



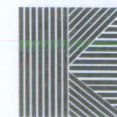
KOHINOOR SPINNING MILLS LIMITED



QUARTERLY REPORT
UN-AUDITED
For the 3rd Quarter Ended
March 31, 2016

Quarterly Report
UN-AUDITED

For the 3rd Quarter Ended
March 31, 2016



Kohinoor Spinning Mills Limited

COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Jahangir	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Hamza Yousaf	(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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar M.B.A

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 **Kobinoor Spinning Mills Limited**, it is my pleasure to present nine months accounts for the period ended 31st March 2016.

Your Company has incurred a net loss of Rs. 225 million as compared to a net loss of Rs. 104 million for the corresponding period last year. This adverse result is mainly attributed to the cotton price fluctuations, overall depressed sentiments of yarn market, and worsening fuel and power price issues.

The fluctuation in raw material prices remained our top priority concern as raw material cost constitutes 60 to 65 percent of our total cost. Raw material prices fluctuated during the period under review. We saw cotton prices touching the lowest level of Rs. 4 700 per maund and now touching the highest level of Rs. 6 000 per maund. These fluctuations are beyond our control and remained a grey area for spinning sector. After raw material management, fuel and power prices have become our most serious concern. WAPDA supplied electricity price per KWH costs us Rs. 13. If we generate electricity with furnace oil, per KWH price comes to Rs. 7. The Government of Pakistan should look into the matter and provide some relief to the industry with virtual zero percent line losses.

Due to inefficient and unfriendly socio-economic environment, the cost of operating business in Pakistan is considerably high. Consequently, Pakistani businesses are at a comparative disadvantage in respect of operating costs as compared to their competitors in the region. These factors disturbed our yarn export and we are observing export orders of lowest volume these days.

The future outlook of spinning industry seems hanging in balance depending on many factors like rational electricity rates, better yarn export market, continuous power supply and consistent monetary policy by State Bank of Pakistan (SBP).

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

Lahore
 April 29, 2016

MOHAMMAD NAVEED
 (Chief Executive Officer)

CONDENSED INTERIM BALANCE SHEET

Notes	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital 130,000,000 (June 30, 2015 - 130,000,000) ordinary shares of Rs.5 each	650,000,000	650,000,000
Issued, subscribed and paid up capital 130,000,000 (June 30, 2015 - 130,000,000) ordinary shares of Rs.5 each 5	650,000,000	650,000,000
Accumulated (loss)/profit	(32,858,451)	192,304,938
	617,141,549	842,304,938
Sub-ordinated loan from directors	700,000,000	700,000,000
NON-CURRENT LIABILITIES		
Long term loans	282,352,940	329,411,764
Liabilities against assets subject to finance lease	3,278,696	15,749,077
Supplier's credit	103,677,737	51,838,869
Deferred liabilities for gratuity	128,106,015	117,902,969
	517,415,388	514,902,679
CURRENT LIABILITIES		
Trade and other payables	235,906,779	231,634,423
Accrued Interest on loans and borrowings	36,485,382	43,276,302
Short-term borrowings	1,410,515,338	1,577,354,453
Current portion of non current liabilities	88,725,297	147,965,653
Provision for taxation	16,779,657	13,109,285
	1,788,412,453	2,013,340,116
CONTINGENCIES AND COMMITMENTS		
6	-	-
	3,622,969,390	4,070,547,733

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

Lahore:
April 29, 2016

(Mohammad Naveed)
Chief Executive

AS AT MARCH 31, 2015 (UN-AUDITED)

Notes	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	7 2,037,001,607	2,085,557,422
Long term Loans	20,808,677	20,713,699
Long term deposits	10,576,342	10,561,342
Long term investments	8 465,695	532,223
	31,850,714	31,807,264
CURRENT ASSETS		
Stores and spares	100,212,808	92,447,285
Stock-in-trade	9 1,061,351,630	1,345,357,207
Trade debts	284,363,575	392,476,476
Loans and advances	58,644,345	67,815,170
Trade deposits, short term prepayments and other receivables	33,795,522	44,362,569
Cash and bank balances	15,749,189	10,724,341
	1,554,117,069	1,953,183,048
	3,622,969,390	4,070,547,733

