



**Khurshid
Spinning Mills Limited**

**1ST QUARTER
REPORT**

**SEPTEMBER 30, 2013
(UN-AUDITED)**





COMPANY INFORMATION

Board of Directors	<p>Khawaja Asem Khurshid Khawaja Amer Khurshid Mr. Muhammad Faheem Mr. Muhammad Iqbal Mr. Zeeshan Saeed Mr. Muhammad Shahbaz Ali Mr. Faseeh Uzaman</p>	<p>Chairman Chief Executive Officer Director Director Director Director Director</p>
Audit Committee	<p>Mr. Zeeshan Saeed Mr. Muhammad Iqbal Mr. Muhammad Shahbaz Ali</p>	<p>Chairman Member Member</p>
HR and Remuneration Committee	<p>Mr. Muhammad Iqbal Mr. Muhammad Faheem Mr. Faseeh Uzaman</p>	<p>Chairman Member Member</p>
CFO/Company Secretary	<p>Mr. Muhammad Saqib Ehsan</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 Al-Barka Bank (Pakistan) 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, Sheikhupura Road, Faisalabad</p>	



**DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2013**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the 1st quarter ended on 30 September 2013.

The company has sustained loss after taxation of Rupees 2.553 million as compared to previous quarter's loss after taxation of Rupees 7.348 million. There has been no production operation since October 2011 due to overdue debts and non-availability of working capital.

It is regretted to explain that the condensed interim financial information for the 1st quarter ended 30 September 2013 was not finalized within prescribed time due to delay in holding of Annual General Meeting for the year ended 30 June 2013. However, we assure our members to comply with the legal requirements regarding finalization of quarterly accounts in future.

Future Prospects

Your company has leased out its production facilities to Messrs Beacon Impex (Pvt.) Limited at monthly lease rent of Rupees 2.000 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 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
August 29, 2014

KHAWAJA AMER KHURSHID
Chief Executive Officer



CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2013

	Note	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
17 000 000 (30 June 2013: 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 2013: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
Accumulated loss		(459,316)	(461,475)
Total equity		(327,568)	(329,727)
Surplus on revaluation of property, plant and equipment - net of deferred income tax		198,083	202,795
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	191,166	196,316
Long term loans		261,603	266,341
Deferred income tax liability		94,676	97,103
		547,445	559,760
CURRENT LIABILITIES			
Trade and other payables		37,479	26,417
Accrued mark-up		-	8,989
Short term borrowings		16,026	16,026
Current portion of long term financing	5	23,394	22,849
Provision for taxation		1,819	1,819
		78,718	76,100
TOTAL LIABILITIES		626,163	635,860
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		496,678	508,928
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	494,489	506,645
Long term deposits		1,929	1,929
		496,418	508,574
CURRENT ASSETS			
Cash and bank balances		260	354
TOTAL ASSETS		496,678	508,928

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 1ST QUARTER ENDED 30 SEPTEMBER 2013**

	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
SALES	-	-
COST OF SALES	-	(16,147)
GROSS LOSS	-	(16,147)
ADMINISTRATIVE EXPENSES	(348)	(535)
OTHER EXPENSES	(12,085)	-
	(12,433)	(535)
OTHER INCOME	12,334	6,125
LOSS FROM OPERATIONS	(99)	(10,557)
FINANCE COST	(4,881)	(8)
LOSS BEFORE TAXATION	(4,980)	(10,565)
TAXATION	2,427	3,217
LOSS AFTER TAXATION	(2,553)	(7,348)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(0.19)	(0.56)

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 1ST QUARTER ENDED 30 SEPTEMBER 2013**

	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
LOSS AFTER TAXATION	(2,553)	(7,348)
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>(2,553)</u>	<u>(7,348)</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 1ST QUARTER ENDED 30 SEPTEMBER 2013**

	Note	Quarter ended	
		30 September 2013	30 September 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	18,119	9,762
Finance cost paid		(12,601)	(157)
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>5,518</u>	<u>9,605</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(5,874)	-
Long term loans obtained		262	-
Short term borrowings - net		-	(1,500)
NET CASH USED IN FINANCING ACTIVITIES		<u>(5,612)</u>	<u>(1,500)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(94)	8,105
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		354	2,937
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u><u>260</u></u>	<u><u>11,042</u></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 2013

