



*Kohinoor
Spinning Mills Limited*



QUARTERLY REPORT

UN-AUDITED

1st Quarter Ended

September 30, 2016

Contents

Company Information	01
Directors' Report	02-03
Balance Sheet	04-05
Profit & Loss Account	06
Statement of Comprehensive Income	07
Cash Flow Statement	08
Statement of Changes in Equity	09
Notes to the Accounts	10-13

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Naveed	(Chief Executive)
Khawaja Muhammad Jawed	(Director)
Khawaja Muhammad Jahangir	(Director)
Khawaja Muhammad Tanveer	(Director)
Khawaja Muhammad Kaleem	(Director)
Khawaja Muhammad Nadeem	(Director)
Mr. Muhammad Hamza Yousaf	(Director)
Mr. Muhammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

Khawaja Muhammad Kaleem	(Chairman)
Khawaja Muhammad Nadeem	(Member)
Mr. Muhammad 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 of Pakistan
Meezan Bank Limited
Askari 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 2016.

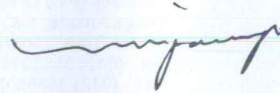
Your Company has incurred a net loss of Rs.69 million as compared to a net loss of Rs. 37 million for the corresponding period last year. Ever increasing cotton prices, imposition of innovative taxation in electricity bills, less electricity availability, funds shortage as compared to the corresponding period last year are main causes of this adverse result.

Sales have reduced from Rs. 1.26 billion in September 2015 to Rs. 0.29 billion in the current period (a decrease of 77%). Sales were reduced mainly due to under utilization of plant capacity, dormant export market and unattractive yarn prices. Due to heavy losses, sustainability of our operations suffered. The only option to survive is injection of equity. The shareholders of the Company have approved conversion of directors' loan (to the extent of Rs. 300 million) into equity. After completion of all legal requirements, 30 million shares shall be issued with a premium of Rs. 5/- share. The directors are willing to contribute to the core business of spinning despite adverse business conditions.

The Government of Pakistan has announced a textile package after much delay. How much it would be beneficial for revival of textile industry, only time will tell. 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.

For and on behalf of the Board



Khawaja Muhammad Jahangir
(Director)

Lahore:
12 January 2017

ڈائریکٹرز رپورٹ

میں کوہ نور سپننگ ملز کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016 پر اختتام شدہ سہ ماہی کے حسابات پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

آپ کی کمپنی کو پچھلے سال کے 37 ملین روپے کے خالص نقصان کے مقابلے میں اس سال 69 ملین روپے خالص نقصان ہوا ہے۔ روٹی کی ہوز بڑھتی قیمتیں، بجلی بلوں پر مختلف انواع ٹیکسوں کا لاگو ہونا، بجلی کی کمی، فنڈ کی کمی اس سال پچھلے سال کے مقابلے میں اس منفی نتیجے کی وجہ ہے۔

موجودہ سہ ماہی کی فروخت ستمبر 2015 کی 1.26 بلین روپے کی فروخت کے مقابلے میں 0.29 بلین روپے رہی (77% کمی کے ساتھ)۔ فروخت میں کمی کی وجہ پلانٹ کی پیداواری صلاحیت کا قلیل استعمال، برآمدی منڈی میں سست روی اور دھاگے کی کم قیمتیں ہیں۔ بھاری نقصانات کی وجہ سے ہمارے معمولات شدید متاثر ہوئے۔ ایکویٹی کا ڈالا جانا ہی صرف بچنے کی صورت ہے۔ کمپنی کے حصہ داروں نے ڈائریکٹروں کو ادھار کو (300 ملین روپے کی حد تک) ایکویٹی میں بدلنے کی منظوری دے دی ہے۔ تمام قانونی تقاضوں کو پورا کرنے کے بعد 30 ملین حصہ جات جاری کیے جانے لگیں 5 روپے فی حصہ پر بینیم کے حساب سے۔ ڈائریکٹرز غیر موزوں حالات کے باوجود سپننگ کے مرکزی کاروبار میں حصہ ڈالنے کے لیے رضامند ہیں۔

