

Kohinoor Mills Limited



HALF YEARLY REPORT
31 December 2015

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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. Ali Fayyaz Sheikh	Member
Mr. Shahbaz Munir	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 Islamic Bank B.S.C. (E.C)
- 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.

UAN: (92-42) 111-941-941

CELL LINES: (92-333) 4998801-10

LAND LINES: (92-42) 36369340

FAX: (92-42) 35395064 & 35395065

EMAIL: info@kohinoormills.com

WEBSITE: www.kohinoormills.com

SHARES REGISTRAR

M/s. Hameed Majeed Associates (Pvt.) Ltd,

HM House, 7 Bank Square, Lahore.

LAND LINES: (92-42) 37235081 & 82

FAX: (92-42) 37358817

STOCK EXCHANGE

Kohinoor Mills Limited is a public limited Company and its shares are traded under textile composite sector at Pakistan Stock Exchange Limited. Financial statements are also available at above website of the Company.

DIRECTORS' REPORT

The Directors of the Company are pleased to present the interim financial statements for the half-year ended 31 December 2015. 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 2015, your company earned a gross profit of Rs. 763 million on sales of Rs. 4,293 million (gross margin: 17.8%) compared to gross profit of Rs. 685 million on sales of Rs. 4,034 million (gross margin: 17%) for the corresponding period of previous financial year. The profit after taxation was Rs. 156 million (Earnings per share: Rs. 3.07), compared to profit after taxation of Rs. 113 million (Earnings per share: Rs. 2.22) in the corresponding period

Despite increasing competition from regional players and challenging demand situation in overseas markets, the company was able to improve its performance during the period under review compared to corresponding financial period on back of better sales volume and reduced energy costs.

Weaving Division

Owing to higher international competition and depressed cloth prices, the profitability was comparatively lower in this division. The management is taking earnest steps to improve performance in this division of the company in the remaining part of the year.

Dyeing Division

Better capacity utilization and improved margins resulted in performance improvement in this division of the company. Being at the value-added end of the fabric business, the management is intensifying its product development and marketing efforts. This is expected to yield further positive results in the ensuing period thus driving up the overall performance.

Genertek Division

Fuel and energy situation remained manageable during the period under review owing to significant reduction in Heavy Fuel Oil prices.

In view of the unreliable gas and electricity supply situation in the country in the long run, the management is earnestly considering various alternate-fuel based energy options. Accordingly, company is in the process of erection of 30 TPH coal-fired boiler to reduce its steam generation cost. The boiler is expected to be operational in the last quarter of the current financial year.

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

The company, in line with its decision to focus on its core fabric business, decided to pull out of retail business during the previous financial year and accordingly shut-down all its Q-Mart retail stores. The management is currently in the process of disposing of the fixed assets of this company.

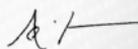
Future Prospects

Despite challenging macro-economic scenario emanating from uncertain security environment, increasing competition from regional players and sluggish global demand, the Management has kept its resolve for performance improvement through better marketing by winning customer confidence and higher margins by 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, going forward.

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 staff and workers of the company.

