

Kohinoor Mills Limited



HALF YEARLY REPORT
31 December 2016

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Rashid Ahmed	Chairman
Mr. Aamir Fayyaz Sheikh	Chief Executive
Mr. Asad Fayyaz Sheikh	Director
Mr. Ali Fayyaz Sheikh	Director
Mr. Riaz Ahmed	Director
Mr. Aamir Amin	Director (NIT Nominee)
Mr. Shahbaz Munir	Director

AUDIT COMMITTEE

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member
Mr. Ali Fayyaz Sheikh	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rashid Ahmed	Chairman
Mr. Asad Fayyaz Sheikh	Member
Mr. Shahbaz Munir	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Shahid

HEAD OF INTERNAL AUDIT

Mr. Jamal Asif

LEGAL ADVISORS

- Raja Mohammad Akram & Co.,
Advocate & Legal Consultants,
Lahore.
- Malik Muhammad Ashraf Kumma
Advocate

COMPANY SECRETARY

Mr. Muhammad Rizwan Khan

AUDITORS

M/s. Riaz Ahmad & Co.,
Chartered Accountants

BANKERS

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Limited

REGISTERED OFFICE & MILLS

8th K.M. Manga Raiwind Road,
District Kasur, Pakistan
UAN: (92-42) 111-941-941
Cell Lines: (92-333) 4998801-6
Land Lines: (92-42) 36369340
Fax (92-42) 36369340 Ext: 444
Email: info@kohinoormills.com
Website : www.kohinoormills.com

SHARES REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd,
HM House, 7 Bank Square, Lahore.
Land Lines: (92-42) 37235081 & 82
Fax: (92-42) 37358817

OTHER CORPORATE INFORMATION

Kohinoor Mills Limited is registered in Pakistan under Companies Ordinance, 1984. The registration number of the Company is 0017194

Kohinoor Mills Limited is listed on Pakistan Stock Exchange Limited as a Public Limited Company and its shares are traded under textile composite sector. Shares trading symbol is KML

The National Tax Number of the Company is 0658184-6

Financial statements are available on website of the Company i.e.,
www.kohinoormills.com

DIRECTORS' REVIEW

The Directors of the Company are pleased to present the interim financial statements for the half year ended 31 December 2016. These interim financial statements are presented in accordance with the requirements of the Companies Ordinance, 1984.

Operating & Financial Results

During the half year ended 31 December 2016, your company earned a gross profit of Rs. 815 million on sales of Rs. 5,476 million compared to gross profit of Rs. 763 million on sales of Rs. 4,293 million for the corresponding period of previous financial year. During the period under review, your company recorded a net profit of Rs. 163 million (EPS: Rs. 3.19 per share), compared to net profit of Rs. 156 million (EPS: Rs. 3.07 per share) in the corresponding period.

Net profit for the period includes net notional interest expense of Rs. 39 million as per IAS: 39, due to restructuring of financial liabilities of the company in an earlier period and conversion of some of the facilities to SBP ERF scheme to benefit from lower mark-up rates, compared to expense of Rs. 73 million recognized in the corresponding period. Had there been no such notional adjustment, net profit for the period under review would have been Rs. 202 million (EPS: Rs. 3.96 per share) and net profit of Rs. 229 million (EPS: Rs. 4.49 per share) for the corresponding period.

Due to rising raw material prices, increasing competition from regional players and challenging demand situation in overseas markets, the profit margin remained under pressure, which was almost offset through improved production capacity utilization.

Weaving Division

Keeping in view increase in overseas competition and rising raw material prices, the management has taken earnest steps to improve performance in this division. Management expects that these steps would yield positive results in remaining part of the year.

Further, in line with its BMR plans to keep in-step with improving production technologies, the management has decided to install an additional 84 high speed airjet looms in this division. This would result in 60% increase in weaving's existing production capacity. These state-of-the-art looms expected to be operational during the first-half of the FY 2017-18, will support the rising greige demand of the company's dyeing division.

Dyeing Division

This division improved its performance and exceeded the set targets of the corresponding period, attaining new levels of capacity utilization. Being the flagship division of the Company, its better performance in remaining part of the year is expected to support overall results for the Company.

Further, some additional BMR and slight modifications are under process in the production line, which will enhance production capacity by 20% in this division. These are expected to be operational in first-half of FY 2017-18 and would enable the company to better cater the demands of its customers.

Genertek Division

Although, overall energy costs did not escalate during the period under review, however, recent rise in coal and HFO prices remain a cause of concern, going forward.

Q Mart Corporation (Pvt) Ltd (a wholly owned subsidiary of your company)

The Board of Directors of the company has approved voluntary winding up of this company. The management is now disposing of the fixed assets of this company.

Future Prospects

Keeping in this view the consistently declining textile exports over past few years, the Government of Pakistan recently announced textile package for the industry. Though a promising action on the face value, its positive impacts on textile exports and industry remain to be seen. Further, despite challenging macro-economic scenario emanating from uncertain security and political environment, increasing competition from regional players and sluggish overseas demand, the management has kept its resolve for performance improvement through better marketing by winning customer confidence and improved capacity utilization and better supply chain management to keep costs low. The current order book position of the company is healthy and the management is optimistic that it can improve on the company's performance.

Acknowledgment

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the employees of the company.

