

## 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 30<sup>th</sup> September 2015.


Your Company has incurred a net loss of Rs.37 million as compared to a net profit of Rs. 15 million for the corresponding period last year. Ever fluctuating cotton prices, rise in electricity prices, imposition of GIDC and less availability of electricity as compared to the corresponding period last year are main causes of this adverse result.

Sales have reduced from Rs. 1.5 billion in 2014 to Rs. 1.3 billion in the current period (a decrease of 13%). Sales were reduced mainly due to decrease in cotton prices resulting in lower yarn prices and lower quantity of yarn sold due to less available fuel and power. Similarly, gross profit has registered 3% reduction as compared to the corresponding period last year (i.e. from 11% in 2014 to 8% in 2015). The slide in yarn prices was manifold as compared to slide in cotton prices during the year under review.

The future outlook of spinning industry depends on factors like rising export demand, continuous electricity and gas supply and consistent monetary policy by State Bank of Pakistan (SBP). The export market is dormant these days. Far East buyers are least interested in buying yarn at reasonable rates. 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:**  
**13 January 2015**

  
**Mohammad Naveed**  
**(Chief Executive)**

**KOHINOOR SPINNING MILLS LIMITED**  
**INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2015 (UN-AUDITED)**

	Notes	Un-Audited September 30, 2015 (Rupees)	Audited June 30, 2015 (Rupees)		Notes	Un-Audited September 30, 2015 (Rupees)	Audited June 30, 2015 (Rupees)
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>Share Capital and Reserves</b>							
Authorised Capital		650,000,000	650,000,000				
130,000,000 (June 30, 2015 - 130,000,000) ordinary shares of Rs.5 each							
Issued, subscribed and paid up capital		650,000,000	650,000,000	<b>NON CURRENT ASSETS</b>			
130,000,000 (June 30, 2015 - 130,000,000) ordinary shares of Rs.5 each	5	155,381,293	192,304,938	Property, plant and equipment	7	2,065,423,139	2,085,557,422
Accumulated profit		805,381,293	842,304,938				
Sub-ordinated loan from directors		700,000,000	700,000,000				
<b>NON-CURRENT LIABILITIES</b>							
Long term Loans		305,882,352	329,411,764	Long term Loans		20,880,465	20,713,699
Liabilities against assets subject to finance lease		10,918,412	15,749,077	Long term deposits		10,561,342	10,561,342
Supplier's credit		51,838,869	51,838,869	Long term investments	8	498,959	532,223
Deferred liabilities for gratuity		125,681,766	117,902,969			31,940,766	31,807,264
		494,321,399	514,902,679	<b>CURRENT ASSETS</b>			
<b>CURRENT LIABILITIES</b>				Stores and spares		83,097,206	92,447,285
Trade and other payables		252,536,078	231,634,423	Stock-in-trade		1,125,623,138	1,345,357,207
Accrued Interest on loans and borrowings		38,492,730	43,276,302	Trade debts		357,468,905	392,476,476
Short-term borrowings		1,336,022,694	1,577,354,453	Loans and advances		59,459,400	67,815,170
Current portion of non current liabilities		169,485,861	147,965,653	Trade deposits, short term prepayments and other receivables		44,280,284	44,362,569
Provision for taxation		14,310,445	13,109,285	Cash and bank balances		43,257,662	10,724,341
		1,810,847,808	2,073,340,116			1,713,186,595	1,953,183,048
<b>CONTINGENCIES AND COMMITMENTS</b>	6	3,810,550,500	4,070,547,733			3,810,550,500	4,070,547,733

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

Lahore,  
January 13, 2016

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**KOHINOOR SPINNING MILLS LIMITED**  
**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Notes	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
<b>SALES - NET</b>		1,257,406,778	1,505,595,119
<b>COST OF SALES</b>	10	<u>(1,155,960,305)</u>	<u>(1,333,784,978)</u>
<b>GROSS PROFIT</b>		101,446,473	171,810,141
<b>OPERATING EXPENSES</b>			
Distribution Cost		<u>(30,537,731)</u>	<u>(32,320,727)</u>
Administrative		<u>(40,780,224)</u>	<u>(39,947,997)</u>
		<u>(71,317,955)</u>	<u>(72,268,724)</u>
<b>OPERATING PROFIT</b>		30,128,518	99,541,417
Financial cost		<u>(57,779,535)</u>	<u>(68,314,259)</u>
Other operating expense		-	<u>(1,582,482)</u>
Other operating income		<u>3,334,704</u>	<u>422,472</u>
		<u>(54,444,831)</u>	<u>(69,474,269)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<u>(24,316,313)</u>	<u>30,067,148</u>
<b>TAXATION</b>	11	<u>(12,574,068)</u>	<u>(15,055,951)</u>
<b>(LOSS)/PROFIT AFTER TAXATION</b>		<u>(36,890,381)</u>	<u>15,011,197</u>
<b>(LOSS)/PROFIT PER SHARE - BASIC</b>	12	<u>(0.28)</u>	<u>0.12</u>

