



ISO 9002 APPROVED



Khurshid Spinning Mills Limited

1ST QUARTERLY REPORT

SEPTEMBER 30, 2017
(UN-AUDITED)



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COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf Mr. Muhammad Iqbal Mr. Zeeshan Saeed Mr. Muhammad Shahbaz Ali Mr. Faseeh Uzaman Khawaja Amer Khurshid Khawaja Asem Khurshid	Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Zeeshan Saeed Khawaja Asem Khurshid Mr. Muhammad Shahbaz Ali	Chairman Member Member
HR and Remuneration Committee	Mr. Muhammad Shahbaz Ali Mr. Muhammad Iqbal Mr. Faseeh Uzaman	Chairman Member Member
CFO/Company Secretary	Mr. Ali Mudassar	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Bankers	National Bank of Pakistan The Bank of Punjab Meezan Bank Limited 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 SHAREHOLDERS
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the 1st quarter ended on September 30, 2017.

The company has sustained loss after taxation of Rupees 2.522 million as compared to the 1st quarter's loss after taxation of Rupees 3.432 million of preceding year. There has been no production operation since October 2011 due to overdue debts and non-availability of working capital.

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, the 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. 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 reduce the losses of the Company.

Acknowledgement

We would like to take this opportunity to express my 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 financial institutions for extending their co-operation.

For and on behalf of the Board of Directors

MUHAMMAD IQBAL
Chief Executive Officer

Faisalabad
October 31, 2017

حصص یافتگان کے لئے ڈائریکٹرز کا جائزہ

عرصہ سہ ماہی 30 ستمبر 2017ء

کمپنی کے ڈائریکٹرز 30 ستمبر 2017ء کی سہ ماہی کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

پہلی سہ ماہی کے اختتام پر بعد از ٹیکس نقصان 2.522 ملین روپے تھا۔ جبکہ اسکے برعکس پچھلی سہ ماہی میں بعد از ٹیکس نقصان 3.432 ملین روپے تھا۔ آپ کی کمپنی نے اکتوبر 2011ء سے کوئی پیداوار نہیں کی ہے۔ جسکی وجہ فنڈز کی قلت اور زائد قرضے ہیں۔

مستقبل کے امکانات

آپ کی کمپنی نے اپنے پیداواری اثاثہ جات کو ٹیکس اپیلیکس پرائیویٹ لمیٹڈ کا ماہانہ کرایہ داری مبلغ 2.5 ملین روپے میں دیا ہے۔ جو کہ آپ کی کمپنی کے تمام اثاثہ جات کی بہت اچھی طرح دیکھ بھال اور مرمت کیلئے آنے والے تمام اخراجات خود ادا کر رہی ہے۔ کمپنی کے ڈائریکٹرز اپنی تمام توانائیاں بروکار لا رہے ہیں تاکہ کمپنی کے اخراجات کو کم سے کم رکھیں تاکہ نقصان کم سے کم ہو۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی طرف سے


 محمد اقبال

فیصل آباد

131 اکتوبر 2017ء

چیف ایگزیکٹو آفیسر



CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2017

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017 (Rupees in thousand)
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			
13 174 800 (30 June 2017: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
Reserves		(449,862)	(450,071)
Total equity		(318,114)	(318,323)
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax		161,658	164,389
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	95,019	103,001
Long term loans	6	37,893	37,229
Deferred income tax liability		62,700	63,870
		195,612	204,100
CURRENT LIABILITIES			
Trade and other payables		114,082	111,577
Short term borrowings		208,559	208,559
Current portion of non-current liabilities		36,366	35,840
Provision for taxation		7,969	7,219
		366,976	363,195
TOTAL LIABILITIES		562,588	567,295
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	406,132	413,361
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	285,431	292,715
Investment properties		107,623	107,623
Long term deposits		5,733	5,733
		398,787	406,071
CURRENT ASSETS			
Loans and advances		5,453	5,410
Sales tax refundable		1,801	1,801
Cash and bank balances		91	79
		7,345	7,290
TOTAL ASSETS		406,132	413,361

