



ISO 9002 APPROVED



Khurshid Spinning Mills Limited

3rd Quarter REPORT

**MARCH 31, 2019
(UN-AUDITED)**



COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Muhammad Shahbaz Ali	Director
	Mr. Faseeh Uzaman	Director
	Mr. Muhammad Amman Adil	Director
	(Nominee Beacon Impex (Pvt.) Ltd.)	
	Mr. Kaiser Nasir	Director
	(Nominee Beacon Impex (Pvt.) Ltd.)	
Audit Committee	Mr. Zeeshan Saeed	Chairman
	Muhammad Amman Adil	Member
	Mr. Muhammad Shahbaz Ali	Member
HR and Remuneration Committee	Mr. Muhammad Shahbaz Ali	Chairman
	Mr. Muhammad Iqbal	Member
	Mr. Faseeh Uzaman	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 NINE MONTHS ENDED 31MARCH 2019**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Statements for the nine months ended 31March 2019. The Company has sustained loss after taxation of Rupees 0.752 million as compared to previous nine months loss after taxation of Rupees 4.295 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 (BIL) has acquired 34.5091% ordinary shares from Khawaja Amer Khurshid and Khawaja Asem Khurshidex-directors of the Company through a Share Purchase Agreement dated 15 October 2018 in accordance with the requirements 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. All formalities of the Securities Act, 2015 and the related Regulations has been completed, Beacon Impex (Private) Limited shall discontinue the existing lease arrangement and KSML will immediately commence the commercial spinning business operations. 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 management of the company is of the opinion that the auditors of KSML, on revival of commercial spinning business operations of the company and based on complete financial and operational support of Beacon Impex (Private) Limited shall concur with going concern assumption of the management.

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
April 29, 2019

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

عرصہ نو ماہی 31 مارچ 2019

کمپنی کے ڈائریکٹرز 31 مارچ 2019 عرصہ نو ماہی کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

کمپنی کا 31 مارچ 2019 کے اختتام پر بعد از ٹیکس نقصان 0.752 ملین روپے ہے۔ جبکہ اس کے برعکس پچھلی نو ماہی میں بعد از ٹیکس نقصان 4.295 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 نے 15 اکتوبر 2018 کو کمپنی کے سابقہ ڈائریکٹران جناب خواجہ عاصم خورشید اور خواجہ عامر خورشید سے 34.5091% حصص سیکورٹیز ایکٹ، 2015 اور Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulation s, 2017 Listed کے تحت حاصل کیے ہیں۔

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۔ سیکورٹیز ایکٹ، 2015 کے مروجہ قانون کے تمام قوانند و ضوابط ادا کرنے کے بعد بیکن امپیکس پرائیوٹ لمیٹڈ ماہانہ کرایہ داری بند کر دے گی۔ اور آپ کی کمپنی بہت جلد اپنا تجارتی کاروبار، قانونی ڈھانچے میں شروع کر دے گی۔ کمپنی کے منتظمین کو امید ہے۔ خورشید سہنگ لمیٹڈ اپنا تجارتی کاروبار بیکن امپیکس پرائیوٹ لمیٹڈ کی مکمل اور مالی امداد سے شروع کر دے گی۔ جس سے کمپنی کے مستقبل پر آڈیٹرز کے تحفظات ختم ہو جائیں گے۔

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

فیصل آباد
ڈائریکٹر

محمد اقبال
چیف ایگزیکٹو آفیسر

29 اپریل 2019



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2019**

	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
----- (RUPEES IN THOUSAND) -----				
	Restated		Restated	
OTHER INCOME	27,000	25,500	9,000	9,000
ADMINISTRATIVE EXPENSES	(1,518)	(1,229)	(551)	(340)
OTHER EXPENSES	(19,787)	(21,739)	(6,744)	(7,246)
FINANCE COST	<u>(6,651)</u>	<u>(7,788)</u>	<u>(2,161)</u>	<u>(2,514)</u>
LOSS BEFORE TAXATION	(956)	(5,256)	(456)	(1,100)
TAXATION	204	961	108	270
LOSS AFTER TAXATION	<u>(752)</u>	<u>(4,295)</u>	<u>(348)</u>	<u>(830)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.06)</u>	<u>(0.33)</u>	<u>(0.03)</u>	<u>(0.06)</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 2019**

