The Company has entered into yarn processing arrangements due to which revenue and profitability of the Company has been increased significantly and accumulated losses has been started to decrease. In future, these factors will allow the Company to improve and enhance its production facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) These condensed interim financial statements have 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 of:

- 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.

Where the 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.

- ii) These condensed interim financial statements do not include all the information and disclosure required in annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2019. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

b) Accounting policies and computation method

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements for the year ended 30 June 2019 except for as given in Note 2.3. The Company has adopted International Financial Reporting Standard (IFRS) 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

2.2 Critical accounting estimates, judgments and financial risk management

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019 except as disclosed in Note 2.2.1.

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited published financial statements of the Company for the year ended 30 June 2019.

2.2.1 Change in accounting estimate

Depreciation on property, plant and equipment

Previously, depreciation on property, plant and equipment was being charged from the month the asset became available for use and on disposal, upto the month preceding the month of disposal. Now the Company has decided to charge the depreciation from the day when the asset becomes available for use and upto the day preceding the day of disposal.

This change in accounting estimate has been accounted for prospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in this accounting estimate, the figures recognized in these condensed interim financial statements would have been different as follows:

	RUPEES IN THOUSAND
Property, plant and equipment would have been lower by	6
Profit after taxation would have been lower by	6

There is no significant impact of this change in accounting estimate on earnings per share of the Company.



2.3 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at cost comprising invoice value plus other charges paid thereon.

Un-Audited 31 December 2019	Audited 30 June 2019
-----------------------------------	----------------------------

(RUPEES IN THOUSAND)

3. LONG TERM FINANCING

Secured

The Bank of Punjab

Demand finance-II	75,953	91,532
Less: Current portion shown under current liabilities	(36,260)	(36,260)
	<u>39,693</u>	<u>55,272</u>

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company has challenged, before Lahore High Court, Lahore, dated 27 August 2019, the income tax charged on electricity bills amounting to Rs. 0.937 million (30 June 2019: Rupees Nil). However this figure has not been recognised in the books of account as the Company is confident on positive outcome of the appeal, on the advice of legal counsel.
- ii) Guarantees of Rupees 20 million (30 June 2019: Rupees Nil) are given by the Bank to Sui Northern Gas Pipelines Limited against gas connections.

b) Commitments

There was no commitment as at 31 December 2019 (30 June 2019: Rupees Nil).

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 5.1)	337,669	352,827
Capital work-in-progress	6,318	1,768
	<u>343,987</u>	<u>354,595</u>

5.1 Operating fixed assets :

Opening book value	352,827	261,812
Add:		
Transferred from investment properties during the period / year	-	110,124
Effect of surplus on revaluation	-	8,868
Cost of additions during the period / year (Note 5.1.1)	1,054	-
	<u>353,881</u>	<u>380,804</u>
Less: Depreciation charged during the period / year	(16,212)	(27,977)
	<u>337,669</u>	<u>352,827</u>

5.1.1 Cost of additions during the period / year

Buildings on freehold land	1,003	-
Office equipment	51	-
	<u>1,054</u>	<u>-</u>

**6. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associate and other related parties. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties is as follows:

(Un-audited)			
Half year ended		Quarter ended	
31 December 2019	31 December 2018	31 December 2019	31 December 2018

------(RUPEES IN THOUSAND)-----

i) Transactions**Associate**

Finance cost	14,137	-	-	-
Purchase of goods and services	33,384	-	4,500	-
Repayment of borrowings	17,447	-	16,414	-
Transfer of staff retirement gratuity	12,903	-	-	-

Other related parties

Remuneration paid to Chief Executive Officer, directors and executives	2,713	-	1,682	-
--	-------	---	-------	---

Un-audited 31 December 2019	Audited 30 June 2019
(RUPEES IN THOUSAND)	

ii) Period end balances**Associate**

Trade and other payables	8,164	-
Short term borrowings	355,980	373,427
Accrued mark-up	-	10,233

7. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 28, 2020.

8. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

9. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**BOOK
POST**

PRINTED MATTER



If undelivered Please return to:

Khurshid Spinning Mills Limited

133-134, Regency the Mall, Faisalabad

Ph: +92 41 2610030 Fax: +92 41 2610027