



Khurshid Spinning Mills Limited

1ST QUARTERLY REPORT

September 30, 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 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 1ST QUARTER ENDED SEPTEMBER 30, 2015**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the 1st quarter ended on September 30, 2015.

The company has sustained loss after taxation of Rupees 3.787 million as compared to the 1st quarter's loss after taxation of Rupees 8.386 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

**Faisalabad
October 31, 2015**

**KHAWAJA AMER KHURSHID
Chief Executive Officer**



CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2015

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
17 000 000 (30 June 2015: 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 2015: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
Reserves		(454,982)	(454,364)
Total equity		(323,234)	(322,616)
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax		177,576	180,745
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	148,494	156,476
Long term loans	6	32,439	32,439
Deferred income tax liability		76,339	77,830
		257,272	266,745
CURRENT LIABILITIES			
Trade and other payables		85,898	91,430
Accrued mark-up		2,048	-
Current portion of long term financing		247,142	239,160
Provision for taxation		1,819	1,819
		336,907	332,409
TOTAL LIABILITIES		594,179	599,154
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		448,521	457,283
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	345,042	353,860
Investment properties		95,967	95,967
Long term deposits		5,733	5,733
		446,742	455,560
CURRENT ASSETS			
Sales tax refundable		1,608	1,608
Cash and bank balances		171	115
		1,779	1,723
TOTAL ASSETS		448,521	457,283

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



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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015**

Quarter ended	
30 September 2015	30 September 2014

(Rupees in thousand)

OTHER INCOME	6,000	6,001
ADMINISTRATIVE EXPENSES	(464)	(431)
OTHER EXPENSES	(8,766)	(11,236)
	(9,230)	(11,667)
LOSS FROM OPERATIONS	(3,230)	(5,666)
FINANCE COST	(2,048)	(4,429)
LOSS BEFORE TAXATION	(5,278)	(10,095)
TAXATION	1,491	1,709
LOSS AFTER TAXATION	(3,787)	(8,386)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(0.29)	(0.64)

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 2015

	Quarter ended	
	30 September 2015	30 September 2014
	(Rupees in thousand)	
LOSS AFTER TAXATION	(3,787)	(8,386)
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	(3,787)	(8,386)

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 2015

	Quarter ended	
	30 September 2015	30 September 2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,278)	(10,095)
Adjustments for non-cash charges and other items:		
Depreciation	8,818	9,398
Finance cost	2,048	4,429
Fair value loss on investment properties	-	1,838
Working capital changes		
(Decrease) / increase in trade and other payables	(5,532)	3,848
Cash generated from operations	56	9,418
Finance cost paid	-	(3,089)
Net cash generated from operating activities	56	6,329
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(6,401)
NET CASH USED IN FINANCING ACTIVITIES	-	(6,401)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	56	(72)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	115	180
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	171	108

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 2015

	RESERVES		TOTAL
	CAPITAL EQUITY PORTION OF SHAREHOLDERS' LOAN	REVENUE ACCUMULATED LOSS	
	131,748	(452,264)	(320,516)
----- (Rupees in thousand) -----			
Balance as at 30 June 2014 - Audited	-	3,469	3,469
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	(8,386)	(8,386)
Loss for the 1st quarter ended 30 September 2014	-	-	-
Other comprehensive loss for the 1st quarter ended 30 September 2014	-	(8,386)	(8,386)
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)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	10,613	10,613
Loss for the period from 01 October 2014 to 30 June 2015	-	(21,131)	(21,131)
Other comprehensive loss for the period from 01 October 2014 to 30 June 2015	-	-	-
Total comprehensive loss for the period from 01 October 2014 to 30 June 2015	-	(21,131)	(21,131)
Transaction with owners:			
Equity portion of Shareholders' loan	13,335	-	13,335
Balance as at 30 June 2015 - Audited	13,335	(467,699)	(322,616)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	3,169	3,169
Loss for the 1st quarter ended 30 September 2015	-	(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)
Balance as at 30 September 2015 - Un-audited	13,335	(468,317)	(323,234)

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 2015**

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 2015 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 2015.

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 2015.

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 2015.



Un-Audited	Audited
30 September	30 June
2015	2015

(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	113,847	113,847
Demand finance - II	73,230	73,230
Total	187,077	187,077
Less: Current portion shown under current liabilities	38,583	30,601
	<u>148,494</u>	<u>156,476</u>

6. LONG TERM LOANS

Directors	32,439	32,439
Others - Beacon Impex (Private) Limited	-	208,559
	32,439	240,998
Less: Current portion shown under current liabilities	-	208,559
	<u>32,439</u>	<u>32,439</u>

7. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2015 (30 June 2015: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	343,274	352,092
Capital work-in-process	1,768	1,768
	<u>345,042</u>	<u>353,860</u>

8.1 Operating fixed assets:

Opening book value	352,092	375,109
Add: Cost of additions during the period / year	-	14,699
Less: Depreciation for the period / year	(8,818)	(37,716)
	<u>343,274</u>	<u>352,092</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 2.000 million (30 June 2015: 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 2015	30 June 2015

(Rupees in thousand)

i) Period end balances

Long term loans - Directors	32,439	32,439
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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 2015.

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 31 October 2015 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
POST**

PRINTED MATTER



If undelivered Please return to:

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