	Share Capital	Accumulated loss	Total
------(Rupees in thousand)-----			
Balance as at 30 June 2012 - Audited	131,748	(523,633)	(391,885)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	6,745	6,745
Loss for the 1st quarter ended 30 September 2012	-	(7,348)	(7,348)
Other comprehensive loss for the 1st quarter ended 30 September 2012	-	-	-
Total comprehensive loss for the 1st quarter ended 30 September 2012	-	(7,348)	(7,348)
Balance as at 30 September 2012 - Un-audited	131,748	(524,236)	(392,488)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	18,476	18,476
Profit for the period from 01 October 2012 to 30 June 2013	-	44,285	44,285
Other comprehensive income for the period from 01 October 2012 to 30 June 2013	-	-	-
Total comprehensive income for the period from 01 October 2012 to 30 June 2013	-	44,285	44,285
Balance as at 30 June 2013 - Audited	131,748	(461,475)	(329,727)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	4,712	4,712
Loss for the 1st quarter ended 30 September 2013	-	(2,553)	(2,553)
Other comprehensive loss for the 1st quarter ended 30 September 2013	-	-	-
Total comprehensive loss for the 1st quarter ended 30 September 2013	-	(2,553)	(2,553)
Balance as at 30 September 2013- Un-audited	131,748	(459,316)	(327,568)

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



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2013**

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 Karachi and Lahore stock exchanges. The Company manufactures and deals in all types of yarn. The registered office of the Company was situated at 69-G, Gulberg - III, Lahore which has been transferred to 133-134, Regency the Mall, Faisalabad on 22 July 2013.

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 2013 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 2013.

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 2013.

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 2013.



Un-Audited 30 September 2013	Audited 30 June 2013
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(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	160,150	166,024
Demand finance - II	<u>54,410</u>	<u>53,141</u>
Total	214,560	219,165
Less: Current portion shown under current liabilities	23,394	22,849
	<u><u>191,166</u></u>	<u><u>196,316</u></u>

6. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2013 (30 June 2013: Rupees Nil).

7. PROPERTY, PLANT AND EQUIPMENT

Opening book value	506,645	512,198
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Add:

Cost of additions during the period / year	-	128,559
Book value of assets transferred from leased assets	-	<u>16,185</u>
	-	144,744
	<u>506,645</u>	<u>656,942</u>

Less:

Effect of revaluation as on 11 April 2013 - net	-	(95,516)
Book value of deletions during the period/year-vehicles	-	(1,257)
Depreciation for the period / year	<u>(12,156)</u>	<u>(53,524)</u>
	(12,156)	(150,297)
	<u><u>494,489</u></u>	<u><u>506,645</u></u>

7.1 Freehold land, buildings on free hold land, plant and machinery and other facilities located at mills have been given on lease at monthly rental of Rupees 2.000 million (30 June 2013: Rupees 2.000 million).



(Un-audited)	
Quarter ended	
30 September 2013	30 September 2012

(Rupees in thousand)

8. CASH GENERATED FROM OPERATIONS

Loss before taxation	(4,980)	(10,565)
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Adjustments for non-cash charges and other items:

Depreciation	12,156	14,793
Provision for gratuity	-	533
Finance cost	4,881	157
Credit balances added back	(6,333)	-
Working capital changes (Note 8.1)	12,395	4,844
	18,119	9,762

8.1 Working capital changes

Decrease / (increase) in current assets:

Stores and spare parts	-	1,455
Stock in trade	-	(1,264)
Trade debts	-	9,629
Loans and advances	-	2,310
Short term deposits	-	(2,049)
	-	10,081

Increase / (decrease) in trade and other payables	12,395	(5,237)
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	12,395	4,844
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9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated company, directors and key management personnel. Significant transactions with related parties are as follows:

i) Transactions

Associated Company

Long term loans obtained	-	151,622
Bank liability of associated company adjusted	-	160,283

Directors

Long term loans from directors - net	262	(55,104)
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Un-Audited	Audited
30 September 2013	30 June 2013

(Rupees in thousand)

i) Period end balances

Long Term loans	29,581	29,319
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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 2013.

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 29 August 2014 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.

**BOOK
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PRINTED MATTER



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