



ISO 9002 APPROVED



**Khurshid
Spinning Mills Limited**

**HALF YEARLY
REPORT**

**DECEMBER 31, 2018
(UN-AUDITED)**





COMPANY INFORMATION

Board of Directors	<p>Mr. Muhammad Ashraf Mr. Muhammad Iqbal Mr. Zeeshan Saeed Mr. Muhammad Shahbaz Ali Mr. Faseeh Uzaman Khawaja Amer Khurshid Khawaja Asem Khurshid</p>	<p>Chairman Chief Executive Officer Director Director Director Director Director</p>
Audit Committee	<p>Mr. Zeeshan Saeed Khawaja Asem Khurshid Mr. Muhammad Shahbaz Ali</p>	<p>Chairman Member Member</p>
HR and Remuneration Committee	<p>Mr. Muhammad Shahbaz Ali Mr. Muhammad Iqbal Mr. Faseeh Uzaman</p>	<p>Chairman Member Member</p>
CFO/Company Secretary	<p>Mr. Ali Mudassar</p>	
Auditors	<p>Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad.</p>	
Bankers	<p>National Bank of Pakistan The Bank of Punjab Meezan Bank Limited Habib Metropolitan Bank Limited</p>	
Share Registrar	<p>Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.</p>	
Registered/Head Office	<p>133-134, Regency the Mall, Faisalabad.</p>	
Mills	<p>35 Kilometer, Sheikhpura Road, Faisalabad.</p>	



**DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Statements for the half year ended 31 December 2018. The Company has sustained loss after taxation of Rupees 0.404 million as compared to previous half year's loss after taxation of Rupees 3.474 million. There has been no production operation since October 2011 due to overdue debts and non-availability of working capital.

Future Prospects

Beacon Impex (Private) Limited (“**Acquirer**”) has signed a Share Purchase Agreement dated 15 October 2018 (hereinafter, the “**SPA**”) with Mr. Khawaja Amer Khurshid and Khawaja Asem Khurshid for the sale and purchase of 4,546,500 Ordinary Shares representing 34.5091% of the total issued share capital of the Khurshid Spinning Mills Limited. Beacon Impex (Private) Limited has made a Public Offer to Acquire up to 4,314,150 Ordinary Shares of Khurshid Spinning Mills Limited (The “**Target Company**”) constituting 32.7455% of the Issued Share Capital of the Target Company at an offer price of Rupees 2 per Ordinary Share pursuant to Part IX of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

Beacon Impex (Private) Limited is the existing lessee of plant and machinery and other facilities located at mills of KSML. After the completion of all formalities of the Securities Act, 2015 and the related Regulations, Beacon Impex (Private) Limited shall discontinue the existing lease arrangement and shall immediately commence the commercial spinning business operations of KSML. This means that Khurshid Spinning Mills Limited, the listed company shall resume the spinning business in its own name and in its own legal structure.

The auditors of KSML, on revival of commercial spinning business operations of KSML (expected before 30 June 2019) and based on complete financial and operational support of Beacon Impex (Private) Limited shall concur with going concern assumption of the management. Hence, the issue of modified / adverse opinion shall stand resolved.

The acquisition under reference and resumption of spinning business is in the interest of all stakeholders and will benefit the shareholders at large.

Acknowledgement

I would like to take this opportunity to express my appreciation to the employees of the company for their hard work, dedication and commitment. We would also like to express our gratitude to the valued shareholders and financial institutions for extending their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ZEESHAN SAEED
Director

MUHAMMAD IQBAL
Chief Executive Officer

Faisalabad
February 27, 2019

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

عرصہ ششماہی 31 دسمبر 2018

کمپنی کے ڈائریکٹرز 31 دسمبر 2018 کی ششماہی کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

کمپنی کا 31 دسمبر 2018 کے اختتام پر بعد از ٹیکس نقصان 0.404 ملین روپے ہے۔ جبکہ اس کے برعکس پچھلی ششماہی میں بعد از ٹیکس نقصان 3.474 ملین روپے تھا۔ آپ کی کمپنی نے 31 اکتوبر 2011 سے کوئی پیداوار نہیں کی، جس کی وجہ فنڈز کی قلت اور زائد قرضے ہیں۔

