



**KHURSHID  
SPINNING MILLS LIMITED**

**ACCOUNTS  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2020**

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## COMPANY INFORMATION

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



**DIRECTORS' REPORT TO THE MEMBERS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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 2020.

**Financial Results:**

The financial results of the Company for the half year ended 31 December 2020 are as follow:

	Half year ended	
	31 December	31 December
	2020	2019
	(Rupees in thousand)	
REVENUE	439,325	311,573
COST OF SALES	(401,002)	(273,154)
GROSS PROFIT	38,323	38,419
DISTRIBUTION COST	(550)	-
ADMINISTRATIVE EXPENSES	(9,337)	(7,821)
OTHER EXPENSES	(1,851)	(940)
OTHER INCOME	3,234	-
FINANCE COST	(4,840)	(16,977)
PROFIT BEFORE TAXATION	24,979	12,681
TAXATION	(4,048)	(1,816)
PROFIT AFTER TAXATION	20,931	10,865
EARNING PER SHARE - BASIC AND DILUTED (RUPEES)	1.59	0.82

During the half year under review, your Company achieved revenue of Rupees 439.325 million as compared to Rupees 311.573 million during corresponding period of previous year. The Company has succeeded to earn profit after taxation of Rupees 20.931 million as compared to previous half year's profit after taxation of Rupees 10.865 million. Earnings per share (EPS) for the current period is Rupees 1.59 compared to EPS of Rupees 0.82 in the corresponding period last year.

**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, textile industry is performing well due to the Government subsidies to industries, stability in dollar rates and reduction in power crises and the demand of textiles started to show signs of improvements during the second quarter and this is reflected in the results of the Company as well. However, the prices of raw cotton is continuously rising due to decline in annual local cotton crop and Pakistan has to import cotton every year to meet its local demand. It has substantial impact on spinning industry.

**Future Prospects:**

In order to boost production and export of value added products, the Government has introduced ambitious textile policy with subsidies and lower rate of utilities. Such policies of the Government will



help to tackle the issues confronting the textile sector amid COVID 19 that has resulted in supply chain disruption, affected global prices of commodities hitting trade adversely.

The management is optimistic about future performance of the Company. It is expected that the industry will maintain its momentum despite various challenges. The management of your Company is struggling hard to enhance existing market share and to target new markets as well. Our management remains focused on decreasing operating costs without compromising the quality of products and services. The directors are fully aware of the affairs of the Company and are making their strenuous efforts to make improvement in efficiencies and productivity as we enhanced cost controls.

**Composition of the Board:**

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

- a. Male: **06**
- b. Female: **01**

The composition of board is as follows:

- a) Independent Director: **02**
- b) Other Non-executive Directors: **03**
- c) Executive Director: **02**

**Committees of the Board:**

**Audit Committee:**

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

**Human Resource & Remuneration (HR&R) Committee:**

Sr. #	Name of Directors	
1-	Mrs. Saira Affan	Chairman/Member
2-	Mr. Qaiser Nasir	Member
3-	Mr. Muhammad Iqbal	Member

**Acknowledgment**

We would like to take this opportunity to express appreciation to the employees of the Company for 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**

Faisalabad:  
February 27, 2021

Director

Chief Executive Officer



## ڈائریکٹرز رپورٹ برائے ممبران

کمپنی کے ڈائریکٹرز 31 دسمبر 2020 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 2020 کے اختتام پر درج ذیل ہے۔

2019	2020	
روپے ہزاروں میں	روپے ہزاروں میں	
311,573	439,325	آمدن
(273,154)	(401,002)	لاگت آمدن
38,419	38,423	مجموعی نفع
-	(550)	تقسیم لاگت
(7,821)	(9,337)	انتظامی اخراجات
(940)	(1,851)	دیگر اخراجات
-	3,234	آمدن
(16,977)	(4,840)	مالیاتی لاگت
12,681	24,979	تعلیل اور ٹیکس منافع
(1,816)	(4,048)	ٹیکس
<u>10,865</u>	<u>20,931</u>	بعد از ٹیکس منافع
<u>0.82</u>	<u>1.59</u>	فی شخص منافع روپے میں

زیر نظر نصف سال کے عرصے کے دوران کمپنی کی آمدنی 439,325 ملین روپے ہے۔ جبکہ گزشتہ اسی مدت کی آمدنی 311,573 ملین روپے تھی۔ کمپنی نے بعد از ٹیکس 20,931 ملین روپے منافع کمایا ہے۔ جب کہ گزشتہ اسی مدت کے دوران 10,865 ملین روپے منافع کمایا تھا۔ آمدن کی فی شخص کمائی نصف سال کے اختتام پر 1.59 روپے رہی۔ جو کہ گزشتہ اسی دورے میں 0.82 روپے تھی۔

