



**Khurshid
Spinning Mills Limited**

**3RD QUARTERLY
REPORT**

**MARCH 31, 2017
(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 NINE MONTHS ENDED 31 MARCH 2017**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the nine months ended on 31 March 2017.

The company has sustained loss after taxation of Rupees 11.842 million during the nine months ended on 31 March 2017 as compared to previous nine months loss after taxation of Rupees 13.730 million.

Future Prospects

Your company has leased out its production facilities to Messrs Beacon Impex (Pvt.) Limited at monthly lease rent of Rupees 2.500 million. Now, operations are being carried out by the lessee and proper arrangements have been made by the lessee to keep the assets in good running condition. In the meanwhile, we remain focused on cost controls and every possible effort is being made to curtail and keep our internal expenses to a minimum level to achieve maximum profit out of lease rentals.

Acknowledgement

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Faisalabad
April 29, 2017**

**MUHAMMAD IQBAL
Chief Executive Officer**



CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2017

	NOTE	UN-AUDITED 31 March 2017	AUDITED 30 June 2016	NOTE	UN-AUDITED 31 March 2017	AUDITED 30 June 2016
(RUPEES IN THOUSAND)						
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital		170,000	170,000			
17 000 000 (30 June 2016: 17 000 000) ordinary shares of Rupees 10 each						
Issued, subscribed and paid up share capital		131,748	131,748			
Reserves		(464,993)	(462,125)			
Total equity		(333,245)	(330,377)			
Surplus on revaluation of property, plant and equipment and investment properties- net of deferred income tax		165,251	174,225			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	5	108,545	130,175			
Long term loans		36,611	34,752			
Deferred income tax liability		67,342	71,374			
		212,498	236,301			
CURRENT LIABILITIES						
Trade and other payables		119,398	111,189			
Short term borrowings		208,559	208,559			
Current portion of long term financing		35,318	33,276			
Provision for taxation		6,469	4,219			
		369,744	357,243			
TOTAL LIABILITIES		582,242	593,544			
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES	6	414,248	437,392			
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	7	300,811	325,099			
Investment properties		102,179	102,179			
Long term deposits		5,733	5,733			
		408,723	433,011			
CURRENT ASSETS						
Loans and advances		3,658	2,418			
Sales tax refundable		1,801	1,801			
Cash and bank balances		66	162			
		5,525	4,381			
TOTAL ASSETS		414,248	437,392			

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017**

	Nine months ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	----- (RUPEES IN THOUSAND) -----			
OTHER INCOME	22,500	19,005	7,500	6,000
ADMINISTRATIVE EXPENSES	(1,241)	(1,461)	(438)	(210)
OTHER EXPENSES	(24,154)	(26,298)	(8,051)	(8,766)
FINANCE COST	(10,729)	(9,449)	(2,970)	(2,938)
LOSS BEFORE TAXATION	<u>(13,624)</u>	<u>(18,203)</u>	<u>(3,959)</u>	<u>(5,914)</u>
TAXATION	1,782	4,473	594	1,491
LOSS AFTER TAXATION	<u>(11,842)</u>	<u>(13,730)</u>	<u>(3,365)</u>	<u>(4,423)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.90)</u>	<u>(1.04)</u>	<u>(0.26)</u>	<u>(0.34)</u>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017

	Nine months ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	----- (RUPEES IN THOUSAND) -----			
LOSS AFTER TAXATION	(11,842)	(13,730)	(3,365)	(4,423)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(11,842)</u>	<u>(13,730)</u>	<u>(3,365)</u>	<u>(4,423)</u>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017**