مستقبل کے امکانات۔

بیکن امپیکس پرائیوٹ لمیٹڈ (حصول کنندہ) نے 15 اکتوبر 2018 کو خواجہ عاصم خورشید اور خواجہ عامر خورشید کے ساتھ حصص کی خرید و فروخت کا سیل پر چیز اگر سیمنٹ سائن کر لیا ہے۔ جن کی عمومی تعداد 4,546,500 حصص بنتی ہے۔ جو کے ٹوٹل حصص کا % 34.5091 بنتا ہے۔ بیکن امپیکس پرائیوٹ لمیٹڈ (حصول کنندہ) کمپنی نے 02 روپے پر فی عمومی حصص کی قیمت پر کمپنی ایکٹ، 2015 کی شق کے پارٹ IX کے تحت، (Substantial

Acquisition of Voting Shares & Takeovers, Regulations, 2017) خورشید سپنگ ملز لمیٹڈ (ٹارگٹ کمپنی) کے 32.7455 فیصد حصص کی پیشکش کا عمومی اعلان کیا ہے۔

آپ کی کمپنی نے اپنے پیداواری اثاثہ جات کو جس میں پلانٹ اور مشینری اور دیگر سہولیات شامل ہیں۔ بیکن امپیکس پرائیوٹ لمیٹڈ کو ماہانہ کرایہ داری میں دیا ہے۔ سیکورٹی ایکٹ 2015 کے مروجہ قانون کے تمام قواعد و ضوابط ادا کرنے کے بعد بیکن امپیکس پرائیوٹ لمیٹڈ ماہانہ کرایہ داری بند کر دے گی۔ اور فوری طور پر خورشید سپنگ ملز لمیٹڈ اپنا تجارتی کاروبار، قانونی ڈھانچے میں شروع کر دے گی۔

امید ہے۔ خورشید سپنگ ملز لمیٹڈ اپنا تجارتی کاروبار 30 جون، 2019 سے پہلے شروع کر دے گی جو کہ بیکن امپیکس پرائیوٹ لمیٹڈ کی مکمل اور مالی امداد سے ممکن ہے۔ جس سے کمپنی کے مستقبل پر آڈیٹرز کے تحفظات ختم ہو جائیں گے۔ لہذا منفی رائے کا مسئلہ حل ہو جائے گا۔

کاروبار کی بحالی میں سب متعلقین اور حصہ داران کا فائدہ ہے۔

اعتراف

بورڈ آف ڈائریکٹرز، مالیاتی اداروں، شیئر ہولڈرز اور اپنے ملازمین کی لگن اور محنت کی قدر کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

ذیشان سعید

ڈائریکٹر

فیصل آباد

محمد اقبال

چیف ایگزیکٹو آفیسر

27 فروری 2019



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 ("the Company") as at 31 December 2018 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 the accounts for the six-month period 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 2018 and 31 December 2017 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 six-month period ended 31 December 2018.

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.

Basis for Adverse Conclusion

As explained in Note 1.2 to the condensed interim financial statements, the Company has prepared these condensed interim financial statements on going concern assumption. However, as at 31 December 2018, the Company has suffered accumulated loss of Rupees 451.486 million which has turned equity into negative balance of Rupees 145.657 million. Moreover, its current liabilities exceed its current assets by Rupees 354.606 million. The Company has suspended its operations since October 2011 due to overdue debts and non-availability of working capital.

The management of the Company did not provide us its assessment of going concern assumption used in preparation of these condensed interim financial statements and the future financial projections indicating the economic viability of the Company. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim financial statements (and notes thereto) does not disclose this fact. These condensed interim financial statements have been prepared on the going concern basis.



Adverse Conclusion

Our review indicates that, because of the effects of matter discussed in the preceding paragraph, these condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.
Faisalabad
Date: February 27, 2019.



