



**Khurshid
Spinning Mills Limited**

**1ST QUARTER
REPORT**

**SEPTEMBER 30, 2016
(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
	Khawaja Amer Khurshid	Director
	Khawaja Asem Khurshid	Director
Audit Committee	Mr. Zeeshan Saeed	Chairman
	Khawaja Asem Khurshid	Member
	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 1ST QUARTER ENDED SEPTEMBER 30, 2016**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the 1st quarter ended on September 30, 2016.

The company has sustained loss after taxation of Rupees 3.432 million as compared to the 1st quarter's loss after taxation of Rupees 3.787 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, 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

The management wishes to place on record its appreciation for the hard work and devotion of its employees and the invaluable advice and support of the company's directors and shareholders.

For and on behalf of the Board of Directors

**Faisalabad
October 31, 2016**

MUHAMMAD IQBAL
Chief Executive Officer



CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2016

	Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
17 000 000 (30 June 2016: 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 2016: 13 174 800) ordinary shares of Rupees 10 each			
		131,748	131,748
Reserves			
		(462,562)	(462,125)
Total equity			
		(330,814)	(330,377)
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax			
		171,230	174,225
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	123,234	130,175
Long term loans	6	34,752	34,752
Deferred income tax liability		70,030	71,374
		228,016	236,301
CURRENT LIABILITIES			
Trade and other payables		113,862	111,189
Short term borrowings		208,559	208,559
Current portion of non-current liabilities		33,840	33,276
Provision for taxation		4,969	4,219
		361,230	357,243
TOTAL LIABILITIES			
		589,246	593,544
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES			
		429,662	437,392
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	317,003	325,099
Investment properties		102,179	102,179
Long term deposits		5,733	5,733
		424,915	433,011
CURRENT ASSETS			
Loans and advances		2,814	2,418
Sales tax refundable		1,801	1,801
Cash and bank balances		132	162
		4,747	4,381
TOTAL ASSETS			
		429,662	437,392

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



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016**

	Quarter ended	
	30 September 2016	30 September 2015
	(Rupees in thousand)	
OTHER INCOME	7,500	6,000
ADMINISTRATIVE EXPENSES	(366)	(464)
OTHER EXPENSES	(8,051)	(8,766)
FINANCE COST	(3,109)	(2,048)
LOSS BEFORE TAXATION	<u>(4,026)</u>	<u>(5,278)</u>
TAXATION	594	1,491
LOSS AFTER TAXATION	<u>(3,432)</u>	<u>(3,787)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.26)</u>	<u>(0.29)</u>

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



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016**

	Quarter ended	
	30 September 2016	30 September 2015
	(Rupees in thousand)	
LOSS AFTER TAXATION	(3,432)	(3,787)
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>(3,432)</u>	<u>(3,787)</u>

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



CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended	
	30 September 2016	30 September 2015
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,026)	(5,278)
Adjustments for non-cash charges and other items:		
Depreciation	8,096	8,818
Finance cost	3,109	2,048
Working capital changes		
Increase in loans and advances	(396)	-
Increase / (Decrease) in trade and other payables	<u>2,673</u>	<u>(5,532)</u>
Cash generated from operations	9,456	56
Finance cost paid	(1,375)	-
Net cash generated from operating activities	<u>8,081</u>	<u>56</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	<u>(8,111)</u>	-
NET CASH USED IN FINANCING ACTIVITIES	(8,111)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(30)	56
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	162	115
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>132</u>	<u>171</u>

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



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	RESERVES			TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL	TOTAL		
		EQUITY PORTION OF SHAREHOLDERS' LOAN			REVENUE ACCUMULATED LOSS
	131,748	13,335	(467,699)	(454,364)	(322,616)
Balance as at 30 June 2015 - Audited					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	3,169	3,169	3,169
Loss for the 1st quarter ended 30 September 2015	-	-	(3,787)	(3,787)	(3,787)
Other comprehensive loss for the 1st quarter ended 30 September 2015	-	-	-	-	-
Total comprehensive loss for the 1st quarter ended 30 September 2015	-	-	(3,787)	(3,787)	(3,787)
Balance as at 30 September 2015 - Un-audited	131,748	13,335	(468,317)	(454,982)	(323,234)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	9,691	9,691	9,691
Loss for the period from 01 October 2015 to 30 June 2016	-	-	(16,834)	(16,834)	(16,834)
Other comprehensive loss for the period from 01 October 2015 to 30 June 2016	-	-	-	-	-
Total comprehensive loss for the period from 01 October 2015 to 30 June 2016	-	-	(16,834)	(16,834)	(16,834)
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	-	-	-	-	-
Total 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)

(Rupees in thousand)

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 1ST QUARTER ENDED 30 SEPTEMBER 2016**

1. THE COMPANY AND ITS OPERATIONS

Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. 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 2016 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 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
30 September 2016	30 June 2016

(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	74,779	82,890
Demand finance - II	<u>82,295</u>	<u>80,561</u>
Total	157,074	163,451
Less: Current portion shown under current liabilities	33,840	33,276
	<u>123,234</u>	<u>130,175</u>

6. LONG TERM LOANS

These represent unsecured interest free loans obtained from sponsor directors / shareholders of the Company. These loans are repayable in one bullet installment on 30 June 2020.

7. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2016 (30 June 2016: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	315,235	323,331
Capital work-in-process	1,768	1,768
	<u>317,003</u>	<u>325,099</u>

8.1 Operating fixed assets:

Opening book value	323,331	352,092
Add: Cost of additions during the period / year	-	860
Add: Effect of surplus on revaluation	-	5,662
Less: Depreciation for the period / year	(8,096)	(35,283)
	<u>315,235</u>	<u>323,331</u>

8.2 Plant and machinery and other facilities located at mills along with investment properties have been given on lease at monthly rental of Rupees 2.500 million (30 June 2016: Rupees 2.000 million).



9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors. Significant transactions with related parties are as follows:

Un-Audited	Audited
30 September 2016	30 June 2016

(Rupees in thousand)

i) Period end balances

Long term loans - Directors	34,752	34,752
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10. 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.

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 31 October 2016 by the Board of Directors of the Company.

12. 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.

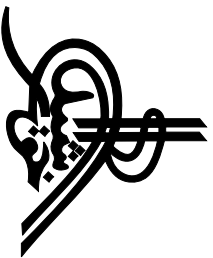
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

13. GENERAL

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

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PRINTED MATTER



If undelivered Please return to:

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