	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
----- (RUPEES IN THOUSAND) -----				
LOSS AFTER TAXATION	(752)	(4,295)	(348)	(830)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Surplus on revaluation of plant and equipment	8,868	-	-	-
Related deferred income tax liability	(2,394)	-	-	-
	6,474	-	-	-
Items that may be classified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u><u>5,722</u></u>	<u><u>(4,295)</u></u>	<u><u>(348)</u></u>	<u><u>(830)</u></u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019

SHARE CAPITAL	RESERVES					TOTAL	TOTAL EQUITY
	CAPITAL RESERVES			SUB-TOTAL	ACCUMULATED LOSS		
	EQUITY PORTION OF SHAREHOLDERS' LOANS	SURPLUS ON REVALUATION OF PLANT, EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX					
131,748	13,335	164,389	177,724	(463,406)	(285,682)	(153,934)	
-	-	-	-	(609)	(609)	(609)	
131,748	13,335	164,389	177,724	(464,015)	(286,291)	(154,543)	
-	-	(11,081)	(11,081)	11,081	-	-	
-	-	2,144	2,144	-	2,144	2,144	
-	-	-	-	(3,275)	(3,275)	(3,275)	
-	-	-	-	(3,275)	(3,275)	(3,275)	
131,748	13,335	155,452	168,787	(456,209)	(287,422)	(155,674)	
-	-	(7,852)	(7,852)	7,852	-	-	
-	-	3,947	3,947	-	3,947	3,947	
-	-	-	-	(752)	(752)	(752)	
-	-	6,474	6,474	-	6,474	6,474	
-	-	6,474	6,474	(752)	5,722	5,722	
131,748	13,335	158,021	171,356	(449,109)	(277,753)	(146,005)	

Balance as at 30 June 2017
Impact of restatement (Note 4)

Balance as at 30 June 2017 - restated

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

Adjustment of deferred income tax liability due to re-assessment at year end

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

Balance as at 30 June 2018 - restated

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

Adjustment of deferred income tax liability due to re-assessment at period end

Loss for the nine months ended 31 March 2019

Other comprehensive income for the nine months ended 31 March 2019

Total comprehensive income for the nine months ended 31 March 2019

Balance as at 31 March 2019

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2019

Nine months ended	
31 March 2019	31 March 2018

(RUPEES IN THOUSAND)

CASH GENERATED FROM OPERATING ACTIVITIES

Loss before taxation (956) (5,256)

Adjustments for non-cash charges and other items:

Depreciation 19,882 21,852
Finance cost 6,651 7,788

Working capital changes

(Increase) / Decrease in Loans and advances (41) (23)
Increase in trade and other payables (9,895) 5,577

Cash generated from operations

15,641 29,938

Finance cost paid (319) (1,829)
Income tax paid (1,800) (1,352)

Net cash generated from operating activities

13,522 26,757

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing (13,416) (26,624)

Net cash used in financing activities

(13,416) (26,624)

NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS

106 133

**CASH AND CASH EQUIVALENTS AT THE
BEGINNING OF THE PERIOD**

216 79

**CASH AND CASH EQUIVALENTS AT THE
END OF THE PERIOD**

322 212

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 2019**

1. THE COMPANY AND ITS OPERATIONS

1.1 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 was situated at Universal House, West Canal Road, Farooqabad, Faisalabad. Its registered office at 133-134, Regency The Mall, Faisalabad. The Company manufactures and deals in all types of yarn.

Beacon Impex (Private) Limited (BIL) has acquired 34.5091% ordinary shares of the Company in accordance with the requirements of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

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 2018.

2.1 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 2019 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 2018.

2.1.2 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 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 31 March 2019	Audited 30 June 2018
(RUPEES IN THOUSAND)	

3. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	-	13,416
Demand finance - II	99,154	94,949
Total	99,154	108,365
Less: Current portion shown under current liabilities	36,260	22,481
	62,894	85,884

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 March 2018 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 March 2019 (30 June 2018: Rupees Nil).

Un-Audited 31 March 2019	Audited 30 June 2018
(RUPEES IN THOUSAND)	

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	250,798	261,812
Capital work-in-progress	1,768	1,768
	252,566	263,580



6.1 Operating fixed assets:

Opening book value	261,812	290,947
Add: Effect of surplus on revaluation as at 31 March 2019	<u>8,868</u>	<u>-</u>
	270,680	290,947
Less: Depreciation charged during the period / year	(19,882)	(29,135)
	<u>250,798</u>	<u>261,812</u>

6.1.2 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 at monthly rent 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	42,017	39,883
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8. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 29 April 2019 by the Board of Directors of the Company.

9. 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.

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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