(Khawaja Mohammad Jahangir)
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	Notes	Period Ended		Quarter Ended	
		March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
SALES - NET		3,413,442,052	4,526,857,506	1,012,590,297	1,486,119,551
COST OF SALES	10	(3,283,130,163)	(4,203,950,846)	(1,118,787,212)	(1,387,074,080)
GROSS PROFIT/(LOSS)		130,311,889	322,906,660	(106,196,915)	99,045,471
OPERATING EXPENSES					
Distribution Cost		(81,139,120)	(116,890,619)	(22,354,820)	(34,533,118)
Administrative		(88,375,255)	(85,862,988)	(28,930,267)	(28,036,830)
		(169,514,375)	(202,753,607)	(51,285,087)	(62,569,948)
OPERATING (LOSS)/PROFIT		(39,202,486)	120,153,053	(157,482,002)	36,475,523
Financial cost		(157,915,724)	(206,000,766)	(44,294,349)	(74,964,880)
Other operating income		6,155,770	27,386,473	2,008,117	27,742
		(151,759,954)	(178,614,293)	(42,286,232)	(74,937,138)
(LOSS) BEFORE TAXATION		(190,962,440)	(58,461,240)	(199,768,234)	(38,461,615)
TAXATION	11	(34,134,421)	(45,268,575)	(10,125,903)	(14,861,195)
(LOSS) AFTER TAXATION		(225,096,861)	(103,729,815)	(209,894,137)	(53,322,810)
(LOSS) PER SHARE - BASIC	12	(1.73)	(0.80)	(1.61)	(0.41)

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

Lahore:
April 29, 2016

(**Mohammad Naveed**)
Chief Executive

(**Khawaja Mohammad Jahangir**)
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	3rd Quarter Ended		Quarter Ended	
	March 31, 2016 Un-Audited (Rupees)	March 31, 2015 Un-Audited (Rupees)	March 31, 2016 Un-Audited (Rupees)	March 31, 2015 Un-Audited (Rupees)
(Loss) after taxation	(225,096,861)	(103,729,815)	(209,894,137)	(53,322,810)
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss	-	-	-	-
Unrealized (loss)/gain due to change in fair value of long term investment	(66,528)	(94,802)	(103,118)	121,414
Items that will not be reclassified to profit and loss	-	-	-	-
Total comprehensive Loss	(225,163,389)	(103,824,617)	(209,997,255)	(53,201,396)

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

Lahore:
April 29, 2016

(**Mohammad Naveed**)
Chief Executive

(**Khawaja Mohammad Jahangir**)
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	Un-Audited March 31, 2016 (Rupees)	Un-Audited March 31, 2015 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(190,962,440)	(58,461,240)
Adjustments of non cash charges and other items:		
Depreciation / amortization	85,240,272	75,344,123
Gratuity	30,540,907	32,452,098
Gain on sale of fixed assets	-	(1,180,903)
Dividend income	(16,008)	-
Financial cost	157,915,724	206,000,766
Operating profit before working capital changes	82,718,455	254,154,844
(Increase)/decrease in current assets		
Stores and spares	(7,765,523)	17,561,913
Stock-in-trade	284,005,577	20,744,582
Trade debts	108,112,901	(16,805,016)
Loan & advances	9,170,825	12,857,265
Trade deposits, prepayments & other receivables	10,567,047	2,772
	404,090,827	34,361,516
Increase/decrease in current liabilities		
Trade and other payables	4,380,206	(11,324,360)
	491,189,488	277,192,000
Financial cost paid	(164,706,644)	(215,090,674)
Income tax paid	(30,464,049)	(39,727,568)
Dividend paid	(107,850)	(5,919,071)
Gratuity paid	(20,337,861)	(11,930,205)
Net cash used in operations	275,573,083	4,524,481
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant & Equipment	(46,386,971)	(118,470,397)
Long term loans	(94,978)	(5,111,789)
Long term deposit	(15,000)	-
Proceeds from disposal property, plant and equipment	9,702,514	1,620,000
Dividend received	16,008	-
Net cash used in investing activities	(36,778,427)	(121,962,186)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from:		
Increase/Decrease in long term financing	(47,058,824)	400,000,000
Decrease in finance lease liabilities	(19,871,869)	(26,549,223)
Decrease in supplier's credit	-	(167,084,436)
Decrease in short term borrowings	(166,839,115)	(86,414,683)
Net cash generated from financing activities	(233,769,808)	119,951,658
NET DECREASE IN CASH AND CASH EQUIVALENTS	5,024,848	2,513,954
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,724,341	10,910,082
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,749,189	13,424,036

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

Lahore:
April 29, 2016**(Mohammad Naveed)**
Chief Executive**(Khawaja Mohammad Jahangir)**
DirectorCONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	Share Capital	Accumulated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2014	650,000,000	488,020,366	1,138,020,366
(Loss) for the period ended after taxation	-	(103,729,815)	(103,729,815)
Dividend for the year 2013-2014	-	(6,131,462)	(6,131,462)
Unrealized (loss) due to change in fair value of long term investment	-	(94,802)	(94,802)
Balance as on March 31, 2015	650,000,000	378,064,287	1,028,064,287
Balance as on July 01, 2015	650,000,000	192,304,938	842,304,938
(Loss) for the period ended after taxation	-	(225,096,861)	(225,096,861)
Unrealised (loss) due to change in fair value of long term investment	-	(66,528)	(66,528)
Balance as on March 31, 2016	650,000,000	(32,858,451)	617,141,549

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

Lahore:
April 29, 2016**(Mohammad Naveed)**
Chief Executive**(Khawaja Mohammad Jahangir)**
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 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 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, 2015.