For and on behalf of the Board

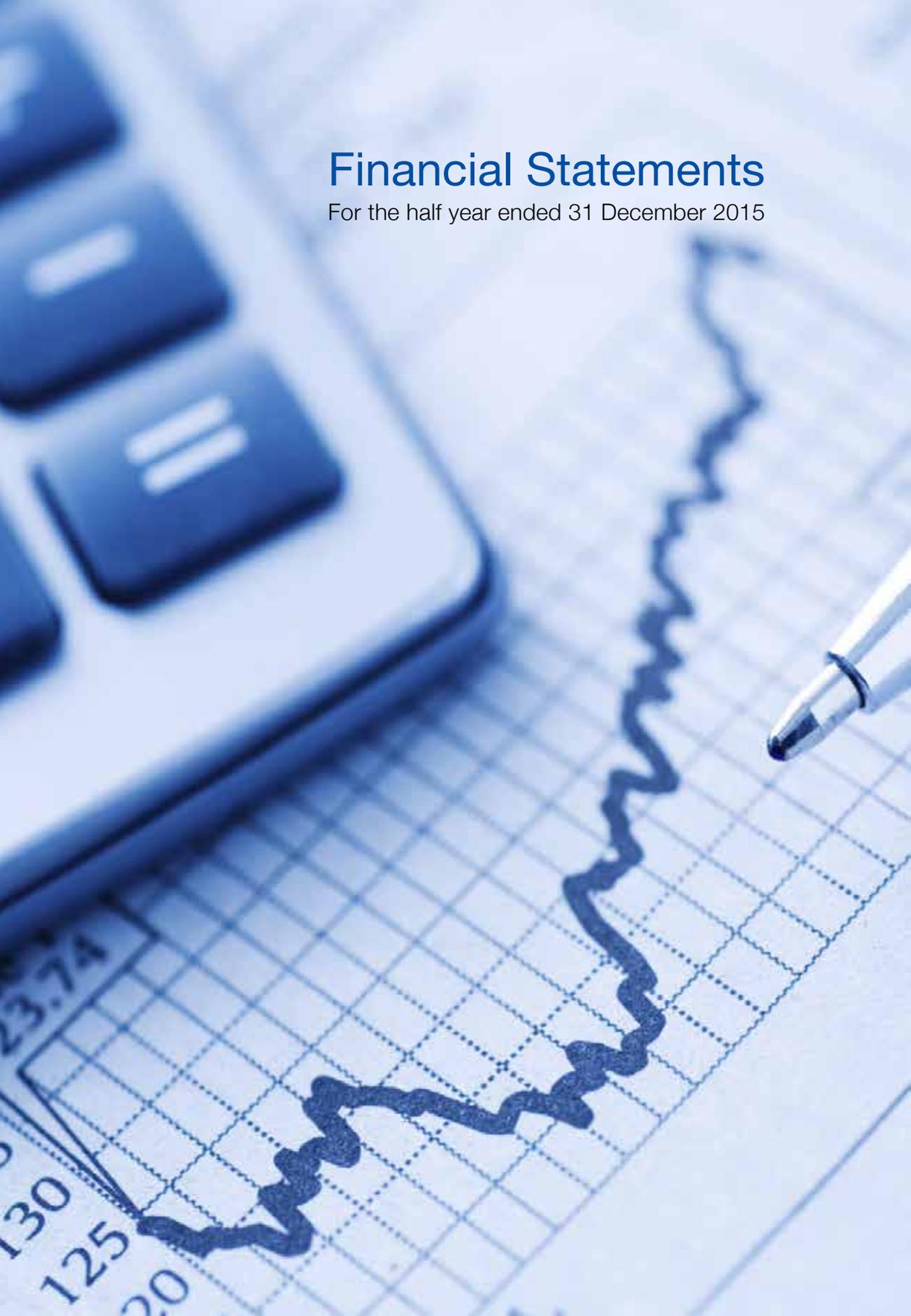


AAMIR FAYYAZ SHEIKH
Chief Executive

Kasur:
24 February 2016

Financial Statements

For the half year ended 31 December 2015



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 2015 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 2015 and 31 December 2014 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 2015.

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 2015 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: 24 February 2016
Lahore

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2015

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
80,000,000 (30 June 2015: 80,000,000) ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000 (30 June 2015: 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 2015: 50,911,011) ordinary shares of Rupees 10 each	509,110,110	509,110,110
Reserves	452,901,457	371,887,258
Total equity	962,011,567	880,997,368
Surplus on revaluation of operating fixed assets - net of deferred income tax	1,091,525,417	1,102,492,273
LIABILITIES		
Non-current liabilities		
Long term financing - secured	5 1,236,171,448	1,532,875,759
Sponsor's loan	6 -	196,855,369
Deferred liabilities	382,937,455	356,647,458
	1,619,108,903	2,086,378,586
Current liabilities		
Trade and other payables	902,776,949	848,944,580
Accrued mark up	195,481,018	250,378,063
Sponsor's loan	272,000,000	-
Short term borrowings - secured	1,041,386,336	756,228,140
Current portion of long term financing	5 312,691,872	279,032,044
Provision for taxation	41,068,793	72,208,980
	2,765,404,968	2,206,791,807
Total liabilities	4,384,513,871	4,293,170,393
Contingencies and commitments	7	
TOTAL EQUITY AND LIABILITIES	6,438,050,855	6,276,660,034

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


AAMIR FAYYAZ SHEIKH
Chief Executive

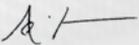
	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
ASSETS			
Non-current assets			
Fixed assets	8	3,687,326,257	3,694,363,572
Long term investments		218,346,505	235,693,073
Long term security deposits		21,200,012	20,953,202
		<u>3,926,872,774</u>	<u>3,951,009,847</u>
Current assets			
Stores, spares and loose tools		403,614,080	366,497,465
Stock-in-trade		762,983,777	729,676,914
Trade debts		562,959,978	485,583,822
Advances		99,120,356	78,488,927
Trade deposits and short term prepayments		19,987,628	17,487,549
Other receivables		255,376,472	292,227,577
Sales tax recoverable		284,616,603	243,395,861
Cash and bank balances		122,519,187	112,292,072
		<u>2,511,178,081</u>	<u>2,325,650,187</u>
TOTAL ASSETS		<u><u>6,438,050,855</u></u>	<u><u>6,276,660,034</u></u>