For and on behalf of the Board

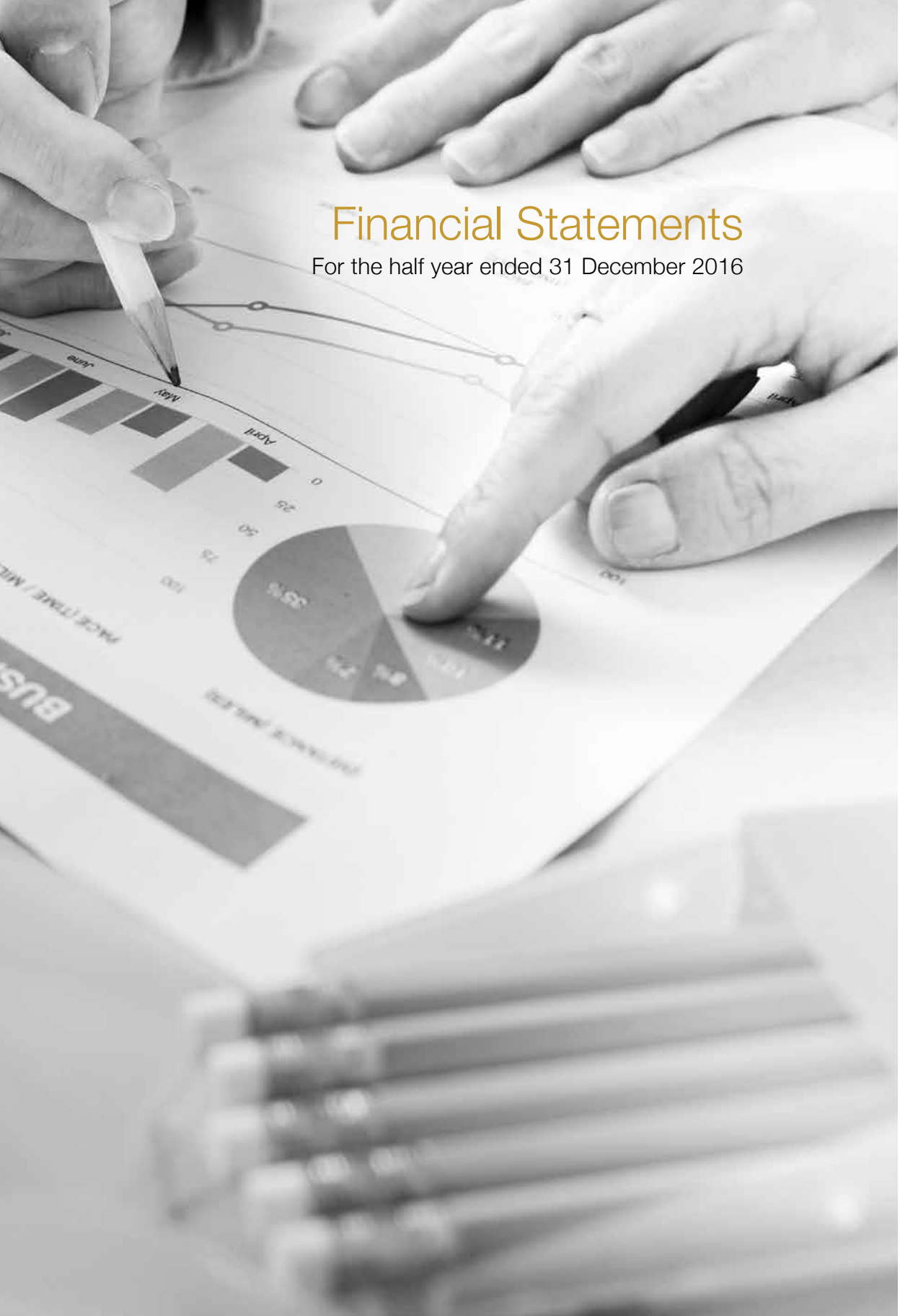


AAMIR FAYYAZ SHEIKH
Chief Executive

Kasur:
15 February 2017

Financial Statements

For the half year ended 31 December 2016



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of KOHINOOR MILLS LIMITED as at 31 December 2016 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 15 February 2017
Lahore

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (30 June 2016: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2016: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital			
50,911,011 (30 June 2016: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		531,205,113	358,240,114
Total equity		1,040,315,223	867,350,224
Surplus on revaluation of operating fixed assets - net of deferred income tax		1,071,876,464	1,081,449,031
NON-CURRENT LIABILITIES			
Long term financing - secured	5	606,636,391	735,286,694
Deferred Liabilities		218,156,503	194,599,666
		824,792,894	929,886,360
CURRENT LIABILITIES			
Trade and other payables		946,453,886	853,749,084
Accrued markup		41,333,012	194,483,901
Sponsor's loan		272,000,000	272,000,000
Short term borrowings - secured		2,038,864,001	1,917,369,966
Current portion of long term financing	5	140,656,731	163,323,416
Provision for taxation		52,314,377	73,303,245
		3,491,622,007	3,474,229,612
Total Liabilities		4,316,414,901	4,404,115,972
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		6,428,606,588	6,352,915,227

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


AAMIR FAYYAZ SHEIKH
 Chief Executive

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
ASSETS			
Non-current assets			
Fixed Assets	7	3,516,284,585	3,613,786,853
Long term investments		123,970,201	126,357,045
Long term security deposits		21,200,012	21,200,012
		<u>3,661,454,798</u>	<u>3,761,343,910</u>
CURRENT ASSETS			
Stores, spares and loose tools		370,958,055	416,776,129
Stock-in-trade		1,052,745,386	806,079,356
Trade debts		625,848,153	465,442,351
Advances		81,219,001	74,812,228
Trade deposits and short term prepayments		23,271,014	14,389,121
Other receivables		285,583,606	311,146,735
Sales tax recoverable		229,323,978	449,022,395
Cash and bank balances		98,202,597	53,903,002
		<u>2,767,151,790</u>	<u>2,591,571,317</u>
TOTAL ASSETS		<u><u>6,428,606,588</u></u>	<u><u>6,352,915,227</u></u>