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
OTHER INCOME	7,500	7,500
ADMINISTRATIVE EXPENSES	(504)	(366)
OTHER EXPENSES	(7,246)	(8,051)
FINANCE COST	(2,692)	(3,109)
LOSS BEFORE TAXATION	<u>(2,942)</u>	<u>(4,026)</u>
TAXATION	420	594
LOSS AFTER TAXATION	<u>(2,522)</u>	<u>(3,432)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.19)</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 1ST QUARTER ENDED 30 SEPTEMBER 2017**

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
LOSS AFTER TAXATION	(2,522)	(3,432)
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 year	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(2,522)</u>	<u>(3,432)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,942)	(4,026)
Adjustments for non-cash charges and other items:		
Depreciation	7,284	8,096
Finance cost	2,692	3,109
Working capital changes		
Increase in loans and advances	(43)	(396)
Increase in trade and other payables	2,505	2,673
Cash generated from operations	9,496	9,456
Finance cost paid	(723)	(1,375)
Net cash generated from operating activities	8,773	8,081
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(8,761)	(8,111)
NET CASH USED IN FINANCING ACTIVITIES	(8,761)	(8,111)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	12	(30)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	79	162
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	91	132

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 1ST QUARTER ENDED 30 SEPTEMBER 2017

	RESERVES				TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL EQUITY PORTION OF SHAREHOLDERS' LOAN	REVENUE	ACCUMULATED LOSS		TOTAL
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	-	-	2,995	2,995	2,995	
Loss for the 1st quarter ended 30 September 2016	-	-	(3,432)	(3,432)	(3,432)	
Other comprehensive loss for the 1st quarter ended 30 September 2016	-	-	(3,432)	(3,432)	(3,432)	
Balance as at 30 September 2016 - Un-audited	131,748	13,335	(475,897)	(462,562)	(330,814)	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	9,143	9,143	9,143	
Profit for the period from 01 October 2016 to 30 June 2017	-	-	3,348	3,348	3,348	
Other comprehensive loss for the period from 01 October 2016 to 30 June 2017	-	-	-	-	-	
Total comprehensive loss for the period from 01 October 2016 to 30 June 2017	-	-	3,348	3,348	3,348	
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	-	-	2,731	2,731	2,731	
Loss for the 1st quarter ended 30 September 2017	-	-	(2,522)	(2,522)	(2,522)	
Other comprehensive loss for the 1st quarter ended 30 September 2017	-	-	(2,522)	(2,522)	(2,522)	
Balance as at 30 September 2017 - Un-audited	131,748	13,335	(463,197)	(449,862)	(318,114)	

Balance as at 30 June 2016 - Audited

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Loss for the 1st quarter ended 30 September 2016

Other comprehensive loss for the 1st quarter ended 30 September 2016

Total comprehensive loss for the 1st quarter ended 30 September 2016

Balance as at 30 September 2016 - Un-audited

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Profit for the period from 01 October 2016 to 30 June 2017

Other comprehensive loss for the period from 01 October 2016 to 30 June 2017

Total comprehensive loss for the period from 01 October 2016 to 30 June 2017

Balance as at 30 June 2017 - Audited

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Loss for the 1st quarter ended 30 September 2017

Other comprehensive loss for the 1st quarter ended 30 September 2017

Total comprehensive loss for the 1st quarter ended 30 September 2017

Balance as at 30 September 2017 - Un-audited

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 1ST QUARTER ENDED 30 SEPTEMBER 2017**

1. THE COMPANY AND ITS OPERATIONS

Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The Company manufactures and deals in all types of yarn. Its registered office is situated at 133-134, Regency the Mall, Faisalabad.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited 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 1st quarter ended 30 September 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 as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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.

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 2017.

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 2017.

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