

**Khurshid
Spinning Mills Limited**

**3RD QUARTER
REPORT**

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



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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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>Universal House, West Canal Road, Farooqabad, Faisalabad.</p>	
Mills	<p>35 Kilometer, Sheikhupura Road, Faisalabad.</p>	



**DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the nine months ended on 31 March 2018.

The company has sustained loss after taxation of Rupees 4.277 million during the nine months ended on 31 March 2018 as compared to previous nine months loss after taxation of Rupees 11.842 million.

Future Prospects

Your company has leased out its production facilities to Messrs Beacon Impex (Pvt.) Limited at monthly lease rent of Rupees 3.000 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

MUHAMMAD IQBAL
Chief Executive Officer

Faisalabad
April 27, 2018



حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

عرصہ نومبر 31 مارچ 2018

کمپنی کے ڈائریکٹرز 31 مارچ 2018 عرصہ نومبر کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

کمپنی کا 31 مارچ 2018 کے اختتام پر بعد از ٹیکس نقصان 4.277 ملین روپے ہے۔ جبکہ اس کے برعکس کچھلی نومبر میں بعد از ٹیکس نقصان 11.842 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۔

آپ کی کمپنی نے اپنے پیداواری اثاثہ جات کو ٹیکس اینبیکس پرائیویٹ لمیٹڈ کو ماہانہ کرایہ داری مبلغ 3.000 ملین روپے میں دیا ہے۔ جو کہ آپ کی کمپنی کے تمام اثاثہ جات کی بہت اچھی طرح دیکھ بھال اور مرمت کے لیے آنے والے تمام اخراجات خود ادا کر رہی ہے۔ کمپنی کے ڈائریکٹرز اپنی تمام تر توانائیاں بروئے کار لا رہے ہیں۔ تاکہ کمپنی کے اخراجات کو کم سے کم رکھیں اور ماہانہ کرایہ داری سے زیادہ سے زیادہ منافع ہو۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی طرف سے

محمد اقبال

فیصل آباد

چیف ایگزیکٹو آفیسر

27 اپریل 2018



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTE	UN-AUDITED 31 March 2018	AUDITED 30 June 2017	NOTE	UN-AUDITED 31 March 2018	AUDITED 30 June 2017
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
17 000 000 (30 June 2017: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000			
Issued, subscribed and paid up share capital		131,748	131,748			
Reserves		(446,155)	(450,071)			
Total equity		(314,407)	(318,323)			
Surplus on revaluation of property, plant and equipment and investment properties-net of deferred income tax		156,194	164,389			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	5	93,587	103,001			
Long term loans		39,220	37,229			
Deferred income tax liability		60,359	63,870			
CURRENT LIABILITIES		193,166	204,100			
Trade and other payables		117,154	111,577			
Short term borrowings		208,559	208,559			
Current portion of long term financing		22,600	35,840			
Provision for taxation		9,769	7,219			
TOTAL LIABILITIES		358,082	363,195			
TOTAL LIABILITIES AND COMMITMENTS		551,248	567,295			
TOTAL EQUITY AND LIABILITIES	6	393,035	413,361			

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

	NOTE	UN-AUDITED 31 March 2018	AUDITED 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	270,863	292,715
Investment properties		107,623	107,623
Long term deposits		5,733	5,733
		384,219	406,071
CURRENT ASSETS			
Loans and advances		6,785	5,410
Sales tax refundable		1,801	1,801
Cash and bank balances		230	79
		8,816	7,290
TOTAL ASSETS		393,035	413,361



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

	Nine months ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (RUPEES IN THOUSAND) -----			
OTHER INCOME	25,500	22,500	9,000	7,500
ADMINISTRATIVE EXPENSES	(1,211)	(1,241)	(331)	(438)
OTHER EXPENSES	(21,739)	(24,154)	(7,246)	(8,051)
FINANCE COST	(7,788)	(10,729)	(2,514)	(2,970)
LOSS BEFORE TAXATION	(5,238)	(13,624)	(1,091)	(3,959)
TAXATION	961	1,782	270	594
LOSS AFTER TAXATION	<u>(4,277)</u>	<u>(11,842)</u>	<u>(821)</u>	<u>(3,365)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.32)</u>	<u>(0.90)</u>	<u>(0.06)</u>	<u>(0.26)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