RASHID AHMED
 Director

**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Note	Half year ended		Quarter ended		
		31 December	Restated	31 December	Restated	
		2015	31 December	2015	31 December	
		Rupees	2014	Rupees	2014	Rupees
			Rupees		Rupees	
SALES		4,293,316,997	4,034,263,463	2,131,678,962	2,029,655,226	
COST OF SALES	9	(3,530,342,539)	(3,349,321,217)	(1,746,244,789)	(1,688,279,583)	
GROSS PROFIT		762,974,458	684,942,246	385,434,173	341,375,643	
DISTRIBUTION COST		(265,046,993)	(216,453,857)	(143,607,879)	(107,353,322)	
ADMINISTRATIVE EXPENSES		(113,622,996)	(117,088,201)	(54,797,493)	(58,793,323)	
OTHER EXPENSES		(24,683,154)	(15,551,750)	(14,372,854)	(2,427,315)	
		(403,353,143)	(349,093,808)	(212,778,226)	(168,573,960)	
		359,621,315	335,848,438	172,655,947	172,801,683	
OTHER INCOME		23,380,550	20,305,877	14,971,194	9,288,822	
PROFIT FROM OPERATIONS		383,001,865	356,154,315	187,627,141	182,090,505	
FINANCE COST		(188,494,655)	(188,889,986)	(78,217,009)	(94,714,725)	
PROFIT BEFORE TAXATION		194,507,210	167,264,329	109,410,132	87,375,780	
TAXATION		(38,357,449)	(54,238,575)	(16,928,685)	(34,577,459)	
PROFIT AFTER TAXATION		156,149,761	113,025,754	92,481,447	52,798,321	
EARNINGS PER SHARE						
- BASIC AND DILUTED		3.07	2.22	1.82	1.04	

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 2015

	Half year ended		Quarter ended	
	31 December 2015 Rupees	Restated 31 December 2014 Rupees	31 December 2015 Rupees	Restated 31 December 2014 Rupees
PROFIT AFTER TAXATION	156,149,761	113,025,754	92,481,447	52,798,321
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus / (Deficit) arising on re-measurement of available for sale investment to fair value	(14,418,141)	6,256,443	(14,418,141)	6,256,443
Deferred income tax relating to surplus / (deficit) on re-measurement of available for sale investment to fair value	3,460,354	(1,548,470)	3,460,354	(1,548,470)
Other comprehensive income / (loss) for the period - net of tax	(10,957,787)	4,707,973	(10,957,787)	4,707,973
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	145,191,974	117,733,727	81,523,660	57,506,294

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 2015

	31 December 2015 Rupees	Restated 31 December 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	194,507,210	167,264,329
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	108,412,667	111,031,347
Amortization of intangible asset	-	37,043
Dividend income	(1,609,167)	(1,609,167)
Gain on sale of operating fixed assets	(984,256)	(2,172,078)
Impairment loss on investment in subsidiary company	2,928,427	2,357,323
Adjustment due to impact of IAS - 39	72,839,239	51,463,121
Finance cost	115,655,416	137,426,865
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES		
	491,749,536	465,798,783
(Increase) / decrease in current assets		
Stores, spares and loose tools	(37,116,615)	(95,414,998)
Stock-in-trade	(33,306,863)	(39,135,176)
Trade debts	(77,376,156)	(6,561,631)
Advances	(20,631,429)	12,267,431
Trade deposits and short term prepayments	(2,500,079)	(17,489,436)
Other receivables	1,518,810	(23,435,022)
Sales tax recoverable	(41,220,742)	(27,466,929)
Increase in current liabilities		
Trade and other payables	53,832,369	56,132,001
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES		
	(156,800,705)	(141,103,760)
CASH GENERATED FROM OPERATIONS		
	334,948,831	324,695,023
Income tax paid	(35,773,577)	(43,013,246)
Long term security deposits paid	(246,810)	-
Finance cost paid	(137,584,707)	(96,990,612)
	(173,605,094)	(140,003,858)
NET CASH GENERATED FROM OPERATING ACTIVITIES		
	161,343,737	184,691,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(106,614,157)	(64,803,348)
Capital expenditure on intangible asset	-	(555,649)
Proceeds from sale of operating fixed assets	6,223,061	15,487,383
Dividend received	-	1,609,167
NET CASH USED IN INVESTING ACTIVITIES		
	(100,391,096)	(48,262,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(335,883,722)	(132,511,810)
Short term borrowings - net	285,158,196	(70,472,230)
NET CASH USED IN FINANCING ACTIVITIES		
	(50,725,526)	(202,984,040)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
	10,227,115	(66,555,322)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	112,292,072	155,474,401
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	122,519,187	88,919,079

