

Book Post

Quarterly Report (Un-Audited)  
First Quarter Ended  
September 30, 2017



*If undelivered please return to:*  
**kohinoor Spinning Mills Limited**  
*Corporate and Shares Departement*  
7/1 E-3Main Boulevard Gulberg III, Lahore.

Sehantech  
Tel: 36302223

**KOHINOOR SPINNING MILLS LIMITED**

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Jahangir	(Director)
Khawaja Mohammad Tanveeer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Hamza Housaf	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

### AUDIT COMMITTEE

Khawaja Mohammad Jahangir	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Khawaja Mohammad Nadeem	(Member)

### HR & REMUNERATION COMMITTEE

Khawaja Mohammad Kaleem	(Chairman)
Khawaja Mohammad Nadeem	(Member)
Mr. Mohammad Naveed	(Member)

### CORPORATE SECRETARY

Hasan Ahmed Khan	(ACA)
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### CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A.
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### BANKERS

Habib Metro Bank Limited	MCB Bank Limited
National Bank of Pakistan	Allied Bank Limited
Askari Bank Limited	Meezan Bank Limited
Saudi Pak Industrial & Agricultural Investment Company Limited	

### AUDITOR

Nasir Javaid Maqsood Imran  
Chartered Accountants  
Office #: 12 & 13, 3rd Floor, Fazal Arcade,  
F-11 Markaz, Islamabad - Pakistan.

### CORPORATE & REGISTERED OFFICE

7/1-E-3, Main Boulevard Gulberg III, Lahore.  
Tel: (042) 35717510 Fax: (042) 35755760

### SHARE REGISTRARS

Corp Link (Pvt) Limited  
Wings Arcade, 1-K, Commercial, Model Town, Lahore.  
Tel: (042) 35839182 Fax: (042) 35869037

### MILLS

Unit I & II  
Aminabad, Chakwal  
Tel: (0543) 644254 - 644281

Unit III  
Yousaf Nagar, Bhoun Road,  
Chakwal  
Tel: (0543) 452070-71

## DIRECTORS' REPORT

On behalf of the Directors of Kohinoor Spinning Mills Limited, it is my pleasure to present three months accounts for the period ended 30th September 2017.

Your Company has incurred a net loss of Rs. 53 million as compared to a net loss of Rs. 69 million for the corresponding period last year. Despite increasing cotton prices and funds shortage, Company's management has managed to decrease distribution and administrative costs resulting in 85% decrease in operating loss.

Sales have increased from Rs. 286 million in September 2016 to Rs. 729 million in the current period (an increase of 154%). Sales increased mainly due to utilization of plant capacity and exploring of local market. Efforts are being made to inject new equity. The Securities and Exchange Commission of Pakistan (SECP) has accorded approval of issuance of further shares other than right issue (under Section 83 of the Companies Act 2017) vide letter No. CSD/CI/28/2005-619 dated October 10, 2017 on the basis of special resolution passed by the shareholders of the Company in the extra ordinary general meeting held on May 05, 2017. In compliance with said letter, we have issued shares to the following directors on October 16, 2017.

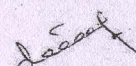
	No of Shares
Mr. Khawaja Muhammad Kaleem	42,285,714
Mr. Khawaja Muhammad Nadeem	5,857,143
Mr. Muhammad Naveed	37,571,428
	<b>85,714,285</b>

These shares have been issued @ Rs. 7 (inclusive of Rs. 2 premium) per share.

The textile package announced by Government of Pakistan could not play pivotal role in the revival of textile industry. Other factors like continuous fuel and power supply and consistent monetary policy by State Bank of Pakistan (SBP) are also crucial. If we want a strong industrial base, we need to rationalize our energy rates and ensure non-stop fuel and energy supply to give a competitive edge to our products. SBP should not increase bench mark interest rate in next monetary policy. We are of the opinion that low interest rate is a must for industrial growth.

In the end, I assure you that the management will continue its efforts to improve the overall performance of the Company through increased productivity, cost control and by devising optimal production strategies.