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- (RUPEES IN THOUSAND) -----			
		Restated		Restated
INCOME	18,000	16,500	9,000	9,000
ADMINISTRATIVE EXPENSES	(967)	(898)	(701)	(385)
OTHER EXPENSES	(13,043)	(14,493)	(6,521)	(7,247)
FINANCE COST	(4,490)	(5,274)	(2,201)	(2,582)
LOSS BEFORE TAXATION	(500)	(4,165)	(423)	(1,214)
TAXATION	96	691	(22)	271
LOSS AFTER TAXATION	<u>(404)</u>	<u>(3,474)</u>	<u>(445)</u>	<u>(943)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.03)</u>	<u>(0.26)</u>	<u>(0.03)</u>	<u>(0.07)</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 COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- (RUPEES IN THOUSAND) -----			
	Restated		Restated	
LOSS AFTER TAXATION	(404)	(3,474)	(445)	(943)
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	(2,394)	-	(2,394)	-
	6,474		6,474	
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>6,070</u>	<u>(3,474)</u>	<u>6,029</u>	<u>(943)</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 2018

	RESERVES					TOTAL	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL RESERVES		SUB-TOTAL	ACCUMULATED LOSS		
		EQUITY PORTION OF SHAREHOLDERS' LOAN	SURPLUS ON REVALUATION OF PLANT, EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX				
Balance as at 30 June 2017 - Audited	131,748	13,335	164,389	177,724	(463,406)	(285,682)	(153,934)
Impact of restatement (Note - 4)	-	-	-	-	(609)	(609)	(609)
Balance as at 30 June 2017 - restated	131,748	13,335	164,389	177,724	(464,015)	(286,291)	(154,543)
Transfer from surplus on revaluation of plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(5,462)	(5,462)	5,462	-	-
Adjustment of deferred income tax liability due to reassessment at period end	-	-	1,072	1,072	-	1,072	1,072
Loss for the half year ended 31 December 2017	-	-	-	-	(3,474)	(3,474)	(3,474)
Other comprehensive loss for the half year ended 31 December 2017	-	-	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2017	-	-	-	-	(3,474)	(3,474)	(3,474)
Balance as at 31 December 2017 - Un-audited (restated)	131,748	13,335	159,999	173,334	(462,027)	(288,693)	(158,017)
Transfer from surplus on revaluation of plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(5,619)	(5,619)	5,619	-	-
Adjustment of deferred income tax liability due to reassessment at year end	-	-	1,072	1,072	-	1,072	1,072
Profit for the half year ended 30 June 2018	-	-	-	-	199	199	199
Other comprehensive income for the half year ended 30 June 2018	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2018	-	-	-	-	199	199	199
Balance as at 30 June 2018 - Audited (restated)	131,748	13,335	155,452	168,787	(456,209)	(287,422)	(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	-	-
Adjustment of deferred income tax liability due to reassessment at period end	-	-	3,947	3,947	-	3,947	3,947
Loss for the half year ended 31 December 2018	-	-	-	-	(404)	(404)	(404)
Other comprehensive income for the half year ended 31 December 2018	-	-	6,474	6,474	-	6,474	6,474
Total comprehensive income for the half year ended 31 December 2018	-	-	6,474	6,474	(404)	6,070	6,070
Balance as at 31 December 2018 - Un-audited	131,748	13,335	160,746	174,081	(451,486)	(277,405)	(145,657)

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 2018**

	Half year ended	
	31 December 2018	31 December 2017
	(RUPEES IN THOUSAND)	
	Restated	
CASH GENERATED FROM OPERATING ACTIVITIES		
Loss before taxation	(500)	(4,165)
Adjustments for non-cash charges and other items:		
Depreciation	13,107	14,568
Provision for staff retirement gratuity	18	18
Finance cost	4,490	5,274
Working capital changes		
Increase in loans and advances	(11)	(31)
(Increase) / decrease in trade and other payables	(3,473)	3,886
Cash generated from operations	<u>13,631</u>	<u>19,550</u>
Finance cost paid	(284)	(1,320)
Income tax paid	-	(500)
Net cash generated from operating activities	<u>13,347</u>	<u>17,730</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	<u>(13,416)</u>	<u>(17,650)</u>
Net cash used in financing activities	<u>(13,416)</u>	<u>(17,650)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(69)	80
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	216	79
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>147</u>	<u>159</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 2018**

1. THE COMPANY AND ITS OPERATIONS

1.1 Khurshid Spinning Mills Limited ("the Company") 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 principal objectives of the Company are to manufacture and deal in all types of yarn.