حکومت پاکستان نے کافی عرصے بعد ٹیکسٹائل پیکج کا اعلان کیا ہے۔ یہ ٹیکسٹائل کی صنعت کی بحالی کے لیے کتنا مثبت ثابت ہوتا ہے، وقت بتائے گا۔ دوسرے محرک جیسے کہ ایندھن و 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 مسابقتی برتری دلائی جاسکے۔ سٹیٹ بینک کو چاہیے کہ وہ اگلی نظام زر پالیسی میں معیاری شرح سود کو نہ 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 جہانگیر

(ڈائریکٹر)

تاریخ: 12 جنوری 2017

لاہور

INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

Note	Un-Audited September 30, 2016 (Rupees)	Audited June 30, 2016 (Rupees)
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital 130,000,000 (June 30, 2016 - 130,000,000) 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, 2016 - 130,000,000) ordinary shares of Rs.5 each	650,000,000	650,000,000
Reserves	(329,433,246)	(260,250,218)
	320,566,754	389,749,782
NON-CURRENT LIABILITIES		
Long term Loans	700,000,000	700,000,000
Liabilities against assets subject to finance lease	235,294,116	258,823,528
Supplier's credit	272,423	1,322,908
Deferred liabilities for gratuity	-	25,761,117
	105,818,596	107,820,874
	1,041,385,135	1,093,728,427
CURRENT LIABILITIES		
Trade and other payables	277,726,496	290,226,366
Accrued Interest on loans and borrowings	43,786,924	43,777,952
Short-term borrowings	1,444,004,843	1,436,048,839
Current portion of non current liabilities	246,014,301	197,594,019
Provision for taxation	18,422,409	17,740,275
	2,029,954,973	1,985,387,451
	3,391,906,862	3,468,865,660

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

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

Lahore:
12 January 2017


(Khawaja Muhammad Jahangir)
Director

AS AT SEPTEMBER 30, 2016

Notes	Un-Audited September 30, 2016 (Rupees)	Audited June 30, 2016 (Rupees)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	2,009,442,911	2,027,131,797
Long term loans	19,772,871	21,033,597
Long term deposits	10,561,342	10,561,342
Long term investments	415,800	415,800
	2,040,192,924	2,059,142,536
CURRENT ASSETS		
Stores and spares	103,319,637	99,900,905
Stock-in-trade	1,150,323,060	953,484,657
Trade debts	30,601,163	276,652,482
Loans and advances	29,625,643	41,718,559
Trade deposits, short term prepayments and other receivables	30,905,718	26,553,720
Cash and bank balances	6,938,718	11,412,802
	1,351,713,938	1,409,723,125
	3,391,906,862	3,468,865,660

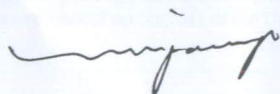

(Khawaja Muhammad Tanveer)
Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Notes	September 30, 2016 (Rupees)	September 30, 2015 (Rupees)
SALES - NET		286,290,574	1,257,406,778
COST OF SALES	9	(303,658,744)	(1,155,960,305)
GROSS (LOSS)/PROFIT		(17,368,170)	101,446,473
OPERATING EXPENSES			
Distribution Cost		(5,672,578)	(30,537,731)
Administrative		(22,227,093)	(40,780,224)
		(27,899,671)	(71,317,955)
OPERATING (LOSS)/PROFIT		(45,267,841)	30,128,518
Financial cost		(22,582,208)	(57,779,535)
Other operating income		1,529,927	3,334,704
		(21,052,281)	(54,444,831)
(LOSS) BEFORE TAXATION		(66,320,122)	(24,316,313)
TAXATION	10	(2,862,906)	(12,574,068)
(LOSS) AFTER TAXATION		(69,183,028)	(36,890,381)
(LOSS) PER SHARE - BASIC	11	(0.53)	(0.28)