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


AAMIR FAYYAZ SHEIKH
Chief Executive

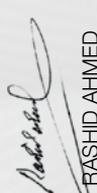

RASHID AHMED
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	RESERVES										TOTAL EQUITY
	SHARE CAPITAL		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 2014 - (audited)	509,110,110	213,406,310	132,572,080	345,978,390	1,058,027,640	(1,233,110,302)	(175,082,662)	95,257,884	266,153,612	775,263,722	
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax									8,365,758	8,365,758	
Adjustment due to impact of IAS-39 on sponsor's loan								(10,056,626)	(10,056,626)	(10,056,626)	
Profit for the half year ended 31 December 2014					113,025,754		113,025,754		113,025,754	113,025,754	
Other comprehensive income for the half year ended 31 December 2014			4,707,973	4,707,973					4,707,973	4,707,973	
Total comprehensive income for the half year ended 31 December 2014			4,707,973	4,707,973			113,025,754		117,733,727	117,733,727	
Balance as at 31 December 2014 - (Un-audited)	509,110,110	213,406,310	137,280,053	350,686,363	1,058,027,640	(1,111,718,790)	(53,691,150)	85,201,258	382,196,471	891,306,581	
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax										8,283,934	
Adjustment due to impact of IAS-39 on sponsor's loan								(10,056,627)	(10,056,627)	(10,056,627)	
Profit for the half year ended 30 June 2015									9,951,338	9,951,338	
Other comprehensive loss for the half year ended 30 June 2015			(18,487,858)	(18,487,858)					(18,487,858)	(18,487,858)	
Total comprehensive loss for the half year ended 30 June 2015			(18,487,858)	(18,487,858)					(9,536,520)	(9,536,520)	
Balance as at 30 June 2015 - (audited)	509,110,110	213,406,310	118,792,195	332,198,505	1,058,027,640	(1,093,483,518)	(33,455,878)	75,144,631	371,987,258	880,997,368	
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax										10,966,856	
Adjustment due to change in repayment term of sponsor's loan (Note 6.1)										(75,144,631)	
Profit for the half year ended 31 December 2015									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	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	962,011,567	

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


AAMIR FAYAZ SHEIKH
Chief Executive


RASHID AHMED
Director

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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 2015 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 2015.

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 2015.

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 2015.

5. LONG TERM FINANCING -SECURED

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
Opening balance	1,811,907,803	1,961,062,954
Add: Adjustment due to impact of IAS - 39 during the period / year	72,839,239	273,416,786
Less: Repaid during the period / year	335,883,724	284,216,064
Less: Gain on recognition of long term financing at fair value during the period / year	-	138,355,873
	1,548,863,320	1,811,907,803
Less: Current portion shown under current liabilities	312,691,872	279,032,044
	1,236,171,448	1,532,875,759

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
6. SPONSOR'S LOAN		
Interest free loan	272,000,000	272,000,000
Equity portion of sponsor loan:		
Gain on recognition of sponsor's loan at fair value	(113,316,111)	(113,316,111)
Adjustment due to impact of IAS-39	38,171,480	38,171,480
Adjustment due to change in repayment terms (Note 6.1)	75,144,631	-
	-	(75,144,631)
Less: Transferred to current liabilities	272,000,000	-
	-	196,855,369

- 6.1** This represents unsecured interest free loan obtained from director of the Company. Previously, this was repayable on 30 June 2018. Fair value of sponsor's loan was estimated at the present value of future cash flow discounted at the effective interest rate of 11.38% per annum. During the year ended 30 June 2015, initial gain and impact of IAS-39 'Financial Instruments' on sponsor's loan was corrected retrospectively and recognized directly in equity, previously these were recognized in profit and loss account. During the current period, term of repayments of loan have been changed w.e.f. 01 July 2015. Now, this loan is repayable on demand. Consequently, the equity portion of loan amounting to Rupees 75.145 million (unwinded portion of difference between present value of loan at initial recognition and cash received) as on 30 June 2015 has been transferred to the carrying value of loan, which has now been presented in current liabilities.

7. CONTINGENCIES AND COMMITMENTS

7.1 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 2015.

7.2 Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 15.008 million and Rupees 2.836 million (30 June 2015: Rupees Nil and Rupees 26.230 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 195.955 million (30 June 2015: Rupees 127.752 million).

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
8. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 8.1)	3,583,887,612	3,663,368,205
Capital work-in-progress (Note 8.2)	103,438,645	30,995,367
	3,687,326,257	3,694,363,572
Intangible asset - computer software (Note 8.3)	-	-
	3,687,326,257	3,694,363,572

