



**Khurshid
Spinning Mills Limited**

**1st Quarterly
Accounts**

**September 30, 2014
(UN-AUDITED)**



COMPANY INFORMATION

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



**DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the 1st quarter ended on 30 September 2014.

The company has sustained loss after taxation of Rupees 8.386 million as compared to the 1st quarter's loss after taxation of Rupees 2.553 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 2.000 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

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

KHAWAJA AMER KHURSHID
Chief Executive Officer

Faisalabad
October 31, 2014



CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2014

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
17 000 000 (30 June 2014: 17 000 000) ordinary shares of Rupees 10 each		<u>170,000</u>	<u>170,000</u>
Issued, subscribed and paid up share capital			
13 174 800 (30 June 2014: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
Accumulated loss		<u>(457,181)</u>	<u>(452,264)</u>
Total equity		(325,433)	(320,516)
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax		188,719	192,188
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	171,641	177,280
Long term loans	6	254,333	254,333
Deferred income tax liability		<u>85,387</u>	<u>87,096</u>
		511,361	518,709
CURRENT LIABILITIES			
Trade and other payables		58,302	54,454
Current portion of long term financing	5	27,109	26,531
Provision for taxation		<u>1,819</u>	<u>1,819</u>
		<u>87,230</u>	<u>82,804</u>
TOTAL LIABILITIES		598,591	601,513
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>461,877</u>	<u>473,185</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	365,711	375,109
Investment properties		94,129	95,967
Long term deposits		<u>1,929</u>	<u>1,929</u>
		461,769	473,005
CURRENT ASSETS			
Cash and bank balances		108	180
TOTAL ASSETS		<u>461,877</u>	<u>473,185</u>

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 2014**

	Quarter ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
OTHER INCOME	6,001	12,334
ADMINISTRATIVE EXPENSES	(431)	(348)
OTHER EXPENSES	(11,236)	(12,085)
	<u>(11,667)</u>	<u>(12,433)</u>
LOSS FROM OPERATIONS	(5,666)	(99)
FINANCE COST	(4,429)	(4,881)
LOSS BEFORE TAXATION	<u>(10,095)</u>	<u>(4,980)</u>
TAXATION	1,709	2,427
LOSS AFTER TAXATION	<u>(8,386)</u>	<u>(2,553)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.64)</u>	<u>(0.19)</u>

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 2014**

	Quarter ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
LOSS AFTER TAXATION	(8,386)	(2,553)
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><u>(8,386)</u></u>	<u><u>(2,553)</u></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 2014**

	Quarter ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(10,095)	(4,980)
Adjustments for non-cash charges and other items:		
Depreciation	9,398	12,156
Finance cost	4,429	4,881
Fair value loss on investment properties	1,838	-
Credit balances added back	-	(6,333)
Working capital changes		
Increase in trade and other payables	3,848	12,395
Cash generated from operations	9,418	18,119
Finance cost paid	(3,089)	(12,601)
Net cash generated from operating activities	6,329	5,518
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(6,401)	(5,874)
Long term loans obtained	-	262
NET CASH USED IN FINANCING ACTIVITIES	(6,401)	(5,612)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(72)	(94)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	180	354
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	108	260

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014

	Share Capital	Accumulated loss	Total
------(Rupees in thousand)-----			
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)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	14,461	14,461
Loss for the period from 01 October 2013 to 30 June 2014	-	(7,409)	(7,409)
Other comprehensive loss for the period from 01 October 2013 to 30 June 2014	-	-	-
Total comprehensive loss for the period from 01 October 2013 to 30 June 2014	-	(7,409)	(7,409)
Balance as at 30 June 2014 - Audited	131,748	(452,264)	(320,516)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	3,469	3,469
Loss for the 1st quarter ended 30 September 2014	-	(8,386)	(8,386)
Other comprehensive loss for the 1st quarter ended 30 September 2014	-	-	-
Total comprehensive loss for the 1st quarter ended 30 September 2014	-	(8,386)	(8,386)
Balance as at 30 September 2014 - Un-audited	131,748	(457,181)	(325,433)

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 2014**

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. 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 2014 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 2014.

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 2014.

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 2014.



Un-Audited	Audited
30 September 2014	30 June 2014

(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	135,460	141,861
Demand finance - II	<u>63,290</u>	<u>61,950</u>
Total	198,750	203,811
Less: Current portion shown under current liabilities	27,109	26,531
	<u><u>171,641</u></u>	<u><u>177,280</u></u>

6. LONG TERM LOANS

Directors	45,774	45,774
Others - Beacon Impex (Private) Limited	208,559	208,559
	<u><u>254,333</u></u>	<u><u>254,333</u></u>

7. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2014 (30 June 2014: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

Opening book value	375,109	506,645
Add:		

Cost of additions during the period / year	-	5,482
Effect of revaluation as at 25 June 2014	-	8,003
	-	13,485
	<u>375,109</u>	<u>520,130</u>

Less:

Transferred to investment properties	-	(95,967)
Depreciation for the period / year	(9,398)	(49,054)
	<u>(9,398)</u>	<u>(145,021)</u>
	<u><u>365,711</u></u>	<u><u>375,109</u></u>

- 8.1** Plant and machinery and other facilities located at mills along with investment properties have been given on lease at monthly rental of Rupees 2.000 million (30 June 2014: Rupees 2.000 million).



9. TRANSACTIONS WITH RELATED PARTIES

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

Un-Audited	Audited
30 September 2014	30 June 2014

(Rupees in thousand)

i) Transactions

Directors

Long term loan obtained from directors	-	262
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i) Period end balances

Long term loans	45,774	29,581
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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 2014.

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 31 October 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

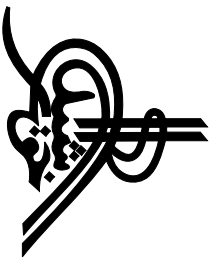
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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