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, 2015.

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 2015.

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 2015.

5. SHARE CAPITAL

Issued, subscribed and paid up

127,725,000 (June 30, 2015 -127,725,000) ordinary shares of Rupees 5/- each, issued for cash

2,275,000 (June 30, 2015 -2,275,000) ordinary shares of Rupees 5/- each, issued as bonus shares

	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
127,725,000 (June 30, 2015 -127,725,000) ordinary shares of Rupees 5/- each, issued for cash	638,625,000	638,625,000
2,275,000 (June 30, 2015 -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

	Notes	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
6. COMMITMENTS			
(i) Letter of credits for Import of raw material		31.041 Million	58.771 Million
(ii) Letter of credits machinery & parts		2.722 Million	14.494 Million
7. PROPERTY, PLANT AND EQUIPMENT			
Opening writtendown value		1,994,965,644	1,608,864,505
Additions during the period	7.1	46,386,971	210,237,787
Transfer during the period	7.2	-	278,233,037
		2,041,352,615	2,097,335,329
Deletion/transfer during the period	7.3	(9,702,514)	(8,386,084)
		2,031,650,101	2,088,949,245
Depreciation charged during the period		(79,872,876)	(96,349,229)
Eliminated on disposal		-	2,365,628
		1,951,777,225	1,994,965,644
LEASED			
Opening writtendown value		90,591,778	92,725,673
Additions/transfer during the period	7.4	-	4,762,500
		90,591,778	97,488,173
Deletion/transfer during the period		-	-
		90,591,778	97,488,173
Amortization charged during the period		(5,367,396)	(6,896,395)
		85,224,382	90,591,778
		2,037,001,607	2,085,557,422
7.1 ADDITIONS DURING THE PERIOD			
Factory building on freehold land		2,014,191	90,167,918
Plant and machinery		41,825,111	110,230,667
Electric installation		2,308,669	1,726,676
Office equipment		175,500	601,976
Vehicles		63,500	7,510,550
		46,386,971	210,237,787
7.2 TRANSFER DURING THE PERIOD			
Factory building on freehold land		-	129,065,719
Plant and machinery		-	149,167,318
		-	278,233,037
7.3 DELETION/TRANSFER DURING THE PERIOD			
Vehicles		9,702,514	8,386,084
		9,702,514	8,386,084
7.4 ADDITIONS/TRANSFER DURING THE PERIOD			
Vehicles		-	4,762,500
		-	4,762,500

8. LONG TERM INVESTMENTS
Held as available for sale

Others - Quoted

KASB Modaraba (Former First Mehran Modaraba)
166,320 modaraba certificates
of Rupees 10 each.

	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
	465,695	532,223
	<u>465,695</u>	<u>532,223</u>
	699,348,757	920,609,685
	109,965,444	138,645,953
	246,846,309	280,053,044
	5,191,120	6,048,525
	<u>1,061,351,630</u>	<u>1,345,357,207</u>

9. STOCK-IN-TRADE

Raw material
Work-in-process
Finished goods
Waste

	3rd Quarter Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cost of goods manufactured	3,249,066,023	4,190,579,204	1,148,010,542	1,437,949,942
Opening stock of finished goods	286,101,569	315,052,981	222,814,099	250,805,477
Closing stock of finished goods	(252,037,429)	(301,681,339)	(252,037,429)	(301,681,339)
	<u>3,283,130,163</u>	<u>4,203,950,846</u>	<u>1,118,787,212</u>	<u>1,387,074,080</u>

11. TAXATION

Opening balance
For the current period

Less: adjusted
Closing balance

	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
	13,109,285	11,313,375
	34,134,421	15,055,951
	47,243,706	26,369,326
	(30,464,049)	(12,821,959)
	<u>16,779,657</u>	<u>13,547,367</u>

12. (LOSS)/EARNING PER SHARE - Basic

	3rd Quarter Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Loss) after taxation	(225,096,861)	(103,729,815)	(209,894,137)	(53,322,810)
Weighted average number of ordinary shares	130,000,000	130,000,000	130,000,000	130,000,000
(Loss) per share - Basic	(1.73)	(0.80)	(1.61)	(0.41)

12.1 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.

13. 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 March 31, 2016 entered to following transactions with its related parties:

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Purchase of raw material and goods (Chakwal Textile Mills Ltd.)	2,728,649	-
Purchase of raw material and goods (Yousaf Weaving Mills Ltd.)	11,850	-
Sales of raw material and goods (Chakwal Textile Mills Ltd.)	97,204	-
Sales of raw material and goods (Yousaf Weaving Mills Ltd.)		3,389,460

14. AUTHORISATION FOR ISSUE

These condensed interim Financial statement have been authorised for issue on April 29, 2016 by the Board of Directors of the company.

15. GENERAL

Figures have been rounded off to the nearest rupee.

Lahore:
April 29, 2016

(Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director