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
8.1 Operating fixed assets		
Opening net book value	3,663,368,205	3,405,900,787
Add: Revaluation surplus arising on land and building during the period / year	-	358,075,962
Add: Cost of additions during the period / year (Note 8.1.1)	34,170,879	142,061,012
	<u>3,697,539,084</u>	<u>3,906,037,761</u>
Less: Book value of deletions during the period / year (Note 8.1.2)	5,238,805	18,396,790
Depreciation charged during the period / year	108,412,667	224,272,766
Closing net book value	<u>3,583,887,612</u>	<u>3,663,368,205</u>
8.1.1 Cost of additions during the period / year		
Factory Building	767,572	19,415,778
Plant and machinery	20,068,984	84,831,542
Electric installations	1,338,514	8,717,937
Furniture, fixtures and equipments	537,868	4,870,324
Computers	1,234,431	2,524,124
Motor Vehicles	10,223,510	21,701,307
	<u>34,170,879</u>	<u>142,061,012</u>
8.1.2 Book value of deletions during the period / year		
Plant and machinery	1,702,222	12,940,362
Furniture, fixtures and equipment	-	356,792
Computers	19,289	-
Motor Vehicles	3,517,294	5,099,636
	<u>5,238,805</u>	<u>18,396,790</u>
8.2 Capital work-in-progress		
Civil works	24,210,390	23,478,029
Plant and machinery	15,640,907	-
Advances for Capital expenditures	63,587,348	7,517,338
	<u>103,438,645</u>	<u>30,995,367</u>
8.3 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 2015	31 December 2014	31 December 2015	31 December 2014
	Rupees	Rupees	Rupees	Rupees
9. COST OF SALES				
Raw material consumed	2,296,978,885	2,178,225,234	1,075,598,149	1,105,999,592
Chemical consumed	363,871,253	328,353,337	181,681,006	163,105,427
Salaries, wages and other benefits	186,415,686	165,616,616	93,651,187	83,065,193
Employees' provident fund contributions	6,594,738	6,077,742	3,355,508	3,043,715
Cloth conversion and processing charges	33,781,250	8,320,672	18,132,694	2,510,971
Fuel, oil and power	361,758,110	430,499,278	183,437,178	202,711,591
Stores, spares and loose tools consumed	65,978,053	47,752,995	32,777,313	25,678,532
Packing material	27,927,361	32,175,145	13,199,431	17,608,563
Repair and maintenance	18,228,861	17,618,795	9,244,794	9,680,684
Insurance	4,542,780	4,179,464	2,679,891	2,046,886
Other manufacturing expenses	43,579,824	48,548,739	23,743,119	20,786,706
Depreciation on operating fixed assets	101,386,949	104,227,968	49,797,996	51,385,247
	3,511,043,750	3,371,595,985	1,687,298,266	1,687,623,107
Work-in-process inventory				
Opening stock	143,336,567	128,250,466	225,891,090	193,276,156
Closing stock	(159,647,200)	(163,302,803)	(159,647,200)	(163,302,803)
	(16,310,633)	(35,052,337)	66,243,890	29,973,353
Cost of goods manufactured	3,494,733,117	3,336,543,648	1,753,542,156	1,717,596,460
Cost of yarn and cloth purchased for resale	10,257,110	13,589,850	4,670,507	7,616,029
	3,504,990,227	3,350,133,498	1,758,212,663	1,725,212,489
Finished goods inventory				
Opening stock	446,680,689	421,365,253	409,360,503	385,244,628
Closing stock	(421,328,377)	(422,177,534)	(421,328,377)	(422,177,534)
	25,352,312	(812,281)	(11,967,874)	(36,932,906)
	3,530,342,539	3,349,321,217	1,746,244,789	1,688,279,583

10. SEGMENT INFORMATION

10.1 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 and steam

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014
Sales										
External inter-segment	1,056,624,251	1,055,877,166	3,236,632,746	2,978,386,297	-	-	-	-	4,293,316,997	4,034,263,463
	771,365,115	833,200,169	32,004,038	31,378,901	372,869,178	450,122,685	(1,176,238,331)	(1,414,701,755)	-	-
Cost of sales	1,827,989,366	1,989,077,335	3,268,636,784	3,009,765,193	372,869,178	450,122,685	(1,176,238,331)	(1,414,701,755)	4,293,316,997	4,034,263,463
	(1,675,161,448)	(1,813,842,762)	(2,660,822,281)	(2,539,205,190)	(370,597,141)	(410,975,020)	1,176,238,331	1,414,701,755	(3,530,342,539)	(3,249,321,217)
Gross profit	152,827,918	175,234,573	607,874,503	470,560,008	2,272,037	39,147,665	-	-	762,974,458	684,942,246
Distribution cost	(48,382,219)	(49,447,583)	(216,664,774)	(167,006,264)	-	-	-	-	(265,046,903)	(216,463,857)
Administrative expenses	(46,311,839)	(47,972,985)	(60,365,746)	(59,596,918)	(6,945,311)	(9,518,298)	-	-	(113,622,996)	(117,088,201)
	(94,694,158)	(97,420,578)	(277,030,520)	(226,603,182)	(6,945,311)	(9,518,298)	-	-	(378,669,998)	(333,542,058)
Profit before taxation and unallocated income and expenses	58,133,760	77,813,995	330,843,983	243,956,826	(4,673,274)	29,629,367	-	-	384,304,469	351,400,188
Unallocated income and expenses:										
Finance cost									(188,494,655)	(188,889,986)
Other expenses									(24,683,154)	(16,551,750)
Other income									23,380,550	20,305,877
Taxation									(98,357,449)	(64,238,575)
Profit after taxation									156,149,761	113,025,754

10.3 Reconciliation of reportable segment

	Weaving		Dyeing		Power Generation		Total - Company	
	Un-Audited 31 Dec 2015	Audited 30 Jun 2015	Un-Audited 31 Dec 2015	Audited 30 Jun 2015	Un-Audited 31 Dec 2015	Audited 30 Jun 2015	Un-Audited 31 Dec 2015	Audited 30 Jun 2015
Total assets for reportable segments	2,193,103,786	2,113,686,470	2,472,346,544	2,393,343,339	987,382,552	898,210,407	5,592,832,882	5,405,240,216
Unallocated assets								
Long term investments							218,346,505	235,683,073
Unallocated assets							626,871,468	635,726,745
Total assets as per balance sheet							6,438,050,855	6,276,660,034
Total liabilities for reportable segments	379,910,364	326,677,867	327,825,030	316,850,033	123,236,982	133,939,988	830,972,376	777,466,868
Unallocated liabilities:								
Long term financing - secured							1,548,863,320	1,811,907,803
Sponsor's loan							272,000,000	196,855,369
Deferred liabilities							382,937,455	356,697,458
Accrued mark-up							135,481,018	230,378,063
Short term borrowings - secured							1,041,386,336	756,228,140
Provision for taxation							41,068,793	72,208,980
Unallocated liabilities							71,804,573	71,477,712
Total liabilities as per balance sheet							4,384,513,871	4,293,170,393

