



**Khurshid
Spinning Mills Limited**

**3RD QUARTER
REPORT**

**MARCH 31, 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 NINE MONTHS ENDED 31 MARCH 2014**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the nine months ended on 31 March 2014.

The company has sustained loss after taxation of Rupees 8.148 million during the nine months ended on 31 March 2014 as compared to previous nine months loss after taxation of Rupees 27.230 million.

It is regretted to explain that the condensed interim financial information for the 3rd quarter ended 31 March 2014 was not finalized within prescribed time due to delay in holding of Annual General Meeting for the year ended 30 June 2013 and preparation of accounts for the 1st and 2nd quarters. 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 31 MARCH 2014

	Note	Un-audited 31 March 2014 (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			
		<u>170,000</u>	<u>170,000</u>
Issued, subscribed and paid up share capital			
		131,748	131,748
Accumulated loss			
		<u>(455,487)</u>	<u>(461,475)</u>
Total equity			
		(323,739)	(329,727)
Surplus on revaluation of property, plant and equipment - net of deferred income tax			
		188,659	202,795
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing			
	5	180,677	196,316
Long term loans			
		265,642	266,341
Deferred income tax liability			
		89,821	97,103
		536,140	559,760
CURRENT LIABILITIES			
Trade and other payables			
		44,782	26,417
Accrued mark-up			
		-	8,989
Short term borrowings			
	6	-	16,026
Current portion of long term financing			
	5	24,525	22,849
Provision for taxation			
		1,819	1,819
		<u>71,126</u>	<u>76,100</u>
TOTAL LIABILITIES			
		607,266	635,860
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES			
		<u>472,186</u>	<u>508,928</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
	8	470,176	506,645
Long term deposits			
		1,929	1,929
		472,105	508,574
CURRENT ASSETS			
Cash and bank balances			
		81	354
TOTAL ASSETS			
		<u>472,186</u>	<u>508,928</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 NINE MONTHS ENDED 31 MARCH 2014**

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	------(Rupees in thousand)-----			
OTHER INCOME	36,334	13,500	13,000	4,500
ADMINISTRATIVE EXPENSES	(1,232)	(3,314)	(488)	(2,272)
OTHER EXPENSES	(36,255)	(48,250)	(12,085)	(15,957)
	(37,487)	(51,564)	(12,573)	(18,229)
(LOSS)INCOME FROM OPERATIONS	(1,153)	(38,064)	427	(13,729)
FINANCE COST	(14,277)	(61)	(4,612)	(1)
LOSS BEFORE TAXATION	(15,430)	(38,125)	(4,185)	(13,730)
TAXATION	7,282	10,895	2,427	3,632
LOSS AFTER TAXATION	<u>(8,148)</u>	<u>(27,230)</u>	<u>(1,758)</u>	<u>(10,098)</u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.62)</u>	<u>(2.07)</u>	<u>(0.13)</u>	<u>(0.77)</u>

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



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2014**

Nine months ended		Quarter ended	
31 March 2014	31 March 2013	31 March 2014	31 March 2013

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

LOSS AFTER TAXATION	(8,148)	(27,230)	(1,758)	(10,098)
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OTHER COMPREHENSIVE INCOME

Items that will not be reclassified to profit or loss

-	-	-	-
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Items that may be reclassified subsequently to profit or loss

-	-	-	-
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Other comprehensive income for the period

-	-	-	-
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TOTAL COMPREHENSIVE LOSS

FOR THE PERIOD

<u>(8,148)</u>	<u>(27,230)</u>	<u>(1,758)</u>	<u>(10,098)</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 2014**

	Nine months ended	
	31 March 2014	31 March 2013
	(Rupees in thousand)	
CASH GENERATED FROM OPERATIONS		
Loss before taxation	(15,430)	(38,125)
Adjustments for non-cash charges and other items:		
Depreciation	36,469	37,892
Credit balances added back	(18,333)	-
Finance cost	14,277	61
Working capital changes		
Increase in trade and other payables	19,698	6,744
	36,681	6,572
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	36,681	6,572
Finance cost paid	(19,368)	(61)
Income tax paid	-	(19)
Net cash generated from operating activities	17,313	6,492
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(17,861)	(24,816)
Long term loans obtained	16,301	160,364
Long term loans repaid	-	(106,186)
Repayment of liabilities against assets subject to finance lease	-	(13,470)
Short term borrowings - net	(16,026)	(20,000)
Net cash used in financing activities	(17,586)	(4,108)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(273)	2,384
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	354	625
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	81	3,009

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



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

	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	-	20,234	20,234
Loss for the nine months ended 31 March 2013	-	(27,230)	(27,230)
Other comprehensive loss for the nine months ended 31 March 2013	-	-	-
Total comprehensive loss for the nine months ended 31 March 2013	-	(27,230)	(27,230)
Balance as at 31 March 2013 - Un-audited	131,748	(530,629)	(398,881)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	4,987	4,987
Profit for the quarter ended 30 June 2013	-	64,167	64,167
Other comprehensive income for the quarter ended 30 June 2013	-	-	-
Total comprehensive income for the quarter ended 30 June 2013	-	64,167	64,167
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)

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 NINE MONTHS ENDED 31 MARCH 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. The registered office of the Company is at 133-134, Regency the Mall, Faisalabad. The Company manufactures and deals in all type of yarn.

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 2012 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	Audited
31 March	30 June
2014	2013

(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	148,163	166,024
Demand finance - II	57,039	53,141
Total	205,202	219,165
Less: Current portion shown under current liabilities	24,525	22,849
	<u>180,677</u>	<u>196,316</u>

6. The Company has fully repaid the balance outstanding amount to Albarka Bank (Pakistan) Limited on 05 November 2013.

7. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 March 2014 (30 June 2013: Rupees Nil).

8. PROPERTY, PLANT AND EQUIPMENT

Opening balance	506,645	512,198
Add:		
Cost of additions during the period / year	-	128,559
Transferred from leased assets during the period / year	-	16,185
Effect of increase in surplus on revaluation as at 30 June 2013	-	8,021
	-	152,765
Less:		
Effect of decrease in surplus on revaluation as at 30 June 2013	-	(103,537)
Book value of deletions during the period / year	-	(1,257)
Depreciation charged during the period / year	(36,469)	(53,524)
	(36,469)	(158,318)
	<u>470,176</u>	<u>506,645</u>



- 8.1 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) since 01 May 2012.

(Un-audited)	
Nine months ended	
31 March 2014	31 March 2013
(Rupees in thousand)	

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated company, other related parties and key management personnel. Significant transactions with related parties are as follows:

i) Transactions

Associated company

Long term loan obtained	-	157,556
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Directors

Long term loan obtained from Directors	16,301	2,807
Long term loan repaid to Directors	-	96,186
Remuneration paid to Chief Executive Officer, Directors and Executive	-	162

Un-Audited	Audited
31 March 2014	30 June 2013
(Rupees in thousand)	

ii) Period end balances

Long term loans	45,620	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 International Accounting Standard (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 profit or loss and other 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



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