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

Lahore,  
January 13, 2016

  
CHIEF EXECUTIVE


  
DIRECTOR

**KOHINOOR SPINNING MILLS LIMITED**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Un-Audited September 30, 2015 (Rupees)	Un-Audited September 30, 2014 (Rupees)
(Loss)/profit after taxation	(36,890,381)	15,011,197
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit and loss		
Unrealized (loss) due to change in fair value of long term investment	(33,263)	(124,741)
Items that will not be reclassified to profit and loss	-	-
<b>Total comprehensive income for period</b>	<b>(36,923,644)</b>	<b>14,886,456</b>

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

Lahore,  
January 13, 2016

  
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**CHIEF EXECUTIVE**

  
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**DIRECTOR**

**KOHINOOR SPINNING MILLS LIMITED**  
**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Un-Audited September 30, 2015 (Rupees)	Un-Audited September 30, 2014 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(24,316,313)	30,067,148
Adjustments of non cash charges and other items:		
Depreciation / amortization	27,381,752	23,420,994
Gratuity	11,166,969	9,828,483
Financial cost	57,779,535	68,314,259
Operating profit before working capital changes	72,011,943	131,630,884
(Increase)/decrease in current assets		
Stores and spares	9,350,079	17,104,001
Stock-in-trade	219,734,070	154,978,011
Trade debts	35,007,572	3,439,215
Loan & advances	8,355,770	(15,270,303)
Trade deposits, prepayments & other receivables	82,285	(14,293,638)
	272,529,776	145,957,286
Decrease/increase in current liabilities		
Trade and other payables	20,901,655	(104,856,332)
	365,443,374	172,731,838
Financial cost paid	(62,563,107)	(70,310,141)
Income tax paid	(11,372,908)	(12,821,959)
Dividend paid	-	(1,260)
Gratuity paid	(3,388,173)	(4,554,655)
<b>Net cash used in operations</b>	<b>288,119,186</b>	<b>85,043,824</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(16,949,986)	(60,540,450)
Long term loans	(166,766)	221,637
Proceeds from disposal property, plant and equipment	9,702,514	-
<b>Net cash used in investing activities</b>	<b>(7,414,238)</b>	<b>(60,318,813)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayments)/proceeds from:		
Decrease in finance lease liabilities	(6,839,869)	(8,502,208)
Decrease in supplier's credit	-	(82,165,666)
Decrease/Increase in short term borrowings	(241,331,759)	61,834,013
<b>Net cash generated from financing activities</b>	<b>(248,171,628)</b>	<b>(28,833,862)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>32,533,321</b>	<b>(4,108,850)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>10,724,341</b>	<b>10,910,082</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>43,257,662</b>	<b>6,801,232</b>

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

Lahore,  
January 13, 2016

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**KOHINOOR SPINNING MILLS LIMITED**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Share Capital	Accumulated Profit	Total
	Rs.	Rs.	Rs.
<b>Balance as at July 01, 2014</b>	650,000,000	488,020,366	1,138,020,366
Profit for the period after taxation	-	15,011,198	15,011,198
Unrealized loss due to change in fair Value of long term investment	-	(124,741)	(124,741)
<b>Balance as on September 30, 2015</b>	<u>650,000,000</u>	<u>502,906,823</u>	<u>1,152,906,823</u>
<b>Balance as on July 01, 2015</b>	650,000,000	192,304,938	842,304,938
(Loss) for the period after taxation	-	(36,890,380)	(36,890,380)
Unrealised loss due to change in fair value of long term investment	-	(33,264)	(33,264)
<b>Balance as on September 30, 2015</b>	<u>650,000,000</u>	<u>155,381,294</u>	<u>805,381,294</u>

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

Lahore,  
January 13, 2016

  
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 CHIEF EXECUTIVE

  
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 DIRECTOR

**KOHINOOR SPINNING MILLS LIMITED**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

**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 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.

**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.

<b>5. SHARE CAPITAL</b>	<b>Un-Audited September 30, 2015 (Rupees)</b>	<b>Audited June 30, 2015 (Rupees)</b>
<b>Issued, subscribed and paid up</b>		
127,725,000 (June 30, 2015 -127,725,000) ordinary shares of Rupees 5/- each, issued for cash	<b>638,625,000</b>	638,625,000
2,275,000 (June 30, 2015 -2,275,000) ordinary shares of Rupees 5/- each, issued as bonus shares	<b>11,375,000</b>	11,375,000
	<b><u>650,000,000</u></b>	<b><u>650,000,000</u></b>