11. 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 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	31 December 2014 Rupees
Subsidiary company				
Expenses paid on behalf of subsidiary company	1,010,494	153,673	629,993	153,673
Other related parties				
Loan repaid to spouse of a director	11,100,000	-	11,100,000	-
Remuneration to Chief Executive Officer, Directors and Executives	52,975,723	49,953,129	29,725,565	26,057,326
Contribution to employees' provident fund trust	9,276,953	8,759,979	4,722,491	4,400,823
			Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
Period end Balances				
Receivable from subsidiary company			1,394,318	383,824
Payable to spouse of a director			58,900,000	70,000,000
Payable to employees' provident fund trust			2,673,494	1,266,662

12. 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 2015.

13. AUTHORIZED FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue on 24 February 2016 by the Board of Directors of the Company.

14. CORRESPONDING FIGURES

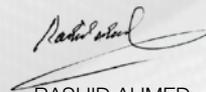
In order to comply with the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial 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, except for retrospective correction of sponsor’s loan as detailed in note 6.1 to this unconsolidated condensed interim financial information.



AAMIR FAYYAZ SHEIKH

Chief Executive



RASHID AHMED

Director

Consolidated Financial Statements

For the half year ended 31 December 2015



CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (30 June 2015: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2015: 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 2015: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		452,901,457	371,887,258
Total equity		962,011,567	880,997,368
Surplus on revaluation of operating fixed assets - net of deferred income tax		1,121,192,690	1,132,159,543
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	1,236,171,448	1,532,875,759
Sponsor's loan	6	-	196,855,369
Deferred Liabilities		382,937,455	356,647,458
		1,619,108,903	2,086,378,586
Current liabilities			
Trade and other payables		903,440,532	849,840,971
Loan from sponsor / director		283,000,000	11,000,000
Accrued markup		195,481,018	250,378,063
Short term borrowings - secured		1,041,386,336	756,228,140
Current portion of long term financing	5	312,691,872	279,032,044
Provision for taxation		41,068,793	72,208,980
		2,777,068,551	2,218,688,198
Total Liabilities		4,396,177,454	4,305,066,784
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>6,479,381,711</u>	<u>6,318,223,695</u>

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


AAMIR FAYYAZ SHEIKH
Chief Executive

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
ASSETS			
Non-current assets			
Fixed Assets	8	3,804,610,040	3,813,798,093
Long term investments		142,591,550	157,009,691
Long term security deposits		21,200,012	20,953,202
		<u>3,968,401,602</u>	<u>3,991,760,986</u>
Current assets			
Stores, spares and loose tools		403,614,080	366,497,465
Stock-in-trade		762,983,777	729,676,914
Trade debts		562,959,978	485,583,822
Advances		99,120,356	78,488,927
Trade deposits and short term prepayments		19,987,628	17,487,549
Other receivables		255,093,361	292,954,960
Sales tax recoverable		284,616,603	243,395,861
Cash and bank balances		122,604,326	112,377,211
		<u>2,510,980,109</u>	<u>2,326,462,709</u>
TOTAL ASSETS		<u><u>6,479,381,711</u></u>	<u><u>6,318,223,695</u></u>



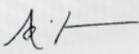
RASHID AHMED

Director

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (Un-audited)**
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half year ended		Quarter ended	
	31 December 2015 Rupees	Restated 31 December 2014 Rupees	31 December 2015 Rupees	Restated 31 December 2014 Rupees
SALES	4,293,316,997	4,034,263,463	2,131,678,962	2,029,655,226
COST OF SALES	(3,530,342,539)	(3,349,321,217)	(1,746,244,789)	(1,688,279,583)
GROSS PROFIT	762,974,458	684,942,246	385,434,173	341,375,643
DISTRIBUTION COST	(265,046,993)	(216,453,857)	(143,607,879)	(107,353,322)
ADMINISTRATIVE EXPENSES	(116,551,423)	(119,445,524)	(56,020,558)	(59,971,036)
OTHER EXPENSES	(21,754,727)	(13,194,427)	(13,149,789)	(1,249,602)
	(403,353,143)	(349,093,808)	(212,778,226)	(168,573,960)
	359,621,315	335,848,438	172,655,947	172,801,683
OTHER INCOME	23,380,550	20,305,877	14,971,194	9,288,822
PROFIT FROM OPERATIONS	383,001,865	356,154,315	187,627,141	182,090,505
FINANCE COST	(188,494,655)	(188,889,986)	(78,217,009)	(94,714,725)
PROFIT BEFORE TAXATION	194,507,210	167,264,329	109,410,132	87,375,780
TAXATION	(38,357,449)	(54,238,575)	(16,928,685)	(34,577,459)
PROFIT AFTER TAXATION	156,149,761	113,025,754	92,481,447	52,798,321
EARNING PER SHARE - BASIC AND DILUTED	3.07	2.22	1.82	1.04

