



**Khurshid
Spinning Mills Limited**

**3RD QUARTERLY
REPORT**

**March 31, 2015
(UN-AUDITED)**



COMPANY INFORMATION

Board of Directors	Khawaja Asem Khurshid	Chairman
	Khawaja Amer Khurshid	Chief Executive Officer
	Mr. Muhammad Faheem	Director
	Mr. Muhammad Iqbal	Director
	Mr. Zeeshan Saeed	Director
	Mr. Muhammad Shahbaz Ali	Director
	Mr. Faseeh Uzaman	Director
Audit Committee	Mr. Zeeshan Saeed	Chairman
	Mr. Muhammad Iqbal	Member
	Mr. Muhammad Shahbaz Ali	Member
HR and Remuneration Committee	Mr. Muhammad Iqbal	Chairman
	Mr. Muhammad Faheem	Member
	Mr. Faseeh Uzaman	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, Sheikhpura Road, Faisalabad	



**KHURSHID SPINNING MILLS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE NINE MONTHS ENDED 31 MARCH 2015**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the nine months ended on 31 March 2015.

The company has sustained loss after taxation of Rupees 19.832 million during the nine months ended on 31 March 2015 as compared to previous nine months loss after taxation of Rupees 8.148 million.

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

I would like to take this opportunity to express my appreciation to the employees of the company for their hard work and to the valued shareholders and financial institutions for extending their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

KHAWAJA AMER KHURSHID
Chief Executive Officer

Faisalabad
April 30, 2015



CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2015

NOTE	Un-audited 31 March 2015 (Rupees in thousand)	Audited 30 June 2014 (Rupees in thousand)	NOTE	Un-audited 31 March 2015 (Rupees in thousand)	Audited 30 June 2014 (Rupees in thousand)
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	170,000	170,000			
Issued, subscribed and paid up share capital	131,748	131,748			
Accumulated loss	(461,689)	(452,264)			
Total equity	(329,941)	(320,516)			
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	181,781	192,188			
LIABILITIES					
NON-CURRENT LIABILITIES					
Long term financing	157,138	177,280			
Long term loans	254,333	254,333			
Deferred income tax liability	81,970	87,096			
	483,441	518,709			
CURRENT LIABILITIES					
Trade and other payables	65,752	54,454			
Current portion of long term financing	30,066	26,531			
Provision for taxation	1,819	1,819			
	97,637	82,804			
TOTAL LIABILITIES	581,098	601,513			
CONTINGENCIES AND COMMITMENTS					
TOTAL EQUITY AND LIABILITIES	442,938	473,185			
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	346,916	375,109	7	346,916	375,109
Investment properties	93,967	95,967		93,967	95,967
Long term deposits	1,967	1,929		1,967	1,929
	442,850	473,005		442,850	473,005
CURRENT ASSETS					
Cash and bank balances	88	180		88	180
TOTAL ASSETS	442,938	473,185		442,938	473,185

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 NINE MONTHS ENDED 31 MARCH 2015**

	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	------(Rupees in thousand)-----			
OTHER INCOME	18,325	36,334	6,000	13,000
ADMINISTRATIVE EXPENSES	(1,400)	(1,232)	(405)	(488)
OTHER EXPENSES	(30,010)	(36,255)	(9,337)	(12,085)
	<u>(31,410)</u>	<u>(37,487)</u>	<u>(9,742)</u>	<u>(12,573)</u>
LOSS / PROFIT FROM OPERATIONS	<u>(13,085)</u>	<u>(1,153)</u>	<u>(3,742)</u>	<u>427</u>
FINANCE COST	(11,873)	(14,277)	(3,651)	(4,612)
LOSS BEFORE TAXATION	<u>(24,958)</u>	<u>(15,430)</u>	<u>(7,393)</u>	<u>(4,185)</u>
TAXATION	5,126	7,282	1,709	2,427
LOSS AFTER TAXATION	<u>(19,832)</u>	<u>(8,148)</u>	<u>(5,684)</u>	<u>(1,758)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(1.51)</u>	<u>(0.62)</u>	<u>(0.43)</u>	<u>(0.13)</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 NINE MONTHS ENDED 31 MARCH 2015

Nine months ended		Quarter ended	
31 March 2015	31 March 2014	31 March 2015	31 March 2014

----- (Rupees in thousand) -----

LOSS AFTER TAXATION (19,832) (8,148) (5,684) (1,758)

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified
subsequently to profit or loss

-	-	-	-
-	-	-	-

Items that may be reclassified
subsequently to profit or loss

Other comprehensive income for the
period

- - - - -

TOTAL COMPREHENSIVE LOSS
FOR THE PERIOD

<u>(19,832)</u>	<u>(8,148)</u>	<u>(5,684)</u>	<u>(1,758)</u>
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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 NINE MONTHS ENDED 31 MARCH 2015**