Lahore:  
29 November 2017

  
Khawaja Mohammad Kaleem  
(Director)

## ڈائریکٹرز رپورٹ

میں کوہ نور سپننگ ملز کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2017 پر اختتام شدہ سہ ماہی کے حسابات پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ آپ کی کمپنی کو پچھلے سال کے 69 ملین روپے کے خالص نقصان کے مقابلے میں اس سال 53 ملین روپے خالص نقصان ہوا ہے۔ روٹی کی بڑھتی قیمتوں اور فنڈ کی کمی کے باوجود کمپنی کے منتظمین تقابلی اور انتظامی لاگت کو کم رکھنے میں کامیاب رہے جس کی وجہ سے اوپریٹنگ (operating) خسارے میں 85% کمی واقع ہوئی۔

موجودہ سہ ماہی کی فروخت ستمبر 2016 کی 286 ملین روپے کی فروخت کے مقابلے میں اس سہ ماہی میں 729 ملین روپے رہی (154% کے اضافے کے ساتھ)۔ فروخت میں اضافے کی بڑی وجہ پلانٹ کی پیداواری صلاحیت کے استعمال میں اضافہ اور مقامی منڈی میں گاہک کی تلاش ہے۔ ایکویٹی کو بڑھانے کی کوششیں کی جا رہی ہیں۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے (کمپنیز ایکٹ 2017 کے سیکشن 83 کے تحت) رائٹ اشوک کے علاوہ مزید حصص بمطابق خط نمبر CSD/CI/28/2005-619 تا تاریخ 10 اکتوبر 2017 جاری کرنے کی منظوری دی ہے جس کی بنیاد 5 مئی 2017 کو منعقد ہونے والے غیر معمولی اجلاس عام میں حصد داران کی جانب سے منظوری کی گئی خصوصی قرارداد کو بنایا گیا۔ اس منظوری کی تعمیل میں ہم نے 16 اکتوبر 2017 کو مندرجہ ذیل ڈائریکٹران کو حصص جاری کئے ہیں۔

نام	(حصص کی تعداد)
خواجہ محمد کلیم	42,285,714
خواجہ محمد منجم	5,857,143
محمد نوید	37,571,428
ٹوٹل	85,714,285

یہ حصص 7 روپے (بشمول 2 روپے پریمیم) کی قیمتوں سے جاری کئے گئے ہیں۔

حکومت پاکستان کی جانب سے اعلان کردہ پیکج، پبلک سٹاک کی صنعت کی بحالی میں کلیدی کردار ادا کر سکا۔ دوسرے حصے جیسے کہ ایندھن، توانائی کی مسلسل فراہمی اور سٹیٹ بینک کی نظام زر کی پالیسی کا تسلسل بھی اہم ہیں۔ اگر ہمیں مضبوط صنعتی بنیاد چاہیے تو ہمیں توانائی کی قیمتوں کو معقول بنانا پڑے گا اور ایندھن و توانائی کی مسلسل فراہمی کو یقینی بنانا ہوگا تاکہ ہماری مصنوعات کو سابق برتری دلائی جاسکے۔ سٹیٹ بینک کو چاہیے کہ وہ اگلی نظام زر پالیسی میں معیاری شرح سو کو نو بڑھائے۔ ہماری رائے میں کم شرح سود صنعتی ترقی کے لیے ناقابل فراموش ہے۔

آخر میں، میں آپ کو یقین دلاتا ہوں کہ منتظمین، کمپنی کی مجموعی کارکردگی کو پیداوار بڑھا کر، لاگت کو کنٹرول کر کے اور بہترین پیداواری حکمت عملی وضع کر کے بہتر بنائیں گے۔

بورڈ آف ڈائریکٹرز کی طرف سے



خواجہ محمد کلیم  
(ڈائریکٹر)