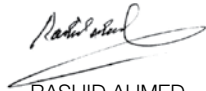

 RASHID AHMED
 Director

**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Half year ended		Quarter ended	
		31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
SALES		5,475,714,135	4,293,316,997	2,908,960,874	2,131,678,962
COST OF SALES	8	(4,660,981,529)	(3,530,342,539)	(2,477,460,368)	(1,746,244,789)
GROSS PROFIT		814,732,606	762,974,458	431,500,506	385,434,173
DISTRIBUTION COST		(276,466,668)	(265,046,993)	(152,717,259)	(143,607,879)
ADMINISTRATIVE EXPENSES		(119,609,983)	(113,622,996)	(51,478,204)	(54,797,493)
OTHER EXPENSES		(71,623,004)	(24,683,154)	(53,854,917)	(14,372,854)
		(467,699,655)	(403,353,143)	(258,050,380)	(212,778,226)
OTHER INCOME		347,032,951	359,621,315	173,450,126	172,655,947
		23,366,488	23,380,550	17,355,403	14,971,194
PROFIT FROM OPERATIONS		370,399,439	383,001,865	190,805,529	187,627,141
FINANCE COST		(154,820,323)	(188,494,655)	(75,673,895)	(78,217,009)
PROFIT BEFORE TAXATION		215,579,116	194,507,210	115,131,634	109,410,132
TAXATION		(53,077,154)	(38,357,449)	(27,755,263)	(16,928,685)
PROFIT AFTER TAXATION		162,501,962	156,149,761	87,376,371	92,481,447
EARNING PER SHARE - BASIC AND DILUTED		3.19	3.07	1.72	1.82

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended		Quarter ended	
	31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
PROFIT AFTER TAXATION	162,501,962	156,149,761	87,376,371	92,481,447
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Items that may be reclassified subsequently to profit or loss:				
Deficit arising on re-measurement of available for sale investment to fair value	-	(14,418,141)	-	(14,418,141)
Deferred income tax relating to re-measurement of available for sale investment to fair value	-	3,460,354	-	3,460,354
Other comprehensive loss for the period - net of tax	-	(10,957,787)	-	(10,957,787)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	162,501,962	145,191,974	87,376,371	81,523,660

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director


UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Rupees	31 December 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	215,579,116	194,507,210
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	103,157,387	108,412,667
Dividend income	(1,609,167)	(1,609,167)
Loss / (Gain) on sale of operating fixed assets	616,574	(984,256)
Provision against slow moving, obsolete and damaged store items reversed during the period	(2,955,416)	-
Impairment loss on investment in subsidiary company	2,386,844	2,928,427
Impairment loss on operating fixed assets	25,244,455	-
Provision for doubtful trade debts	21,499,865	-
Provision for doubtful miscellaneous receivable	423,827	-
Adjustment due to impact of IAS - 39	39,150,060	72,839,239
Finance cost	115,670,263	115,655,416
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	519,163,808	491,749,536
(Increase) / decrease in current assets		
Stores, spares and loose tools	48,773,490	(37,116,615)
Stock-in-trade	(246,666,030)	(33,306,863)
Trade debts	(181,905,667)	(77,376,156)
Advances	(6,406,773)	(20,631,429)
Trade deposits and short term prepayments	(8,881,893)	(2,500,079)
Other receivables	4,166,532	1,518,810
Sales tax recoverable	219,698,417	(41,220,742)
Increase in current liabilities		
Trade and other payables	92,704,802	53,832,369
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(78,517,122)	(156,800,705)
CASH GENERATED FROM OPERATIONS	440,646,686	334,948,831
Income tax paid	(54,147,330)	(35,773,577)
Long term security deposits paid	-	(246,810)
Finance cost paid	(245,893,277)	(137,584,707)
	(300,040,607)	(173,605,094)
NET CASH GENERATED FROM OPERATING ACTIVITIES	140,606,079	161,343,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(44,041,802)	(106,614,157)
Proceeds from sale of operating fixed assets	12,525,654	6,223,061
Dividend received	1,609,167	-
NET CASH USED IN INVESTING ACTIVITIES	(29,906,981)	(100,391,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(187,893,538)	(335,883,722)
Short term borrowings - net	121,494,035	285,158,196
NET CASH USED IN FINANCING ACTIVITIES	(66,399,503)	(50,725,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,299,595	10,227,115
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	53,903,002	112,292,072
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	98,202,597	122,519,187

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	RESERVES							TOTAL EQUITY		
	CAPITAL RESERVES		REVENUE RESERVES			Equity portion of sponsor's loan	Total reserves			
	Share premium reserve	Fair value reserve	Sub-total	General reserve	Accumulated loss				Sub-total	
Balance as at 01 July 2015 - (audited)	509,110,110	213,406,310	118,792,195	332,198,505	1,058,027,640	(1,093,483,518)	(85,455,878)	75,144,631	371,887,258	880,997,368
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	10,966,856	10,966,856	-	10,966,856	10,966,856
Adjustment due to change in repayment terms of sponsor's loan	-	-	-	-	-	-	-	(75,144,631)	-	(75,144,631)
Profit for the half year ended 31 December 2015	-	-	-	-	-	156,149,761	156,149,761	-	156,149,761	156,149,761
Other comprehensive loss for the half year ended 31 December 2015	-	-	(10,957,787)	(10,957,787)	-	-	-	-	(10,957,787)	(10,957,787)
Total comprehensive income for the half year ended 31 December 2015	-	-	(10,957,787)	(10,957,787)	-	156,149,761	156,149,761	-	145,191,974	145,191,974
Balance as at 31 December 2015 - (Un-audited)	509,110,110	213,406,310	107,834,408	321,240,718	1,058,027,640	(926,366,901)	131,660,739	-	452,901,457	982,011,567
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	10,966,858	-	10,966,858	10,966,858
Loss for the half year ended 30 June 2016	-	-	-	-	-	-	(37,317,385)	-	(37,317,385)	(37,317,385)
Other comprehensive loss for the half year ended 30 June 2016	-	-	(68,310,816)	(68,310,816)	-	-	-	-	(68,310,816)	(68,310,816)
Total comprehensive loss for the half year ended 30 June 2016	-	-	(68,310,816)	(68,310,816)	-	-	(37,317,385)	-	(105,628,201)	(105,628,201)
Balance as at 30 June 2016 - (audited)	509,110,110	213,406,310	39,523,592	252,929,902	1,058,027,640	(962,717,428)	105,310,212	-	368,240,114	867,350,224
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	10,463,037	-	10,463,037	10,463,037
Profit for the half year ended 31 December 2016	-	-	-	-	-	-	162,501,962	-	162,501,962	162,501,962
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2016	-	-	-	-	-	-	162,501,962	-	162,501,962	162,501,962
Balance as at 31 December 2016 - (Un-audited)	509,110,110	213,406,310	39,523,592	252,929,902	1,058,027,640	(779,752,429)	278,275,211	-	531,205,113	1,040,315,223