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

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



(Khawaja Muhammad Jahangir) Director



(Khawaja Muhammad Tanveer) Director

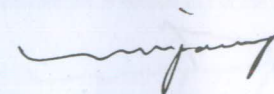
Lahore:
12 January 2017

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Un-Audited September 30, 2016 (Rupees)	Un-Audited September 30, 2015 (Rupees)
(Loss) after taxation	(69,183,028)	(36,890,381)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized (loss) due to change in fair value of long term investment	-	(33,263)
Items that will not be reclassified to profit and loss	-	-
Total comprehensive loss for period	(69,183,028)	(36,923,644)

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(Khawaja Muhammad Jahangir) Director



(Khawaja Muhammad Tanveer) Director

Lahore:
12 January 2017

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Un-Audited September 30, 2016 (Rupees)	Un-Audited September 30, 2015 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(66,320,122)	(24,316,313)
Adjustments of non cash charges and other items:		
Depreciation / amortization	18,177,390	27,381,752
Gratuity	6,667,674	11,166,969
Gain on sale of fixed assets	(1,529,927)	-
Financial cost	22,582,208	57,779,535
Operating profit/(loss) before working capital changes	(20,422,777)	72,011,943
(Increase)/decrease in current assets		
Stores and spares	(3,418,732)	9,350,079
Stock-in-trade	(196,838,401)	219,734,070
Trade debts	246,051,320	35,007,572
Loan & advances	12,092,916	8,355,770
Trade deposits, prepayments & other receivables	(4,351,998)	82,285
	53,535,105	272,529,776
Decrease/increase in current liabilities		
Trade and other payables	(12,499,870)	20,901,655
	20,612,458	365,443,374
Financial cost paid	(22,573,236)	(62,563,107)
Income tax paid	(2,180,771)	(11,372,908)
Gratuity paid	(8,669,952)	(3,388,173)
Net cash generated from/(used in) operations	(12,811,501)	288,119,187
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(1,458,580)	(16,949,986)
Long term loans	1,260,726	(166,766)
Proceeds from disposal property, plant and equipment	2,500,000	9,702,514
Net cash generated from/(used in) investing activities	2,302,146	(7,414,238)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from:		
Decrease in finance lease liabilities	(1,920,732)	(6,839,969)
Decrease/increase in short term borrowings	7,956,004	(241,331,759)
Net cash generated from/(used in) financing activities	6,035,272	(248,171,728)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(4,474,083)	32,533,321
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	11,412,802	10,724,341
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,938,718	43,257,662

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

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

Lahore:
12 January 2017

(Khawaja Muhammad Jahangir) (Khawaja Muhammad Tanveer)
Director Director

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Share Capital (Rupees)	Accumulated Profit/(Loss) (Rupees)	Total (Rupees)
Balance as at July 01, 2015	650,000,000	192,304,938	842,304,938
(Loss) for the period after taxation	-	(36,890,380)	(36,890,380)
Unrealized loss due to change in fair value of long term investment	-	(33,264)	(33,264)
Balance as on September 30, 2015	650,000,000	155,381,294	805,381,294
Balance as on July 01, 2016	650,000,000	(260,250,218)	389,749,782
(Loss) for the period after taxation	-	(69,183,028)	(69,183,028)
Unrealised loss due to change in fair value of long term investment	-	-	-
Balance as on September 30, 2016	650,000,000	(329,433,245)	320,566,754

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

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

Lahore:
12 January 2017

(Khawaja Muhammad Jahangir) (Khawaja Muhammad Tanveer)
Director Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

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 Pakistan 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 is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. These interim condensed financial statements have been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). In case where requirements 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, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and 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, 2016.

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 2016.

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 2016.