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

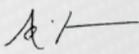

AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half year ended		Quarter ended	
	31 December 2015 Rupees	Restated 31 December 2014 Rupees	31 December 2015 Rupees	Restated 31 December 2014 Rupees
PROFIT AFTER TAXATION	156,149,761	113,025,754	92,481,447	52,798,321
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus / (Deficit) arising on re-measurement of available for sale investment to fair value	(14,418,141)	6,256,443	(14,418,141)	6,256,443
Deferred income tax relating to surplus / (deficit) on re-measurement of available for sale investment to fair value	3,460,354	(1,548,470)	3,460,354	(1,548,470)
Other comprehensive income / (loss) for the period - net of tax	(10,957,787)	4,707,973	(10,957,787)	4,707,973
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	145,191,974	117,733,727	81,523,660	57,506,294

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 2015

	31 December 2015 Rupees	Restated 31 December 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	194,507,210	167,264,329
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	110,563,405	113,272,772
Amortization of intangible asset	-	37,043
Dividend income	(1,609,167)	(1,609,167)
Gain on sale of operating fixed assets	(984,256)	(2,172,078)
Adjustment due to impact of IAS - 39	72,839,239	51,463,121
Finance cost	115,655,416	137,426,865
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	490,971,847	465,682,885
(Increase) / decrease in current assets		
Stores, spares and loose tools	(37,116,615)	(95,414,998)
Stock-in-trade	(33,306,863)	(39,135,176)
Trade debts	(77,376,156)	(6,561,631)
Advances	(20,631,429)	12,267,430
Trade deposits and short term prepayments	(2,500,079)	(17,489,436)
Other receivables	2,282,495	(23,435,022)
Sales tax recoverable	(41,220,742)	(27,466,929)
Increase in current liability		
Trade and other payables	53,599,563	56,247,900
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(156,269,826)	(140,987,862)
CASH GENERATED FROM OPERATIONS	334,702,021	324,695,023
Income tax paid	(35,773,577)	(43,013,246)
Finance cost paid	(137,584,707)	(96,990,612)
	(173,358,284)	(140,003,858)
NET CASH GENERATED FROM OPERATING ACTIVITIES	161,343,737	184,691,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(106,614,157)	(64,803,348)
Capital expenditure on intangible asset	-	(555,649)
Proceeds from disposal of operating fixed assets	6,223,061	15,487,383
Dividend received	-	1,609,167
NET CASH USED IN INVESTING ACTIVITIES	(100,391,096)	(48,262,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	(335,883,722)	(132,511,810)
Short term borrowings - net	285,158,196	(70,472,230)
NET CASH USED IN FINANCING ACTIVITIES	(50,725,526)	(202,984,040)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	10,227,115	(66,555,322)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	112,377,211	155,617,370
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	122,604,326	89,062,048

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 2015

	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	
509,110,110	213,406,310	132,572,090	345,978,390	1,068,027,640	(1,231,218,916)	(173,191,276)	95,257,884	288,044,998	777,155,108	
----- (Rupees) -----										
Balance as at 01 July 2014 - (audited)										
Transfer from surplus on revaluation of operating fixed assets - net of deferred income tax	-	-	-	-	-	-	-	-	-	8,764,805
Adjustment due to impact of IAS-39 on sponsor's loan	-	-	-	-	-	-	-	(10,056,626)	-	(10,056,626)
Profit for the half year ended 31 December 2014	-	-	-	-	-	-	-	113,025,754	-	113,025,754
Other comprehensive income for the half year ended 31 December 2014	-	-	4,707,973	4,707,973	-	-	-	-	-	4,707,973
Total comprehensive income for the half year ended 31 December 2014	-	-	4,707,973	4,707,973	-	-	-	113,025,754	-	117,733,727
Balance as at 31 December 2014 - (Un-audited)	509,110,110	213,406,310	137,280,053	350,686,363	1,068,027,640	(1,109,428,357)	(51,400,717)	85,201,258	394,486,904	893,597,014
Transfer from surplus on revaluation of operating fixed assets - net of deferred income tax	-	-	-	-	-	-	-	8,694,894	-	8,694,894
Adjustment due to impact of IAS-39 on sponsor's loan	-	-	-	-	-	-	-	(10,056,627)	-	(10,056,627)
Profit for the half year ended 30 June 2015	-	-	-	-	-	-	-	7,249,945	-	7,249,945
Other comprehensive loss for the half year ended 30 June 2015	-	-	(18,487,858)	(18,487,858)	-	-	-	-	-	(18,487,858)
Total comprehensive loss for the half year ended 30 June 2015	-	-	(18,487,858)	(18,487,858)	-	-	-	7,249,945	-	(11,237,913)
Balance as at 30 June 2015 - (audited)	509,110,110	213,406,310	118,792,195	332,198,505	1,068,027,640	(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 - net of deferred income tax	-	-	-	-	-	-	-	10,966,856	-	10,966,856
Adjustment due to change in repayment term of sponsor's loan (Note 6.1)	-	-	-	-	-	-	-	(75,144,631)	(75,144,631)	(75,144,631)
Profit for the half year ended 31 December 2015	-	-	-	-	-	-	-	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)
Total comprehensive income for the half year ended 31 December 2015	-	-	(10,957,787)	(10,957,787)	-	-	-	156,149,761	-	145,191,974
Balance as at 31 December 2015 - (Un-audited)	509,110,110	213,406,310	107,834,408	321,240,718	1,068,027,640	(926,366,901)	131,660,739	-	452,901,457	962,011,567