Balance as at 01 July 2015 - (audited)

Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

Adjustment due to change in repayment terms of sponsor's loan

Profit for the half year ended 31 December 2015

Other comprehensive loss for the half year ended 31 December 2015

Total comprehensive income for the half year ended 31 December 2015

Balance as at 31 December 2015 - (Un-audited)

Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

Loss for the half year ended 30 June 2016

Other comprehensive loss for the half year ended 30 June 2016

Total comprehensive loss for the half year ended 30 June 2016

Balance as at 30 June 2016 - (audited)

Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

Profit for the half year ended 31 December 2016

Other comprehensive income for the half year ended 31 December 2016

Total comprehensive income for the half year ended 31 December 2016

Balance as at 31 December 2016 - (Un-audited)

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



AAMIR FAYYAZ SHEIKH

Chief Executive



RASHID AHMED

Director

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited (“the Company”) is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the Company for the half year ended 31 December 2016 has been prepared in accordance with the requirements of 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 unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2016.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated 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 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this unconsolidated 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 unconsolidated 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 2016.

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
5. LONG TERM FINANCING -SECURED		
Opening balance	898,610,110	1,811,907,803
Add: Obtained during the period / year	-	36,300,000
Add: Adjustment due to impact of IAS - 39 during the period / year	36,576,550	241,522,253
Less: Repaid during the period / year	187,893,538	1,191,119,946
	<u>747,293,122</u>	<u>898,610,110</u>
Less: Current portion shown under current liabilities	140,656,731	163,323,416
	<u>606,636,391</u>	<u>735,286,694</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016 except for the provision for gas infrastructure development cess and late payment charges thereon amounting to Rupees 29.110 million for the period from September 2014 to March 2015 not recognized in the books of account as the Company has obtained stay order from Honorable Lahore High Court, Lahore and is confident of favorable outcome of the matter.

6.2 Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 112.087 million and Rupees 60.108 million (30 June 2016: Rupees 19.554 million and Rupees 26.033 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 211.487 million (30 June 2016: Rupees 168.214 million).

7. FIXED ASSETS

Property, plant and equipment		
Operating fixed assets (Note 7.1)	3,486,926,721	3,585,296,846
Capital work-in-progress (Note 7.2)	29,357,864	28,490,007
	<u>3,516,284,585</u>	<u>3,613,786,853</u>
Intangible asset - computer software (Note 7.3)	-	-
	<u>3,516,284,585</u>	<u>3,613,786,853</u>

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
7.1 Operating fixed assets		
Opening net book value	3,585,296,846	3,663,368,205
Add: Cost of additions during the period / year (Note 7.1.1)	43,173,945	187,015,996
	<u>3,628,470,791</u>	<u>3,850,384,201</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	13,142,228	46,930,477
Depreciation charged during the period / year	103,157,387	218,156,878
Impairment loss	25,244,455	-
	<u>3,486,926,721</u>	<u>3,585,296,846</u>
7.1.1 Cost of additions during the period / year		
Factory Building	3,552,167	31,740,020
Plant and machinery	27,862,954	126,099,656
Electric installations	545,089	2,757,538
Furniture, fixtures and equipments	1,287,842	1,454,139
Computers	1,168,328	4,474,877
Motor Vehicles	8,757,565	20,489,766
	<u>43,173,945</u>	<u>187,015,996</u>
7.1.2 Book value of deletions during the period / year		
Plant and machinery	11,180,116	21,989,041
Furniture, fixtures and equipment	167,873	36,815
Computers	-	19,289
Motor Vehicles	1,794,239	24,885,332
	<u>13,142,228</u>	<u>46,930,477</u>
7.2 Capital work-in-progress		
Civil works	416,222	-
Plant and machinery	14,031,319	20,345,577
Advances for capital expenditures	2,981,440	4,415,870
Stores held for capital expenditures	11,928,883	3,728,560
	<u>29,357,864</u>	<u>28,490,007</u>
7.3 Intangible asset - computer software has been fully amortized but still in the use of the Company.		