Notes	Un-Audited Sep. 30, 2016 (Rupees)	Audited June 30, 2016 (Rupees)	
5. SHARE CAPITAL			
Issued, subscribed and paid up			
	127,725,000 (June 30, 2016 -127,725,000) ordinary shares of Rupees 5/- each, issued for cash	638,625,000	638,625,000
	2,275,000 (June 30, 2016 -2,275,000) ordinary shares of Rupees 5/- each, issued as bonus shares	11,375,000	11,375,000
	650,000,000	650,000,000	
6. PROPERTY, PLANT AND EQUIPMENT			
	Opening writtendown value	1,982,213,830	1,994,965,555
6.1	Additions/transfer during the period	1,458,580	125,737,436
		1,983,672,410	2,120,702,991
6.2	Deletion/transfer during the period	(3,245,613)	(9,702,524)
		1,980,426,797	2,111,000,466
	Depreciation charged during the period	(17,681,233)	-
	Depreciation Adjusted during the period	2,275,540	(128,786,636)
		1,965,021,104	1,982,213,830
LEASED			
	Opening writtendown value	44,917,967	113,233,168
6.3	Additions/transfer during the period	-	-
		44,917,967	113,233,168
	Deletion/transfer during the period	-	(61,993,098)
		44,917,967	51,240,070
	Amortization charged during the period	(496,160)	(7,051,710)
	Amortization Adjusted during the period	-	729,607
		44,421,807	44,917,967
		2,009,442,911	2,027,131,797
6.1 ADDITIONS/TRANSFER DURING THE PERIOD			
	Factory building on freehold land	-	2,853,460
	Plant and machinery	1,458,580	95,574,842
	Electric installation	-	5,488,669
	Office equipment	-	175,500
	Vehicles	-	21,644,965
		1,458,580	125,737,436
6.2 DELETION/TRANSFER DURING THE PERIOD			
	Plant and machinery	-	(9,702,524)
	Vehicles	(3,245,613)	-
		(3,245,613)	(9,702,524)
6.3 DELETION/TRANSFER DURING THE PERIOD			
	Plant and machinery	-	(40,411,633)
	Vehicles	-	(21,581,465)
		-	(61,993,098)

	Un-Audited Sep. 30, 2016 (Rupees)	Audited June 30, 2016 (Rupees)
7. LONG TERM INVESTMENTS		
Held as available for sale		
Others - Quoted		
KASB Modaraba (Former First Mehran Modaraba) 166,320 modaraba certificates of Rupees 10 each.	415,800	415,800
	<u>415,800</u>	<u>415,800</u>
8. STOCK-IN-TRADE		
Raw material	715,665,406	636,838,628
Work-in-process	201,831,124	15,616,723
Finished goods	214,604,831	197,853,665
Waste	18,221,699	3,175,641
	<u>1,150,323,060</u>	<u>953,484,657</u>
	Un-Audited Sep. 30, 2016 (Rupees)	Un-Audited Sep. 30, 2015 (Rupees)
9. COST OF SALES		
Cost of goods manufactured	271,455,968	1,124,276,581
Opening stock of finished goods	201,029,306	286,101,569
Closing stock of finished goods	(168,826,530)	(254,417,845)
	<u>303,658,744</u>	<u>1,155,960,305</u>
10. TAXATION		
Opening balance	17,740,275	13,109,285
For the period	2,862,906	12,574,068
	20,603,181	25,683,353
Less: adjusted	(2,180,772)	(11,372,908)
	<u>18,422,409</u>	<u>14,310,445</u>
11. LOSS EARNING PER SHARE - Basic		
(Loss) after taxation	(69,183,028)	(36,890,381)
Weighted average number of ordinary shares	130,000,000	130,000,000
(Loss) Earnings per share - Basic	<u>(0.53)</u>	<u>(0.28)</u>

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, 2016 entered to following transactions with its related parties:

	Un-Audited Sep. 30, 2016 (Rupees)	Un-Audited Sep. 30, 2015 (Rupees)
Purchase of material and goods	300,518	-

13. AUTHORISATION FOR ISSUE

These interim condensed Financial statement have been authorised for issue on January 12, 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 Pakistan. This is to comply with the requirement of section 241 of the Company Ordinance 1984.

Lahore:
12 January 2017

(Khawaja Muhammad Jahangir) Director
(Khawaja Muhammad Tanveer) Director