تاریخ: 29 نومبر 2017

لاہور

## CONDENSED INTERIM BALANCE SHEET (UN-AUDIETD) AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital 300,000,000 (June 30, 2017 - 300,000,000) ordinary shares of Rs.5 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital 130,000,000 (June 30, 2017 - 130,000,000) ordinary shares of Rs.5 each	5	650,000,000	650,000,000
Reserves		(995,859,781)	(943,099,559)
		(345,859,781)	(293,099,559)
<b>NON-CURRENT LIABILITIES</b>			
Loan from directors		1,000,526,516	1,000,526,516
Long term Loans		141,176,468	164,705,880
Liabilities against assets subject to finance lease		-	-
Supplier's credit		119,647,400	119,911,749
Deferred liabilities		-	-
		1,261,350,384	1,285,144,145
<b>CURRENT LIABILITIES</b>			
Trade and other payables		341,009,195	299,907,870
Accrued Interest on loans and borrowings		185,527,546	149,300,085
Short-term borrowings		1,406,967,331	1,406,765,835
Current portion of non current liabilities		337,427,398	313,897,984
Provision for taxation -		28,067,174	21,278,983
		2,298,998,644	2,191,150,757
		3,214,489,247	3,183,195,343
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	1,887,821,419	1,913,004,745
Long term deposits		10,561,342	10,561,342
Long term investments	7	349,272	415,800
		1,898,732,033	1,923,981,887
<b>CURRENT ASSETS</b>			
Stores and spares		133,323,871	156,828,764
Stock-in-trade	8	909,172,250	853,765,055
Trade debts		163,140,363	160,346,319
Loans and advances		77,324,968	67,462,832
Trade deposits, short term prepayments and other receivables		29,446,174	18,434,115
Cash and bank balances		3,349,588	2,376,370
		1,315,757,214	1,259,213,456
		3,214,489,247	3,183,195,343

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

These accounts are signed by two directors, as the Chief Executive of the company is outside city. This is to comply with the requirement of section 241 of the Company Ordinance 1984.

Lahore

November 29, 2017

  
Director

  
Director

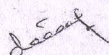
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

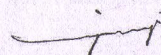
		(Un-audited)	
		September 30, 2017	September 30, 2016
Note	Rupees	Rupees	
	SALES - NET	728,724,724	286,290,574
9	COST OF SALES	(714,634,097)	(303,848,744)
	GROSS PROFIT	14,090,627	(17,558,170)
	OPERATING EXPENSES:		
	- Distribution Costs	(909,235)	(5,672,579)
	- Administrative	(20,173,772)	(22,227,093)
		(21,083,007)	(27,899,672)
	OPERATING (LOSS)	(6,992,380)	(45,267,841)
	Financial cost	(38,414,067)	(22,582,208)
	Other operating income		1,529,927
		(38,414,067)	(21,052,281)
	(LOSS) BEFORE TAXATION	(45,406,447)	(66,320,122)
	TAXATION	(7,287,247)	(2,862,906)
	(LOSS) AFTER TAXATION	(52,693,694)	(69,183,028)
	(LOSS) PER SHARE - BASIC & DILUTED	(0.41)	(0.53)

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Lahore  
November 29, 2017

  
Director

  
Director

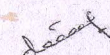
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**


		(Un-audited)	
		September 30, 2017	September 30, 2016
Note	Rupees	Rupees	
	(Loss) after taxation	(52,693,694)	(69,183,028)
	Other comprehensive income for the period		
	Items that may be reclassified subsequently to profit and loss	-	-
	Unrealized (loss) due to change in fair value of long term investment	(66,528)	-
	Items that will not reclassified to profit and loss	-	-
	Total Comprehensive loss for the period	(52,760,222)	(68,183,028)

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Lahore  
November 29, 2017

  
Director

  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

(Un-audited)