	Half year ended		Un-audited Quarter ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Rupees	Rupees	Rupees	Rupees
8. COST OF SALES				
Raw material consumed	3,616,430,108	2,296,978,885	1,939,141,659	1,075,598,149
Chemical consumed	409,182,990	363,871,253	206,413,155	181,681,006
Salaries, wages and other benefits	211,211,160	186,415,686	105,200,219	93,651,187
Employee's provident fund contributions	7,409,529	6,594,738	3,863,283	3,355,508
Cloth conversion and processing charges	40,527,583	33,781,250	20,064,951	18,132,694
Fuel, oil and power	400,482,833	361,758,110	220,109,161	183,437,178
Stores, spares and loose tools	77,336,000	65,978,053	35,243,137	32,777,313
Packing material	37,215,356	27,927,361	19,828,837	13,199,431
Repair and maintenance	17,978,318	18,228,861	10,699,277	9,244,794
Insurance	4,042,409	4,542,780	2,052,145	2,679,891
Other manufacturing expenses	28,548,515	43,579,824	14,844,899	23,743,119
Depreciation on operating fixed assets	95,778,850	101,386,949	48,525,799	49,797,996
	4,946,143,651	3,511,043,750	2,625,986,522	1,687,298,266
Work-in-process inventory				
Opening stock	136,625,320	143,336,567	253,330,135	225,891,090
Closing stock	(313,468,367)	(159,647,200)	(313,468,367)	(159,647,200)
	(176,843,047)	(16,310,633)	(60,138,232)	66,243,890
Cost of goods manufactured	4,769,300,604	3,494,733,117	2,565,848,290	1,753,542,156
Cost of yarn and cloth purchased for resale	8,985,469	10,257,110	7,757,522	4,670,507
	4,778,286,073	3,504,990,227	2,573,605,812	1,758,212,663
Finished goods inventory				
Opening stock	472,334,811	446,680,689	493,493,911	409,360,503
Closing stock	(589,639,355)	(421,328,377)	(589,639,355)	(421,328,377)
	(117,304,544)	25,352,312	(96,145,444)	(11,967,874)
	4,660,981,529	3,530,342,539	2,477,460,368	1,746,244,789

9. SEGMENT INFORMATION

9.1 The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Weaving	Production of different qualities of greige fabric using yarn
Dyeing	Processing of greige fabric for production of dyed fabric
Power Generation	Generation and distribution of power using gas, oil, steam and coal

9.2

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Half year ended	31 Dec 2015	Half year ended	31 Dec 2015	Half year ended	31 Dec 2015	Half year ended	31 Dec 2015	Half year ended	31 Dec 2015
Sales	1,193,810,248	1,056,624,251	4,281,903,887	3,236,692,746	-	-	-	-	5,475,714,135	4,293,316,997
- External	660,185,050	771,365,115	26,547,399	32,004,038	374,012,222	372,869,178	(1,060,745,671)	(1,176,238,331)	-	-
- Intra segment	1,853,996,298	1,827,989,366	4,308,451,286	3,268,686,794	374,012,222	372,869,178	(1,060,745,671)	(1,176,238,331)	5,475,714,135	4,293,316,997
Cost of sales	(1,728,820,892)	(1,675,161,448)	(3,619,201,445)	(2,660,822,281)	(373,704,863)	(370,897,141)	1,060,745,671	1,176,238,331	(4,660,981,529)	(3,530,942,539)
Gross profit	125,175,406	152,827,918	689,249,841	607,874,503	307,359	2,272,037	-	-	814,732,606	762,974,458
Distribution cost	(61,696,270)	(48,382,219)	(214,768,398)	(216,684,774)	-	(6,945,311)	-	-	(276,466,688)	(285,046,993)
Administrative expenses	(43,486,533)	(46,311,939)	(70,179,919)	(60,365,746)	(5,943,531)	(6,945,311)	-	-	(119,609,983)	(113,622,996)
Profit / (loss) before taxation and unallocated income and expenses	(105,184,893)	(84,694,159)	(284,948,317)	(277,030,520)	(5,943,531)	(6,945,311)	-	-	(396,076,651)	(378,669,989)
Unallocated income and expenses:	19,990,603	58,133,760	404,301,524	330,843,993	(5,636,172)	(4,673,274)	-	-	418,655,955	384,304,469
Finance cost	-	-	-	-	-	-	-	-	(154,820,323)	(188,494,655)
Other expenses	-	-	-	-	-	-	-	-	(71,623,004)	(24,683,154)
Other income	-	-	-	-	-	-	-	-	23,366,488	23,360,550
Taxation	-	-	-	-	-	-	-	-	(53,077,154)	(38,357,449)
Profit after taxation	-	-	-	-	-	-	-	-	162,501,962	156,149,761

9.3 Reconciliation of reportable segment

	Weaving		Dyeing		Power Generation		Total - Company	
	Un-Audited 31 Dec 2016	Audited 30 Jun 2016	Un-Audited 31 Dec 2016	Audited 30 Jun 2016	Un-Audited 31 Dec 2016	Audited 30 Jun 2016	Un-Audited 31 Dec 2016	Audited 30 Jun 2016
Total assets for reportable segment	2,151,073,515	2,115,442,498	2,710,533,728	2,317,603,740	917,291,087	975,175,365	5,778,898,330	5,408,221,603
Unallocated assets:								
Long term investments							123,970,201	126,357,045
Unallocated assets							525,738,057	818,336,579
Total assets as per balance sheet							6,428,606,588	6,352,915,227
Total liabilities for reportable segment	358,117,755	383,037,689	388,687,192	293,692,062	131,192,084	107,037,478	877,997,031	763,767,229
Unallocated liabilities:								
Long term financing - secured							747,293,122	898,610,110
Sponsor's loan							272,000,000	272,000,000
Deferred liabilities							218,156,503	194,599,666
Accrued markup							41,333,012	194,483,901
Short term borrowings - secured							2,038,864,001	1,917,369,966
Provision for taxation							52,314,377	73,303,245
Unallocated liabilities							68,456,855	69,981,855
Total liabilities as per balance sheet							4,316,414,901	4,404,115,972

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this unconsolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2016 - un-audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial asset				
Available for sale financial asset	-	-	52,200,708	52,200,708
Total financial asset	-	-	52,200,708	52,200,708