	Nine Months ended	
	31 March 2017	31 March 2016
	(RUPEES IN THOUSAND)	
CASH GENERATED FROM OPERATING ACTIVITIES		
Loss before taxation	(13,624)	(18,203)
Adjustments for non-cash charges and other items:		
Depreciation	24,288	26,456
Finance cost	10,729	9,449
Gain on remeasurement of fair value of investment properties	-	(1,000)
Working capital changes		
Loans and advances	10	(1,608)
Sales tax refundable	-	(52)
Increase in trade and other payables	8,209	13,379
Cash generated from operations	<u>29,612</u>	<u>28,421</u>
Finance cost paid	(3,433)	(5,498)
Income tax paid	(1,250)	-
Net cash generated from operating activities	<u>24,929</u>	<u>22,923</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	-	(29)
Net cash used in investing activities	-	(29)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(25,025)	(22,961)
Net cash used in financing activities	<u>(25,025)</u>	<u>(22,961)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(96)	(67)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	162	115
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>66</u>	<u>48</u>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR NINE MONTHS ENDED 31 MARCH 2017**

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL EQUITY PORTION OF SHAREHOLDERS' LOAN	REVENUE ACCUMULATES LOSS	TOTAL	
----- (RUPEES IN THOUSAND) -----					
Balance as at 30 June 2015 - Audited	131,748	13,335	(467,699)	(454,364)	(322,616)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	9,506	9,506	9,506
Loss for the nine months ended 31 March 2016	-	-	(13,730)	(13,730)	(13,730)
Other comprehensive loss for the Nine months ended 31 March 2016	-	-	-	-	-
Total comprehensive loss for the Nine months ended 31 March 2016	-	-	(13,730)	(13,730)	(13,730)
Balance as at 31 March 2016 - Un-audited	131,748	13,335	(471,923)	(458,588)	(326,840)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	3,354	3,354	3,354
Loss for the quarter ended 30 June 2016	-	-	(6,891)	(6,891)	(6,891)
Other comprehensive loss for the quarter ended 30 June 2016	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 June 2016	-	-	(6,891)	(6,891)	(6,891)
Balance as at 30 June 2016 - Audited	131,748	13,335	(475,460)	(462,125)	(330,377)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	8,974	8,974	8,974
Loss for the Nine month ended 31 March 2017	-	-	(11,842)	(11,842)	(11,842)
Other comprehensive loss for the Nine months ended 31 March 2017	-	-	-	-	-
Total comprehensive loss for the Nine month ended 31 March 2017	-	-	(11,842)	(11,842)	(11,842)
Balance as at 31 March 2017 - Un-audited	131,748	13,335	(478,328)	(464,993)	(333,245)

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017**

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 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.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the nine months ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information 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 this condensed interim financial information, 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 2016.

Un-Audited	Audited
31 March	30 June
2017	2016

(RUPEES IN THOUSAND)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	57,865	82,890
Demand finance - II	85,998	80,561
Total	<u>143,863</u>	<u>163,451</u>
Less: Current portion shown under current liabilities	35,318	33,276
	<u>108,545</u>	<u>130,175</u>



6. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 March 2017 (30 June 2016: Rupees Nil).

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	299,043	323,331
Capital work-in-progress	1,768	1,768
	<u>300,811</u>	<u>325,099</u>

7.1 Operating fixed assets:

Opening book value	323,331	352,092
Add:		
Effect of surplus on revaluation	-	5,662
Cost of additions during the period / year (Note 7.1.1)	-	860
	-	6,522
Less: Depreciation charged during the period / year	(24,288)	(35,283)
	<u>299,043</u>	<u>323,331</u>

7.1.1 Cost of additions during the period / year

Electric installations	-	831
Office equipment	-	29
	<u>-</u>	<u>860</u>

7.1.2 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 2.500 million (30 June 2016: Rupees 2.000 million).

8. 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:

Un-Audited	Audited
31 March 2017	30 June 2016
(RUPEES IN THOUSAND)	

Long term loans	36,611	34,752
-----------------	--------	--------

9. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

10. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 29 April 2017 by the Board of Directors of the Company.

**11. CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet 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 profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement 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.

12. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**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