Nine months ended	
31 March 2015	31 March 2014
(Rupees in thousand)	

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(24,958)	(15,430)
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Adjustments for non-cash charges and other items:

Depreciation	28,193	36,469
Credit balances added back	-	(18,333)
Finance cost	11,873	14,277
Increase in long term deposits	(38)	-
Loss on remeasurement of fair value of investment properties	2,000	-

Working capital changes

Increase in trade and other payables	11,298	19,698
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Cash generated from operations

	28,368	36,681
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Finance cost paid	(7,776)	(19,368)
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Net cash generated from operating activities

	20,592	17,313
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CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(20,684)	(17,861)
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Long term loans obtained	-	16,301
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Repayment of short term borrowings	-	(16,026)
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Net cash used in financing activities

	(20,684)	(17,586)
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NET DECREASE IN CASH AND CASH EQUIVALENTS

	(92)	(273)
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**CASH AND CASH EQUIVALENTS AT THE
BEGINNING OF THE PERIOD**

	180	354
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**CASH AND CASH EQUIVALENTS AT THE
END OF THE PERIOD**

	88	81
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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 NINE MONTHS ENDED 31 MARCH 2015**

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	------(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	-	14,136	14,136
Loss for the nine months ended 31 March 2014	-	(8,148)	(8,148)
Other comprehensive loss for the nine months ended 31 March 2014	-	-	-
Total comprehensive loss for the nine months ended 31 March 2014	-	(8,148)	(8,148)
Balance as at 31 March 2014 - Un-audited	131,748	(455,487)	(323,739)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	5,037	5,037
Loss for the quarter ended 30 June 2014	-	(1,814)	(1,814)
Other comprehensive loss for the quarter ended 30 June 2014	-	-	-
Total comprehensive loss for the quarter ended 30 June 2014	-	(1,814)	(1,814)
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	-	10,407	10,407
Loss for the nine months ended 31 March 2015	-	(19,832)	(19,832)
Other comprehensive loss for the nine months ended 31 March 2015	-	-	-
Total comprehensive loss for the nine months ended 31 March 2015	-	(19,832)	(19,832)
Balance as at 31 March 2015 - Un-audited	131,748	(461,689)	(329,941)

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 NINE MONTHS ENDED 31 MARCH 2015**

1. THE COMPANY AND ITS OPERATIONS

Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the Company is at 133-134, Regency the Mall, Faisalabad. The Company manufactures and deals in all types of yarn.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors 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 nine months ended 31 March 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company 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
31 March 2015	30 June 2014

(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	121,177	141,861
Demand finance - II	66,047	61,950
Total	<u>187,224</u>	<u>203,811</u>
Less: Current portion shown under current liabilities	30,086	26,531
	<u>157,138</u>	<u>177,280</u>



Un-Audited	Audited
31 March 2015	30 June 2014

(Rupees in thousand)

6. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 March 2015 (30 June 2014: Rupees Nil).

7. PROPERTY, PLANT AND EQUIPMENT

Opening balance	375,109	506,645
Add:		
Cost of additions during the period / year (Note 7.1)	-	5,482
Effect of revaluation as at 25 June 2014	-	8,003
	<u>375,109</u>	<u>520,130</u>
Less:		
Book value of assets transferred to investment properties	-	(95,967)
Depreciation charged during the period / year	(28,193)	(49,054)
	<u>(28,193)</u>	<u>(145,021)</u>
	<u>346,916</u>	<u>375,109</u>

7.1 Cost of additions during the period / year

Buildings on freehold land	-	1,303
Plant and machinery	-	1,919
Office equipment	-	81
Power generation house	-	911
Electric installations	-	1,141
Electric equipment and appliances	-	127
	<u>-</u>	<u>5,482</u>

7.2 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 2014: Rupees 2.000 million).

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of directors and key management personnel. Significant transactions with related parties are as follows:

(Un-audited)			
Nine months ended		Quarter Ended	
31 March 2015	31 March 2014	31 March 2015	31 March 2014

------(Rupees in thousand)-----

i) Transactions

Directors

Long term loan obtained from Directors	-	16,301	-	-
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Un-Audited	Audited
31 March 2015	30 June 2014

(Rupees in thousand)

ii) Period end balances

Long term loans	45,774	45,774
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9. 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.

10. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 30 April 2015 by the Board of Directors of the Company.

11. 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.

12. GENERAL

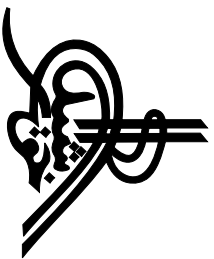
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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