Recurring fair value measurements At 30 June 2016 - audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial asset				
Available for sale financial asset	-	-	52,200,708	52,200,708
Total financial asset	-	-	52,200,708	52,200,708

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instrument was discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the half year ended 31 December 2016:

	Unlisted equity security Rupees
Balance as on 30 June 2016 - audited	52,200,708
Less : Surplus / (deficit) recognized in other comprehensive income	-
Balance as on 31 December 2016 - un-audited	<u>52,200,708</u>

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at		Un observable inputs	Range of inputs (probability-weighted average) 31 December 2016	Relationship of unobservable inputs to fair value
	Un-audited 31 December 2016	Audited 30 June 2016			
	Rupees	Rupees			
Available for sale financial asset:					
Security General Insurance Company Limited	52,200,708	52,200,708	Net premium revenue growth factor Risk adjusted discount rate	2% 19.06%	Increase / decrease in net premium revenue growth factor by 0.5% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +3.077 million / - 2.768 million.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation processes

Independent valuer performs the valuation of non-property item required for financial reporting purposes, including level 3 fair values. The independent valuer reports directly to the chief financial officer. Discussions of valuation processes and results are held between the chief financial officer and the valuation team at least once every six month, in line with the Company's half yearly reporting period.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half yearly valuation discussion between the chief financial officer and the independent valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

11. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in this unconsolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2016 - un-audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Property, plant and equipment:				
- Freehold land	-	711,473,999	-	711,473,999
- Buildings	-	702,411,890	-	702,411,890
Total non-financial assets	-	1,413,885,889	-	1,413,885,889
At 30 June 2016 - audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Property, plant and equipment:				
- Freehold land	-	711,473,999	-	711,473,999
- Buildings	-	716,856,120	-	716,856,120
Total non-financial assets	-	1,428,330,119	-	1,428,330,119

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2016. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land

is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every three years. As at 30 June 2015, the fair values of the items of property, plant and equipment were determined by Messers Hamid Mukhtar and Company (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary company, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

	Half year ended		Un-audited Quarter ended	
	31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
Subsidiary company				
Expense paid on behalf of subsidiary company	423,828	1,010,494	374,964	629,993
Other related parties				
Loan repaid to spouse of a director	10,300,000	11,100,000	10,300,000	11,100,000
Remuneration paid to Chief Executive Officer, Directors and Executives	67,450,716	52,975,723	37,624,371	29,725,565
Contribution to employees' provident fund trust	10,360,614	9,276,953	5,393,710	4,722,491
			Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
Period end Balances				
Receivable from subsidiary company			2,031,860	1,608,032
Payable to spouse of a director			46,000,000	56,300,000
Payable to employees' provident fund trust			2,086,486	1,563,635

13. 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 2016.

14. AUTHORIZED FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue on 15 February 2017 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated 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.



AAMIR FAYYAZ SHEIKH
Chief Executive



RASHID AHMED
Director



Consolidated Financial Statements

For the half year ended 31 December 2016

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (30 June 2016: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2016: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital			
50,911,011 (30 June 2016: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		533,133,902	359,848,146
Total equity		1,042,244,012	868,958,256
Surplus on revaluation of operating fixed assets - net of deferred income tax		1,100,647,525	1,110,540,847
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	606,636,391	735,286,694
Deferred Liabilities		218,156,503	194,599,666
		824,792,894	929,886,360
Current liabilities			
Trade and other payables		948,873,688	854,276,002
Loan from sponsor / director		283,000,000	283,000,000
Accrued markup		41,333,012	194,483,901
Short term borrowings - secured		2,038,864,001	1,917,369,966
Current portion of long term financing	5	140,656,731	163,323,416
Provision for taxation		52,314,377	73,303,245
		3,505,041,809	3,485,756,530
Total Liabilities		4,329,834,703	4,415,642,890
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		6,472,726,239	6,395,141,993

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


AAMIR FAYYAZ SHEIKH
Chief Executive

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
ASSETS			
Non-current assets			
Fixed Assets	7	3,629,374,430	3,728,919,899
Long term investments		53,808,740	52,200,708
Long term security deposits		21,200,012	21,200,012
		<u>3,704,383,182</u>	<u>3,802,320,619</u>
Current assets			
Stores, spares and loose tools		370,958,055	416,776,129
Stock-in-trade		1,052,745,386	806,079,356
Trade debts		625,848,153	465,442,351
Advances		81,219,001	74,812,228
Trade deposits and short term prepayments		23,271,014	14,447,911
Other receivables		286,694,813	312,257,942
Sales tax recoverable		229,323,978	449,022,395
Cash and bank balances		98,282,657	53,983,062
		<u>2,768,343,057</u>	<u>2,592,821,374</u>
TOTAL ASSETS		<u><u>6,472,726,239</u></u>	<u><u>6,395,141,993</u></u>

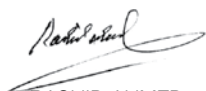

 RASHID AHMED
 Director

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended		Quarter ended	
	31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
SALES	5,475,714,135	4,293,316,997	2,908,960,874	2,131,678,962
COST OF SALES	(4,660,981,529)	(3,530,342,539)	(2,477,460,368)	(1,746,244,789)
GROSS PROFIT	814,732,606	762,974,458	431,500,506	385,434,173
DISTRIBUTION COST	(276,466,668)	(265,046,993)	(152,717,259)	(143,607,879)
ADMINISTRATIVE EXPENSES	(121,996,827)	(116,551,423)	(52,664,328)	(56,020,558)
OTHER EXPENSES	(69,236,160)	(21,754,727)	(52,668,793)	(13,149,789)
	(467,699,655)	(403,353,143)	(258,050,380)	(212,778,226)
OTHER INCOME	347,032,951 23,366,488	359,621,315 23,380,550	173,450,126 17,355,403	172,655,947 14,971,194
PROFIT FROM OPERATIONS	370,399,439	383,001,865	190,805,529	187,627,141
FINANCE COST	(154,820,323)	(188,494,655)	(75,673,895)	(78,217,009)
PROFIT BEFORE TAXATION	215,579,116	194,507,210	115,131,634	109,410,132
TAXATION	(53,077,154)	(38,357,449)	(27,755,263)	(16,928,685)
PROFIT AFTER TAXATION	162,501,962	156,149,761	87,376,371	92,481,447
EARNING PER SHARE - BASIC AND DILUTED	3.19	3.07	1.72	1.82