1.2 Going concern assumption

The Company has suffered accumulated loss of Rupees 451.486 million (30 June 2018: Rupees 456.209 / million) which has turned equity into negative balance of Rupees 145.657 million (30 June 2018: Rupees (155.674 million). Its current liabilities exceed its current assets by Rupees 354.606 million (30 June 2018: Rupees 351.507 million) as at the reporting date. Moreover, the Company's operations are suspended since October 2011 due to overdue debts and non-availability of working capital which raise doubts about the Company being a going concern. Therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has leased out the operating fixed assets along with the investment properties of the Company as mentioned in Note 6.1.1. Now operations are being carried out by the lessee and proper arrangements are made by the lessee to keep the assets in good condition. The lessee has also given loan to the Company to manage its affairs in the best interest of the Company. The management believes that in view of the favourable conditions and settlement / rescheduling of liabilities with the bank, the Company would be able to continue as a going concern. Consequently, these condensed interim financial statements have been prepared on going concern basis and does not include any adjustments that may be necessary, should the Company be unable to continue as a going concern.

1.3 Subsequent to the reporting date, Beacon Impex (Private) Limited (BIL) made a public announcement of offer to acquire upto 32.7455 % ordinary shares of the Company on 29 January 2019 at an offer price of Rupees 2 per ordinary share. Moreover BIL has entered into a share purchase agreement with Khawaja Amer Khurshid and Khawaja Asem Khurshid (directors and shareholders) of the Company for sale and purchase of 34.5091% ordinary shares of the Company at the rate of Rupees 2 per ordinary share. The acceptance period of the public offer is from 19 March 2019 to 25 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June 2018 except for the change in accounting policy as stated in Note 2.2 to these condensed interim financial statements.

2.1 Basis of preparation

2.1.1 Statement of compliance

- a) 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.



- b) These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.
- c) 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, 2017 and section 237 of the Companies Act, 2017. The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed by the statutory auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 31 December 2017.

2.1.2 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 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2018.

2.2 CHANGES IN ACCOUNTING POLICY DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)-9

Following changes in accounting policy has taken place effective from 01 July 2018:

2.2.1 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.



Key changes in accounting policy resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

From 01 July 2018, in compliance with the requirements of this IFRS in these condensed interim financial statements, the category for financial assets i.e. 'loans and receivables' has been changed to 'at amortized cost'.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments. The Company measures its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in income / (other expenses).

ii) Impairment

From 01 July 2018, the Company assesses on a 12 months basis the expected credit losses associated with its financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Un-Audited	Audited
31 December 2018	30 June 2018
(RUPEES IN THOUSAND)	

3. LONG TERM FINANCING

Secured

The Bank of Punjab:

Demand finance - I	-	13,416
Demand finance - II	97,732	94,949
	<u>97,732</u>	<u>108,365</u>
Less: Current portion shown under current liabilities	27,195	22,481
	<u>70,537</u>	<u>85,884</u>

4. STAFF RETIREMENT GRATUITY

During the financial year ended 30 June 2012, the Company had suspended the unfunded gratuity scheme for its employees due to the discontinuance of the Company's operations. Now the Company has restarted to operate unfunded gratuity scheme for its existing employees, calculated from the date of their joining with the Company. This recommencement of accounting policy has been made retrospectively in these condensed interim financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Due to this change, the figures of staff retirement gratuity and loss after taxation for the period ended 31 December 2017 and 30 June 2018 have been increased with Rupees 0.018 million and Rupees 0.010 million respectively. Moreover, the accumulated loss and staff retirement gratuity for the year ended 30 June 2017 have been increased by Rupees 0.609 million each.



5. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 December 2018 (30 June 2018: Rupees Nil).

Un-Audited 31 December 2018	Audited 30 June 2018
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(RUPEES IN THOUSAND)

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 6.1)	257,573	261,812
Capital work-in-progress	1,768	1,768
	<u>259,341</u>	<u>263,580</u>

6.1 Operating fixed assets

Opening book value	261,812	290,947
Add: Effect of surplus on revaluation as at 31 December 2018	8,868	-
	<u>270,680</u>	<u>290,947</u>
Less: Depreciation charged during the period / year	(13,107)	(29,135)
	<u>257,573</u>	<u>261,812</u>

6.1.1 Plant and machinery and other facilities located at mills along with investment properties have been given on lease to Messrs Beacon Impex (Private) Limited at monthly rental of Rupees 3.000 million (30 June 2018: Rupees 3.000 million).

7. RELATED PARTIES BALANCES

The related parties comprise of directors. No transaction with any related party occurred during the period. The period end balances with related parties are given below:

Long term loans	41,306	39,883
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8. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on February 27, 2019.

9. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', 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.

10. 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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