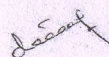
Note	(Un-audited)	
	September 30, 2017	September 30, 2016
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(45,406,447)	(66,320,122)
Adjustments of non cash charges and other items:		
Depreciation / amortization	25,145,302	18,177,390
Gratuity	5,705,823	6,667,674
(Loss)/Gain on sale of fixed assets	23,026	(1,529,927)
Financial cost	38,414,067	22,582,208
Operating profit before working capital changes	23,881,771	(20,422,777)
(Increase)/decrease in current assets		
Stores and spares	23,504,893	(3,418,732)
Stock-in-trade	(55,407,195)	(196,838,401)
Trade debts	(2,794,044)	246,051,320
Loan & advances	(9,862,136)	12,092,916
Trade deposits, prepayments & other receivables	(11,012,059)	(4,351,998)
	(55,570,541)	53,535,105
Increase/decrease in current liabilities		
Trade and other payables	41,101,325	(12,499,870)
	9,412,555	20,612,458
Financial cost paid	(2,186,606)	(22,573,236)
Income tax paid	(499,056)	(2,180,771)
Gratuity paid	(5,970,172)	(8,669,952)
<b>Net cash used in operations</b>	<b>756,721</b>	<b>(12,811,501)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, Plant & Equipment	-	(1,458,580)
Long term loans	-	1,260,726
Proceeds from disposal property, plant and equipment	15,000	2,500,000
<b>Net cash used in investing activities</b>	<b>15,000</b>	<b>2,302,146</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayments)/proceeds from:		
Decrease in finance lease liabilities	-	(1,920,732)
Decrease in short term borrowings	201,496	7,956,004
<b>Net cash generated from financing activities</b>	<b>201,496</b>	<b>6,035,272</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>973,218</b>	<b>(4,474,083)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>2,376,370</b>	<b>11,412,802</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3,349,588</b>	<b>6,938,718</b>

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

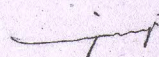
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Lahore

November 29, 2017



Director



Director

**CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY - (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

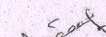
PARTICULARS	Share Capital	Revenue Reserves		Total Equity
		Accumulated Loss	Fair Value Reserves	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
<b>Balance as at July 01, 2016</b>	650,000,000	(259,666,018)	(584,200)	389,749,782
Loss for the period ended after taxation	-	(69,183,027)	-	(69,183,027)
Unrealized (loss) due to change in fair Value of long term investment	-	-	-	-
<b>Balance as at September 30, 2016</b>	<b>650,000,000</b>	<b>(326,849,045)</b>	<b>(584,200)</b>	<b>320,566,754</b>
<b>Balance as at July 01, 2017</b>	650,000,000	(942,515,359)	(584,200)	(293,099,559)
Loss for the period ended after taxation	-	(52,693,694)	-	(52,693,694)
Unrealized (loss) due to change in fair Value of long term investment	-	-	(66,528)	(66,528)
<b>Balance as at September 30, 2017</b>	<b>650,000,000</b>	<b>(995,209,053)</b>	<b>(650,728)</b>	<b>(345,859,781)</b>

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

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Lahore

November 29, 2017



Director



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

**1. NATURE AND STATUS OF BUSINESS**

KOHINOOR SPINNING MILLS LIMITED was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi stock exchange. The registered office of the company is situated at 7/1, E/3, Main Boulevard Gulberg III, Lahore. The company is engaged in the business of textile spinning.

**2. BASIS OF PRESENTATION**

This interim condensed financial statement is unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. These interim condensed financial statements has been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). In case where requirement differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements should be read in conjunction with the audited annual published Financial statements of the company for the year ended June 30, 2017.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2017.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

**4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2017.

- 4.2 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2017.