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


AAMIR FAYYAZ SHEIKH
Chief Executive

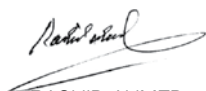

RASHID AHMED
Director

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended		Quarter ended	
	31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
PROFIT AFTER TAXATION	162,501,962	156,149,761	87,376,371	92,481,447
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Items that may be reclassified subsequently to profit or loss:				
Deficit arising on re-measurement of available for sale investment to fair value	-	(14,418,141)	-	(14,418,141)
Deferred income tax relating to re-measurement of available for sale investment to fair value	-	3,460,354	-	3,460,354
Other comprehensive loss for the period - net of tax	-	(10,957,787)	-	(10,957,787)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	162,501,962	145,191,974	87,376,371	81,523,660

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Rupees	31 December 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	215,579,116	194,507,210
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	105,200,588	110,563,405
Dividend income	(1,609,167)	(1,609,167)
Loss / (Gain) on sale of operating fixed assets	616,574	(984,256)
Provision against slow moving, obsolete and damaged store items reversed during the period	(2,955,416)	-
Impairment loss on operating fixed assets	25,244,455	-
Provision for doubtful trade debts	21,499,865	-
Adjustment due to impact of IAS - 39	39,150,060	72,839,239
Finance cost	115,670,263	115,655,416
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES		
	518,396,337	490,971,847
(Increase) / decrease in current assets		
Stores, spares and loose tools	48,773,490	(37,116,615)
Stock-in-trade	(246,666,030)	(33,306,863)
Trade debts	(181,905,667)	(77,376,156)
Advances	(6,406,773)	(20,631,429)
Trade deposits and short term prepayments	(8,823,103)	(2,500,079)
Other receivables	2,982,329	2,282,495
Sales tax recoverable	219,698,417	(41,220,742)
Increase in current liabilities		
Trade and other payables	94,597,686	53,599,563
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES		
	(77,749,651)	(156,269,826)
CASH GENERATED FROM OPERATIONS		
	440,646,686	334,702,021
Income tax paid	(54,147,330)	(35,773,577)
Finance cost paid	(245,893,277)	(137,584,707)
	(300,040,607)	(173,358,284)
NET CASH GENERATED FROM OPERATING ACTIVITIES		
	140,606,079	161,343,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(44,041,802)	(106,614,157)
Proceeds from sale of operating fixed assets	12,525,654	6,223,061
Dividend received	1,609,167	-
NET CASH USED IN INVESTING ACTIVITIES		
	(29,906,981)	(100,391,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(187,893,538)	(335,883,722)
Short term borrowings - net	121,494,035	285,158,196
NET CASH USED IN FINANCING ACTIVITIES		
	(66,399,503)	(50,725,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	44,299,595	10,227,115
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	53,983,062	112,377,211
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	98,282,657	122,604,326

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



AAMIR FAYYAZ SHEIKH

Chief Executive



RASHID AHMED

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	RESERVES							TOTAL EQUITY		
	SHARE CAPITAL		CAPITAL RESERVES		REVENUE RESERVES					
	Share premium reserve	Fair value reserve	Sub-total	General reserve	Accumulated loss	Sub-total	Equity portion of sponsor's loan		Total reserves	
	------(Rupees)-----									
Balance as at 01 July 2015 - (audited)	509,110,110	213,406,310	118,792,195	332,198,505	1,058,027,640	(1,093,483,518)	(35,455,878)	75,144,631	371,887,258	880,997,368
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax										
Adjustment due to change in repayment terms of sponsor's loan										
Profit for the half year ended 31 December 2015										
Other comprehensive loss for the half year ended 31 December 2015										
Total comprehensive income for the half year ended 31 December 2015										
Balance as at 31 December 2015 - (Un-audited)	509,110,110	213,406,310	107,834,408	321,240,718	1,058,027,640	(926,366,901)	131,660,739	-	452,901,457	962,011,567
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax										
Less for the half year ended 30 June 2016										
Other comprehensive loss for the half year ended 30 June 2016										
Total comprehensive loss for the half year ended 30 June 2016										
Balance as at 30 June 2016 - (audited)	509,110,110	213,406,310	39,523,592	252,929,902	1,058,027,640	(951,109,396)	106,918,244	-	(104,818,759)	(104,818,759)
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax										
Profit for the half year ended 31 December 2016										
Other comprehensive income for the half year ended 31 December 2016										
Total comprehensive income for the half year ended 31 December 2016										
Balance as at 31 December 2016 - (Un-audited)	509,110,110	213,406,310	39,523,592	252,929,902	1,058,027,640	(777,823,640)	280,204,000	-	162,501,962	1,042,244,012

Balance as at 01 July 2015 - (audited)
 Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

Adjustment due to change in repayment terms of sponsor's loan

Profit for the half year ended 31 December 2015
 Other comprehensive loss for the half year ended 31 December 2015

Total comprehensive income for the half year ended 31 December 2015

Balance as at 31 December 2015 - (Un-audited)
 Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

Less for the half year ended 30 June 2016
 Other comprehensive loss for the half year ended 30 June 2016
 Total comprehensive loss for the half year ended 30 June 2016


Balance as at 30 June 2016 - (audited)
 Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

Profit for the half year ended 31 December 2016
 Other comprehensive income for the half year ended 31 December 2016

Total comprehensive income for the half year ended 31 December 2016

Balance as at 31 December 2016 - (Un-audited)

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


AAMIR FAYYAZ SHEIKH
 Chief Executive


RASHID AHMED
 Director

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. THE GROUP AND ITS OPERATIONS

1.1 Holding company

Kohinoor Mills Limited ("the Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.