**6. COMMITMENTS**

	<b>Un-Audited September 30, 2015 (Rupees)</b>	<b>Audited June 30, 2015 (Rupees)</b>
(i) Letter of credits for Import of raw material	<b>28.666 Million</b>	58.771 Million
(ii) Letter of credits Machinery & Parts	<b>8.006 Million</b>	14.494 Million

	Un-Audited September 30, 2015 (Rupees)	Audited June 30, 2015 (Rupees)
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening writtendown value	1,994,965,644	1,608,864,505
Additions/transfer during the period 7.1	16,949,985	488,470,824
	<u>2,011,915,629</u>	<u>2,097,335,329</u>
Deletion/transfer during the period 7.2	(9,702,516)	(8,386,084)
	<u>2,002,213,113</u>	<u>2,088,949,244</u>
Depreciation charged during the period	(25,599,150)	(93,983,600)
	<u>1,976,613,963</u>	<u>1,994,965,644</u>
<b>LEASED</b>		
Opening writtendown value	90,591,778	92,725,673
Additions/transfer during the period 7.3	-	4,762,500
	<u>90,591,778</u>	<u>97,488,173</u>
Deletion/transfer during the period	-	-
	<u>90,591,778</u>	<u>97,488,173</u>
Amortization charged during the period	(1,782,602)	(6,896,395)
	<u>88,809,176</u>	<u>90,591,778</u>
	<u>2,065,423,139</u>	<u>2,085,557,422</u>
<b>7.1 ADDITIONS/TRANSFER DURING THE PERIOD</b>		
Factory building on freehold land	-	219,233,637
Plant and machinery	16,774,485	259,397,986
Electric installation	-	1,726,676
Office equipment	175,500	601,976
Vehicles	-	7,510,550
	<u>16,949,985</u>	<u>488,470,824</u>
<b>7.2 DELETION/TRANSFER DURING THE PERIOD</b>		
Vehicles	-	8,386,084
	<u>-</u>	<u>8,386,084</u>
<b>7.3 DELETION/TRANSFER DURING THE PERIOD</b>		
Vehicles	-	4,762,500
	<u>-</u>	<u>4,762,500</u>
<b>8. LONG TERM INVESTMENTS</b>	<b>Un-Audited</b>	<b>Audited</b>
<b>Held as available for sale</b>	<b>September 30, 2015</b>	<b>June 30, 2015</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Others - Quoted</b>		
KASB Modaraba (Former First Mehran Modaraba)		
166,320 modaraba certificates of Rupees 10 each.	498,959	532,223
	<u>498,959</u>	<u>532,223</u>
<b>9. STOCK-IN-TRADE</b>		
Raw material	744,791,394	920,609,685
Work-in-process	126,413,899	138,645,953
Finished goods	250,196,146	280,053,044
Waste	4,221,699	6,048,525
	<u>1,125,623,138</u>	<u>1,345,357,207</u>



	Un-Audited September 30, 2015 (Rupees)	Un-Audited September 30, 2014 (Rupees)
<b>10. COST OF SALES</b>		
Cost of goods manufactured	1,124,276,581	1,276,100,314
Opening stock of finished goods	286,101,569	315,052,981
Closing stock of finished goods	(254,417,845)	(257,368,317)
	<u>1,155,960,305</u>	<u>1,333,784,978</u>

**11. TAXATION**

Opening balance	13,109,285	11,313,375
For the period	12,574,068	15,055,951
For the prior year	-	-
	<u>25,683,353</u>	<u>26,369,326</u>
Less: adjusted	(11,372,908)	(12,821,959)
	<u>14,310,445</u>	<u>13,547,367</u>

**12. PROFIT EARNING PER SHARE - Basic**

	Un-Audited September 30, 2015 (Rupees)	Un-Audited September 30, 2014 (Rupees)
Profit after taxation	(36,890,380)	15,011,197
Weighted average number of ordinary shares	130,000,000	130,000,000
Profit/(loss) Earnings per share - Basic	<u>(0.28)</u>	<u>0.12</u>

**13. TRANSACTION WITH RELATED PARTIES**

	Un-Audited September 30, 2015 (Rupees)	Un-Audited September 30, 2014 (Rupees)
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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, 2015 entered to following transactions with its related parties:

Sale of material and goods	-	1,196,460
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**14. AUTHORISATION FOR ISSUE**

These interim condensed Financial statement have been authorised for issue on January 13, 2016 by the Board of Directors of the company.

**15. GENERAL**

Figures have been rounded off to the nearest rupee:

Lahore,  
January 13, 2016

  
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CHIEF EXECUTIVE

  
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DIRECTOR