



**Khurshid
Spinning Mills Limited**

**3RD QUARTERLY
REPORT**

**MARCH 31, 2016
(UN-AUDITED)**



COMPANY INFORMATION

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



**DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE NINE MONTHS ENDED 31 MARCH 2016**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the nine months ended on 31 March 2016.

The company has sustained loss after taxation of Rupees 13.730 million during the nine months ended on 31 March 2016 as compared to previous nine months loss after taxation of Rupees 19.832 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

MUHAMMAD IQBAL
Chief Executive Officer

Faisalabad
April 29, 2016



CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2016

	NOTE	UN-AUDITED 31 March 2016	AUDITED 30 June 2015		NOTE	UN-AUDITED 31 March 2016	AUDITED 30 June 2015
		(Rupees in thousand)				(Rupees in thousand)	
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	7	327,433	353,860
17 000 000 (30 June 2015: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000	Investment properties		96,967	96,967
				Long term deposits		430,133	5,733
Issued, subscribed and paid up share capital		131,748	131,748			433,449	455,560
Reserves		(458,588)	(454,364)	CURRENT ASSETS			
Total equity		(326,840)	(322,616)	Advance income tax		1,608	-
Surplus on revaluation of property, plant and equipment and investment properties- net of deferred income tax		171,239	180,745	Sales tax refundable		1,660	1,608
LIABILITIES				Cash and bank balances		48	115
NON-CURRENT LIABILITIES						3,316	1,723
Long term financing	5	135,302	156,476	TOTAL ASSETS		433,449	457,283
Long term loans		32,439	32,439				
Deferred income tax liability		73,357	77,830				
		241,098	266,745				
CURRENT LIABILITIES							
Trade and other payables		104,809	91,430				
Current portion of long term financing		241,324	236,160				
Provision for taxation		1,819	1,819				
		347,952	332,409				
TOTAL LIABILITIES		589,050	599,154				
CONTINGENCIES AND COMMITMENTS	6						
TOTAL EQUITY AND LIABILITIES		433,449	457,283			433,449	457,283

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 2016**

	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	------(Rupees in thousand)-----			
OTHER INCOME	19,005	18,325	6,000	6,000
ADMINISTRATIVE EXPENSES	(1,461)	(1,400)	(210)	(405)
OTHER EXPENSES	(26,298)	(30,010)	(8,766)	(9,337)
	(27,759)	(31,410)	(8,976)	(9,742)
LOSS FROM OPERATIONS	(8,754)	(13,085)	(2,976)	(3,742)
FINANCE COST	(9,449)	(11,873)	(2,938)	(3,651)
LOSS BEFORE TAXATION	(18,203)	(24,958)	(5,914)	(7,393)
TAXATION	4,473	5,126	1,491	1,709
LOSS AFTER TAXATION	(13,730)	(19,832)	(4,423)	(5,684)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(1.04)	(1.51)	(0.34)	(0.43)

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 2016**

Nine months ended		Quarter ended	
31 March 2016	31 March 2015	31 March 2016	31 March 2015

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

LOSS AFTER TAXATION	(13,730)	(19,832)	(4,423)	(5,684)
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>(13,730)</u>	<u>(19,832)</u>	<u>(4,423)</u>	<u>(5,684)</u>

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CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2016**

	Nine months ended	
	31 March 2016	31 March 2015
	(Rupees in thousand)	
CASH GENERATED FROM OPERATING ACTIVITIES		
Loss before taxation	(18,203)	(24,958)
Adjustments for non-cash charges and other items:		
Depreciation	26,456	28,193
Finance cost	9,449	11,873
Increase in long term deposits		(38)
Loss on remeasurement of fair value of investment properties	(1,000)	2,000
Working capital changes		
Increase in advance income tax	(1,608)	-
Increase in sales tax refundable	(52)	-
Increase in trade and other payables	13,379	11,298
Cash generated from operations	28,421	28,368
Finance cost paid	(5,498)	(7,776)
Net cash generated from operating activities	22,923	20,592
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(29)	-
Net cash used in investing activities	(29)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(22,961)	(20,684)
Net cash used in financing activities	(22,961)	(20,684)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(67)	(92)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	115	180
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	48	88

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 2016

	RESERVES				TOTAL EQUITY
	CAPITAL	REVENUE		TOTAL	
	EQUITY PORTION OF SHAREHOLDERS' LOAN	ACCUMULATES LOSS			
------(Rupees in thousand)-----					
Balance as at 30 June 2014 - Audited	131,748	-	(452,264)	(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	10,407
Loss for the nine months ended 31 March 2015	-	-	(19,832)	(19,832)	(19,832)
Other comprehensive loss for the nine months ended 31 March 2016	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2016	-	-	(19,832)	(19,832)	(19,832)
Balance as at 31 March 2015 - Un-audited	131,748	-	(461,689)	(461,689)	(329,941)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	3,675	3,675	3,675
Loss for the quarter ended 30 June 2015	-	-	(9,685)	(9,685)	(9,685)
Other comprehensive loss for the quarter ended 30 June 2015	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2015	-	-	(9,685)	(9,685)	(9,685)
Transaction with owners: Equity portion of Shareholders' loan	-	13,335	-	13,335	13,335
Balance as at 30 June 2015 - Audited	131,748	13,335	(467,699)	(454,364)	(322,616)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	9,506	9,506	9,506
Loss for the nine months ended 31 March 2016	-	-	(13,730)	(13,730)	(13,730)
Other comprehensive loss for the nine months ended 31 March 2016	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2016	-	-	(13,730)	(13,730)	(13,730)
Balance as at 31 March 2016 - Un-audited	131,748	13,335	(471,923)	(458,588)	(326,840)

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 2016**

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. 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 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 half year ended 31 March 2016 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. 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 of the Company 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
31 March 2016	30 June 2015

(Rupees in thousand)

5. LONG TERM FINANCING

The Bank of Punjab:

Demand finance - I	90,886	113,847
Demand finance - II	77,181	73,230
Total	168,067	187,077
Less: Current portion shown under current liabilities	32,765	30,601
	<u>135,302</u>	<u>156,476</u>



6. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 March 2016 (30 June 2015: Rupees Nil).

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	325,665	352,092
Capital Work -in-progress	1,768	1,768
	<u>327,433</u>	<u>353,860</u>

7.1 Operating fixed assets:

Opening balance	352,092	375,109
Add: Cost of additions during the period / year	29	14,699
less: Depreciation charged during the period / year	(26,456)	(37,716)
	<u>325,665</u>	<u>352,092</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 2015: Rupees 2.000 million).

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of directors and key management personnel. No transaction with related parties occurred during the period.

Un-Audited	Audited
31 March 2016	30 June 2015

(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 2015.

10. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 29 April 2016 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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