## انڈسٹری کا جائزہ:

سینکٹ انڈسٹری ملکی معیشت کا مضبوط ستون ہے۔ اور ملکی ترقی میں کلیدی کردار ادا کر رہی ہے۔ فی الحال، حکومتی رعایت۔ ڈالر کے نرخوں میں استحکام۔ اور ملکی کے بحرانوں میں کمی کی وجہ سے انڈسٹری نے اچھی کارکردگی کا مظاہرہ کیا ہے۔ اور دوسری سہ ماہی کے دوران ٹیکسٹائل کے سامان کی طلب میں بہتری کی علامات ظاہر ہونا شروع ہو گئی ہیں۔ جس کا اثر کمپنی کے نتائج پر بھی پڑا ہے۔ تاہم، سالانہ مقامی کاٹن انڈسٹری کی کمی کی وجہ سے خام کپاس کی قیمت مسلسل بڑھ رہی ہے۔ اور مقامی طلب کی وجہ سے پاکستان کو ہر سال خام کپاس درآمد کرنا پڑتی ہے۔ جس کا اثر دھماگے کی انڈسٹری پر بھی پڑا ہے۔

## مستقبل کے امکانات:

ویلیو ایڈڈ مصنوعات کی پیداوار اور درآمدات کو بڑھانے کے لیے حکومت نے سبسڈی اور سستی بجلی کے ساتھ جامع پالیسی اختیار کی ہے۔ حکومت کی اس طرح کی پالیسیاں (Covid-19) کے درمیان ٹیکسٹائل کے شعبے کو رجسٹریشن مسائل سامنا کرنے والے امور سے نشتے میں معاون ثابت ہوئی۔ (Covid-19) جس کے نتیجے میں سپلائی چین میں تعطل پڑا۔ اور ایشیا کی عالمی قیمتوں نے تجارت پر برا اثر ڈالا۔ گورنمنٹ کی ایسی پالیسیاں ٹیکسٹائل کے مسائل کو حل کرنے میں مددگار ثابت ہوئیں۔ کمپنی کے ڈائریکٹرز کمپنی کے معاملات سے مکمل طور پر آگاہ ہیں۔ اور مستقبل کی کارکردگی کے بارے میں پر امید ہے۔ اور توقع کی جارہی ہے۔ کہ صنعت مختلف چیلنجوں کے باوجود اپنی رفتار برقرار رکھے گی۔ آپ کی کمپنی کی انتظامیہ موجودہ مارکیٹ کے شہر کو بڑھانے اور نئی مارکیٹوں کی تلاش کے لئے سخت جدوجہد کر رہی ہے۔ کمپنی کے ڈائریکٹرز کمپنی کے معاملات سے مکمل طور پر آگاہ ہیں۔ اور کمپنی کی مجموعی کارکردگی اور پیداواری صلاحیت بڑھانے اور لاگت کو کنٹرول کرنے کے لئے سخت کامیابیوں کو بروئے کار لارہے ہیں۔



بورڈ کی ساخت:

ڈائریکٹرز کی کل تعداد سات ہے

مرد: 06

خواتین: 01

بورڈ کی ساخت کی درج ذیل ہے۔

آزاد ڈائریکٹرز: 02

دیگر غیر ایگزیکٹو ڈائریکٹرز: 03

ایگزیکٹو ڈائریکٹرز: 02

بورڈ کی ترتیب:

بورڈ کی آڈٹ کمیٹی:

جناب ساجد حسین چیئرمین / ممبر

جناب محمد امان عادل ممبر

جناب ذیشان سعید ممبر

بورڈ کی انسانی وسائل اور معاوضہ کمیٹی:

مسز سائرہ افان چیئرمین / ممبر

جناب قیصر ناصر ممبر

جناب محمد اقبال ممبر

اعتراف

بورڈ آف ڈائریکٹرز مالیاتی اداروں، شیئرز ہولڈرز اور اپنے ملازمین کی گن اور محنت کی قدر کرتا ہے

بورڈ آف ڈائریکٹرز کی جانب سے

جناب ذیشان سعید

ڈائریکٹر

محمد اقبال

چیف ایگزیکٹو آفیسر

فیصل آباد

27 فروری 2021

**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 2020 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 2020 and 31 December 2019 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 2020.