Notes	Sep 30, 2017	June 30, 2017
	(Un-audited) Rupees	(Audited) Rupees
<b>5. SHARE CAPITAL</b>		
<b>Issued, subscribed and paid up</b>		
127,725,000 (June 30, 2017-127,725,000) ordinary shares of Rupees 5/- each, issued for cash	638,625,000	638,625,000
2,275,000 (June 30, 2017 -2,275,000) ordinary shares of Rupees 5/- each, issued as bonus shares	11,375,000	11,375,000
	<b>650,000,000</b>	<b>650,000,000</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening writtendown value	1,874,653,783	1,982,213,932
Transfer during the period	6.1 -	5,916,300
	<b>1,874,653,783</b>	<b>1,988,130,232</b>
Deletion during the period	6.2 (69,900)	(19,254,925)
	<b>1,874,583,882</b>	<b>1,968,875,307</b>
Depreciation charged during the period	(24,596,837)	(104,380,596)
Depreciation Adjusted during the period	(31,874)	10,159,072
	<b>1,849,955,171</b>	<b>1,874,653,783</b>
<b>LEASED</b>		
Opening writtendown value	38,350,962	44,917,867
Additions/transfer during the period	-	-
	<b>38,350,962</b>	<b>44,917,867</b>
Transfer during the period	-	(5,916,300)
	<b>38,350,962</b>	<b>39,001,567</b>
Amortization charged during the period	(484,714)	(3,578,763)
Amortization adjusted during the period	-	2,928,157
	<b>37,866,248</b>	<b>38,350,962</b>
	<b>1,887,821,419</b>	<b>1,913,004,745</b>
<b>6.1 TRANSFER DURING THE PERIOD</b>		
Plant and machinery	-	5,916,300
	-	<b>5,916,300</b>
<b>6.2 DELETION DURING THE PERIOD</b>		
Vehicles	(69,900)	(19,254,925)
	<b>(69,900)</b>	<b>(19,254,925)</b>

	Notes	Sep 30, 2017	June 30, 2017
		(Un-audited) Rupees	(Audited) Rupees
<b>7. LONG TERM INVESTMENTS</b>			
Held as available for sale			
Others - Quoted			
KASB Modaraba (Former First Mehran Modaraba)			
166,320 modaraba certificates of Rupees 10 each.		349,272	415,800
		<b>349,272</b>	<b>415,800</b>
<b>8. STOCK-IN-TRADE</b>			
Raw material		654,234,518	715,665,406
Work-in-process		143,033,252	201,831,124
Finished goods		110,703,846	214,604,831
Waste		1,200,634	18,221,699
		<b>909,172,250</b>	<b>1,150,323,060</b>
<b>9. COST OF SALES</b>			
Cost of goods manufactured		758,069,626	271,455,968
Opening stock of finished goods		68,468,951	201,029,306
Closing stock of finished goods		(111,904,480)	(168,826,530)
		<b>714,634,097</b>	<b>303,658,744</b>
<b>10. TAXATION</b>			
Opening balance		21,278,983	17,740,275
For the current period		7,287,247	20,630,464
For the Prior period		-	(11,462,613)
		<b>28,566,230</b>	<b>26,908,126</b>
Less: adjusted		(499,056)	(5,629,144)
Closing balance		<b>28,067,174</b>	<b>21,278,983</b>
<b>11. (LOSS) PER SHARE - Basic &amp; Diluted</b>			
(Loss) after taxation		(52,693,694)	(69,183,028)
Weighted average number of ordinary shares		130,000,000	130,000,000
(Loss) per share - Basic & Diluted		<b>(0.41)</b>	<b>(0.53)</b>

**11.1 Diluted earning per share**

There is no dilution effect on the basic earning per share of the company as the company has no such commitments.

**12. TRANSACTION WITH RELATED PARTIES**

The transactions between the company and related parties are at arm's length prices determined in accordance with comparable uncontrolled price method. The company during the period ending September 30, 2017 entered to following transactions with its related parties:

	Sep 30, 2017	June 30, 2017
	(Un-audited) Rupees	(Audited) Rupees
Purchase of raw material and goods		300,516

**13. AUTHORIZATION FOR ISSUE**

These condensed interim Financial statement have been authorised for issue on November 29, 2017 by the Board of Directors of the company.

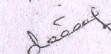
**14. GENERAL**

Figures have been rounded off to the nearest rupee.

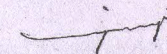
These accounts are signed by two directors, as the Chief Executive of the company is outside city. This is to comply with the requirement of section 241 of the Company Ordinance 1984.

Lahore

November 29, 2017



Director.



Director