	Nine months ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (RUPEES IN THOUSAND) -----			
LOSS AFTER TAXATION	(4,277)	(11,842)	(821)	(3,365)
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>(4,277)</u>	<u>(11,842)</u>	<u>(821)</u>	<u>(3,365)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL	REVENUE	TOTAL	
		EQUITY PORTION OF SHAREHOLDERS' LOAN	ACCUMULATED LOSS		
(RUPEES IN THOUSAND)					
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 months 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 months 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)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	3,164	3,164	3,164
Loss for the quarter ended 30 June 2017	-	-	11,758	11,758	11,758
Other comprehensive loss for the quarter ended 30 June 2017	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 June 2017	-	-	11,758	11,758	11,758
Balance as at 30 June 2017 - Audited	131,748	13,335	(463,406)	(450,071)	(318,323)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	8,193	8,193	8,193
Loss for the nine months ended 31 March 2018	-	-	(4,277)	(4,277)	(4,277)
Other comprehensive loss for the nine months ended 31 March 2018	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2018	-	-	(4,277)	(4,277)	(4,277)
Balance as at 31 March 2018 - Un-audited	131,748	13,335	(459,490)	(446,155)	(314,407)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

	Nine months ended	
	31 March 2018	31 March 2017
(RUPEES IN THOUSAND)		
CASH GENERATED FROM OPERATING ACTIVITIES		
Loss before taxation	(5,238)	(13,624)
Adjustments for non-cash charges and other items:		
Depreciation	21,852	24,288
Finance cost	7,788	10,729
Working capital changes		
(Increase) / Decrease in Loans and advances	(23)	10
Increase in trade and other payables	5,577	8,209
Cash generated from operations	<u>29,956</u>	<u>29,612</u>
Finance cost paid	(1,829)	(3,433)
Income tax paid	(1,352)	(1,250)
Net cash generated from operating activities	<u>26,775</u>	<u>24,929</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	<u>(26,624)</u>	<u>(25,025)</u>
Net cash used in financing activities	<u>(26,624)</u>	<u>(25,025)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	151	(96)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	79	162
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>230</u>	<u>66</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

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 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Universal House, West Canal Road, Farooqabad, Faisalabad. The principal objectives of the Company are to manufacture and deal in all types of yarn.

As per the notice no. PSX/N-7787 dated 20 December 2017 issued by Pakistan Stock Exchange Limited ("PSX"), the Company is placed in the Defaulters' Segment due to issuance of show cause notice of winding up by the Securities and Exchange Commission of Pakistan (SECP). The management has taken up this matter with SECP and has requested to withdraw said notice of winding up and matter is under consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June 2017.

3. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to shareholders as required by section 237 of the Companies Act, 2017. This condensed interim financial information of the Company for the nine months ended 31 March 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2017.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended 30 June 2017.

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 2017.

Un-Audited 31 March 2018	Audited 30 June 2017
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(RUPEES IN THOUSAND)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	22,600	49,224
Demand finance - II	93,587	89,617
Total	116,187	138,841
Less: Current portion shown under current liabilities	22,600	35,840
	<u>93,587</u>	<u>103,001</u>



6. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 March 2018 (30 June 2017: Rupees Nil).

Un-Audited	Audited
31 March 2018	30 June 2017
(RUPEES IN THOUSAND)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	269,095	290,947
Capital work-in-progress	1,768	1,768
	<u>270,863</u>	<u>292,715</u>

7.1 Operating fixed assets:

Opening book value	290,947	323,331
Less: Depreciation charged during the period / year	(21,852)	(32,384)
	<u>269,095</u>	<u>290,947</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 rent. The monthly rent has been increased from Rupees 2.500 million to 3.000 million since October 2017. (30 June 2017: Rupees 2.500 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:

Long term loans	39,220	37,229
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9. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 27 April 2018 by the Board of Directors of the Company.

10. 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 profit and loss account, 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.

Name of Balance Sheet has been changed to "Statement of Financial Position" to comply with the requirements of Fourth Schedule of Companies Act, 2017.

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

11. GENERAL

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

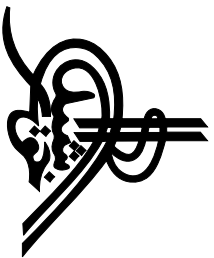
CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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