**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 27, 2021**



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	NOTE	Un-audited 31 December 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
17 000 000 (30 June 2020: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000
<b>Issued, subscribed and paid up share capital</b>			
13 174 800 (30 June 2020: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
<b>Capital reserves</b>			
Equity portion of former shareholders' loans		13,335	13,335
Surplus on revaluation of property, plant and equipment - net of deferred income tax		128,805	135,029
<b>Accumulated loss</b>		(399,472)	(426,627)
<b>Total equity</b>		(125,584)	(146,515)
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	38,010	42,195
Deferred liabilities		69,993	68,576
		108,003	110,771
<b>CURRENT LIABILITIES</b>			
Trade and other payables		134,311	293,069
Short term borrowings		225,427	358,427
Accrued mark-up		484	-
Current portion of non-current liabilities		81,949	38,114
		442,171	689,610
<b>TOTAL LIABILITIES</b>		550,174	800,381
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	6	424,590	653,866
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	328,458	332,844
Long term deposits		8,101	7,501
		336,559	340,345
<b>CURRENT ASSETS</b>			
Stores, spares parts and loose tools		26,314	22,309
Trade debts		25,776	3,415
Loans and advances		10,796	30,825
Prepayments and other receivables		3,392	2,441
Cash and bank balances		21,753	254,531
		88,031	313,521
<b>TOTAL ASSETS</b>		424,590	653,866

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 2020**

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
REVENUE	439,325	311,573	216,794	192,607
COST OF SALES	(401,002)	(273,154)	(195,527)	(181,857)
GROSS PROFIT	38,323	38,419	21,267	10,750
DISTRIBUTION COST	(550)	-	(504)	-
ADMINISTRATIVE EXPENSES	(9,337)	(7,821)	(3,206)	(4,232)
OTHER EXPENSES	(1,851)	(940)	(1,851)	(940)
OTHER INCOME	3,234	-	2,915	-
FINANCE COST	(4,840)	(16,977)	(3,462)	(1,367)
PROFIT BEFORE TAXATION	24,979	12,681	15,159	4,211
TAXATION	(4,048)	(1,816)	(710)	(1,465)
PROFIT AFTER TAXATION	20,931	10,865	14,449	2,746
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	1.59	0.82	1.10	0.21

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 2020**

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	20,931	10,865	14,449	2,746
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>20,931</b>	<b>10,865</b>	<b>14,449</b>	<b>2,746</b>

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 2020

	CAPITAL RESERVES			Sub-Total	ACCUMULATED LOSS	TOTAL EQUITY
	SHARE CAPITAL	Equity portion of former shareholders' loan	Surplus on revaluation of property, plant and equipment - net of deferred income tax			
	----- (RUPEES IN THOUSAND) -----					
<b>Balance as at 30 June 2019 - Audited</b>	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
<b>Balance as at 31 December 2019 - Unaudited</b>	131,748	13,335	143,729	157,064	(441,780)	(152,968)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(6,903)	(6,903)	6,903	-
Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax	-	-	(1,797)	(1,797)	1,797	-
Profit for the period	-	-	-	-	7,032	7,032
Other comprehensive loss for the period	-	-	-	-	(679)	(679)
Total comprehensive income for the period	-	-	-	-	6,453	6,453
<b>Balance as at 30 June 2020 - Audited</b>	131,748	13,335	135,029	148,364	(426,627)	(146,515)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(6,224)	(6,224)	6,224	-
Profit for the period	-	-	-	-	20,931	20,931
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	20,931	20,931
<b>Balance as at 31 December 2020 - Unaudited</b>	131,748	13,335	128,805	142,140	(399,472)	(125,584)

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 2020**

	Half year ended	
	31 December 2020	31 December 2019
	(RUPEES IN THOUSAND)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	24,979	12,681
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	15,299	16,212
Provision for staff retirement gratuity	3,270	4,825
Amortization of deferred grant	(2,106)	-
Gain on remeasurement of deferred liability	(1,025)	-
Finance cost	4,840	16,977
	<u>45,257</u>	<u>50,695</u>
<b>Working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(4,005)	(25,805)
Trade debts	(22,361)	(50,513)
Loans and advances	16,428	(1,332)
Prepayments and other receivables	(951)	(1,402)
	<u>(10,889)</u>	<u>(79,052)</u>
(Decrease) / increase in trade and other payables	<u>(147,337)</u>	<u>113,640</u>
<b>Cash (used in) /generated from operations</b>	<u>(112,969)</u>	<u>85,283</u>
Finance cost paid	(198)	(27,310)
Staff retirement gratuity paid	(1,769)	(1,240)
Income tax paid	(2,989)	(3,120)
Long term deposit paid	(600)	-
<b>Net cash (used in) / generated from operating activities</b>	<u>(118,525)</u>	<u>53,613</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	<u>(10,913)</u>	<u>(5,604)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(10,913)</u>	<u>(5,604)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	<u>(28,128)</u>	<u>(15,579)</u>
Proceeds from long term financing	57,788	-
Repayment of short term borrowings	<u>(133,000)</u>	<u>(17,447)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(103,340)</u>	<u>(33,026)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(232,778)</u>	<u>14,983</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	254,531	1,275
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>21,753</u>	<u>16,258</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 2020**

**1. THE COMPANY AND ITS OPERATIONS**

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 Kilometers, Main Sheikhpura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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.