1.2 Subsidiary company

1.2.1 Q Mart Corporation (Private) Limited ("the Subsidiary Company"), a wholly owned subsidiary of Kohinoor Mills Limited was incorporated in Pakistan on 18 July 2005 as a private limited company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The principal activity of the Subsidiary Company was to carry on business as a retailer in all types of general merchandise.

1.2.2 The Board of Directors of the company has approved voluntary winding up of this company, in line with its decision to focus on its core fabric business. The Subsidiary Company has disposed of all assets except for freehold land and building on freehold land. A large number of receivables and payables have been settled. All assets and liabilities of the Subsidiary Company reported in these consolidated financial statements are based on estimated realizable / settlement values.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information of the Group for the half year ended 31 December 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 consolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Group for the year ended 30 June 2016.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this consolidated 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 Group'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 consolidated condensed interim financial information, the significant judgments made by the management in applying the Group'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 Group for the year ended 30 June 2016.

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
5. LONG TERM FINANCING -SECURED		
Opening balance	898,610,110	1,811,907,803
Add: Obtained during the period / year	-	36,300,000
Add: Adjustment due to impact of IAS - 39 during the period / year	36,576,550	241,522,253
Less: Repaid during the period / year	187,893,538	1,191,119,946
	<u>747,293,122</u>	<u>898,610,110</u>
Less: Current portion shown under current liabilities	140,656,731	163,323,416
	<u>606,636,391</u>	<u>735,286,694</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Holding Company

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Group for the year ended 30 June 2016 except for the provision for gas infrastructure development cess and late payment charges thereon amounting to Rupees 29.110 million for the period from September 2014 to March 2015 not recognized in the books of account as the Group has obtained stay order from Honorable Lahore High Court, Lahore and is confident of favorable outcome of the matter.

6.2 Commitments

Holding Company

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 112.087 million and Rupees 60.108 million (30 June 2016: Rupees 19.554 million and Rupees 26.033 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 211.487 million (30 June 2016: Rupees 168.214 million).

7. FIXED ASSETS

Property, plant and equipment

Operating fixed assets (Note 7.1)	3,600,016,566	3,700,429,892
Capital work-in-progress (Note 7.2)	29,357,864	28,490,007
	<u>3,629,374,430</u>	<u>3,728,919,899</u>
Intangible asset - computer software (Note 7.3)	-	-
	<u>3,629,374,430</u>	<u>3,728,919,899</u>

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
7.1 Operating fixed assets		
Opening net book value	3,700,429,892	3,782,802,726
Add: Cost of additions during the period / year (Note 7.1.1)	43,173,945	187,015,996
	<u>3,743,603,837</u>	<u>3,969,818,722</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	13,142,228	46,930,477
Depreciation charged during the period / year	105,200,588	222,458,353
Impairment loss	25,244,455	-
Closing net book value	<u>3,600,016,566</u>	<u>3,700,429,892</u>
7.1.1 Cost of additions		
Factory Building	3,552,167	31,740,020
Plant and machinery	27,862,954	126,099,656
Electric installations	545,089	2,757,538
Furniture, fixtures and equipments	1,287,842	1,454,139
Computers	1,168,328	4,474,877
Motor Vehicles	8,757,565	20,489,766
	<u>43,173,945</u>	<u>187,015,996</u>
7.1.2 Book value of deletions		
Plant and machinery	11,180,116	21,989,041
Furniture, fixtures and equipment	167,873	36,815
Computers	-	19,289
Motor Vehicles	1,794,239	24,885,332
	<u>13,142,228</u>	<u>46,930,477</u>
7.2 Capital work-in-progress		
Civil works	416,222	-
Plant and machinery	14,031,319	20,345,577
Advances for capital expenditures	2,981,440	4,415,870
Stores held for capital expenditures	11,928,883	3,728,560
	<u>29,357,864</u>	<u>28,490,007</u>

7.3 Intangible asset - computer software has been fully amortized but still in the use of the Company.

8. SEGMENT INFORMATION

8.1 The group has three reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Weaving	Production of different quality of greige fabric using yarn
Dyeing	Processing of greige fabric for production of dyed fabric
Power Generation	Generation and distribution of power using gas, oil, steam and coal
Retail	This segment was engaged in the business of selling all types of general merchandise

9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

	Half year ended		Un-audited Quarter ended	
	31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
Other related parties				
Loan repaid to spouse of a director	10,300,000	11,100,000	10,300,000	11,100,000
Remuneration paid to Chief Executive Officer, Directors and Executives	67,450,716	52,975,723	37,624,371	29,725,565
Contribution to employees' provident fund trust	10,360,614	9,276,953	5,393,710	4,722,491
Period end balances				
Payable to spouse of a director			46,000,000	56,300,000
Payable to employees' provident fund trust			2,086,486	1,563,635

10. FINANCIAL RISK MANAGEMENT

The group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Group for the year ended 30 June 2016.

11. AUTHORIZED FOR ISSUE


This consolidated condensed interim financial information was authorized for issue on 15 February 2017 by the Board of Directors of the Holding Company.

12. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim balance sheet and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated 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.


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



Kohinoor Mills Limited

8-Kilometer, Manga Raiwind Road,
District Kasur, Pakistan