**2.2** These condensed interim financial statements do 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 2020. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

**3. ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2020.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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 annual financial statements of the Company for the year ended 30 June 2020.

**5. LONG TERM FINANCING**

	<b>Un-Audited 31 December 2020</b>	<b>Audited 30 June 2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
Opening balance	80,309	91,532
Add:		
Obtained during the period / year	57,788	22,195
Adjustment of interest free loan at fair value	<u>1,624</u>	<u>4,646</u>
	139,721	118,373
Less:		
Repaid during the period / year	<u>28,128</u>	<u>36,260</u>
Deferred income - Government grant (Note 5.1)	<u>2,397</u>	<u>1,804</u>
	109,196	80,309
	<u>71,186</u>	<u>38,114</u>
Less: Current portion shown under current liabilities	<u>38,010</u>	<u>42,195</u>



5.1 This represents net deferred income on initial recognition of loans obtained under State Bank of Pakistan (SBP) refinance scheme for payment of wages and salaries to workers.

**6. CONTINGENCIES AND COMMITMENTS**

**a) Contingencies**

i) The Company appealed before Lahore High Court, Lahore on 27 August 2019 against the income tax charged on electricity bills amounting to Rupees 3.340 million (30 June 2020: Rupees 2.145 million) which was dismissed on 06 July 2020. However the Company has filed an Intra Court Appeal before Lahore High Court, Lahore on 22 July 2020, which is pending for decision. No provision has been recognized 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 2020: Rupees 20 million) are given by the Bank of the Company to Sui Northern Gas Pipelines Limited against gas connections.

**b) Commitments**

There was no commitment as at 31 December 2020 (30 June 2020: Rupees Nil).

Un-Audited 31 December 2020	Audited 30 June 2020
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(RUPEES IN THOUSAND)

**7. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets (Note 7.1)	319,129	327,724
Capital work-in-progress	9,329	5,120
	<u>328,458</u>	<u>332,844</u>

**7.1 Operating fixed assets:**

Opening book value	327,724	352,827
Additions during the period / year (Note 7.1.1)	6,704	11,735
	<u>334,428</u>	<u>364,562</u>
Less: Book value of deletions during the period / year - plant and machinery	-	(4,382)
	<u>334,428</u>	<u>360,180</u>
Less: Depreciation charged during the period / year	(15,299)	(32,456)
	<u>319,129</u>	<u>327,724</u>

**7.1.1 Additions during the period / year**

Buildings on freehold land	1,416	3,065
Plant and machinery	1,104	3,304
Office equipment	164	103
Electric installations	1,924	2,357
Power generation house	-	957
Vehicles	2,096	1,949
	<u>6,704</u>	<u>11,735</u>

**8. 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 various parties. Detail of transactions and balances with related parties are as follows:



(Un-audited)			
Half year ended		Quarter ended	
31 December 2020	31 December 2019	31 December 2020	31 December 2019
(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	

**i) Transactions**

**Associate**

Finance cost	-	14,137	-	-
Purchase of goods and services	9,000	33,384	4,500	4,500
Transfer of staff retirement gratuity	-	12,903	-	-
Repayment of borrowings	133,000	17,447	103,000	16,414

**Other related parties**

Remuneration and meeting fee paid to Chief Executive Officer, directors and executives	5,146	2,713	2,706	1,682
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Un-Audited	Audited
31 December 2020	30 June 2020
(RUPEES IN THOUSAND)	

**ii) Period end balances**

**Associate**

Trade and other payables	9,000	-
Short term borrowings	225,427	358,427

**9. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 30 June 2020.

Un-audited
31 December 2020
(RUPEES IN THOUSAND)

**10. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**

**Loans / advances obtained as per Islamic mode**

Short term borrowings	225,427
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Advances from customers	197
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<b>Revenue earned from shariah compliant business</b>	439,325
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**Profits earned or interest paid on any conventional loan / advance**

Mark-up on long term financing	651
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Profit on deposit with bank	103
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There was no shariah compliant bank balance, no profit on deposit with shariah compliant banks, no gain or dividend on Shariah compliant investment, no exchange gain and no mark-up paid on Islamic mode of financing. Moreover comparative figures of this disclosure is not given because the Company's shares were not listed on Islamic Index on 31 December 2019 and on 30 June 2020.



**11. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved and authorized for issue on February 27, 2021 by the Board of Directors of the Company.

**12. 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.

**13. GENERAL**

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

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