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


RASHID AHMED
 Director


AAMIR FAYYAZ SHEIKH
 Chief Executive

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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

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.

During the year ended 30 June 2013, the Holding Company, in line with its decision to focus on its core fabric business, has decided to pull out of retail business and has accordingly shut-down all Q-Mart retail stores. 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. As the Subsidiary Company has ceased trading and disposed of majority of its assets, hence, the Subsidiary Company is not considered a going concern. 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 2015 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 2015.

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 2015.

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 2015.

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
5. LONG TERM FINANCING -SECURED		
Opening balance	1,811,907,803	1,961,062,954
Add: Adjustment due to impact of IAS - 39 during the period / year	72,839,239	273,416,786
Less: Repaid during the period / year	335,883,724	284,216,064
Less: Gain on recognition of long term financing at fair value during the period / year	-	138,355,873
	<u>1,548,863,320</u>	<u>1,811,907,803</u>
Less: Current portion shown under current liabilities	312,691,872	279,032,044
	<u>1,236,171,448</u>	<u>1,532,875,759</u>
6. SPONSOR'S LOAN		
Interest free loan	272,000,000	272,000,000
Equity portion of sponsor loan:		
Gain on recognition of sponsor's loan at fair value	(113,316,111)	(113,316,111)
Adjustment due to impact of IAS-39	38,171,480	38,171,480
Adjustment due to change in repayment terms (Note 6.1)	75,144,631	-
	<u>-</u>	<u>(75,144,631)</u>
Less: Transferred to current liabilities	272,000,000	-
	<u>-</u>	<u>196,855,369</u>

- 6.1** This represents unsecured interest free loan obtained from director of the Holding Company. Previously, this was repayable on 30 June 2018. Fair value of sponsor's loan was estimated at the present value of future cash flow discounted at the effective interest rate of 11.38% per annum. During the year ended 30 June 2015, initial gain and impact of IAS-39 'Financial Instruments' on sponsor's loan was corrected retrospectively and recognized directly in equity, previously these were recognized in profit and loss account. During the current period, terms of repayment of loan have been changed w.e.f 01 July 2015. Now, this loan is repayable on demand. Consequently, the equity portion of loan amounting to Rupees 75.145 million (unwinded portion of difference between present value of loan at initial recognition and cash received) as on 30 June 2015 has been transferred to the carrying value of loan, which has now been presented in current liabilities.

7. CONTINGENCIES AND COMMITMENTS

7.1 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 Company for the year ended 30 June 2015.

7.2 Commitments

Holding Company

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 15.008 million and Rupees 2.836 million (30 June 2015: Rupees Nil and Rupees 26.230 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 195.955 million (30 June 2015: Rupees 127.752 million).

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
8. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 8.1)	3,701,171,395	3,782,802,726
Capital work-in-progress (Note 8.2)	103,438,645	30,995,367
	<u>3,804,610,040</u>	<u>3,813,798,093</u>
Intangible asset - computer software (Note 8.3)	-	-
	<u>3,804,610,040</u>	<u>3,813,798,093</u>
8.1 Operating fixed assets		
Opening net book value	3,782,802,726	3,526,145,656
Add: Revaluation surplus arising on land and building during the period / year	-	361,748,466
Add: Cost of additions during the period / year (Note 8.1.1)	34,170,879	142,061,012
	<u>3,816,973,605</u>	<u>4,029,955,134</u>
Less: Book value of deletions during the period / year (Note 8.1.2)	5,238,805	18,396,790
Depreciation charged during the period / year	110,563,405	228,755,618
	<u>3,701,171,395</u>	<u>3,782,802,726</u>
8.1.1 Cost of additions		
Factory building	767,572	19,415,778
Plant and machinery	20,068,984	84,831,542
Electric installations	1,338,514	8,717,937
Furniture, fixtures and equipment	537,868	4,870,324
Computers	1,234,431	2,524,124
Motor Vehicles	10,223,510	21,701,307
	<u>34,170,879</u>	<u>142,061,012</u>
8.1.2 Book value of deletions		
Plant and machinery	1,702,222	12,940,362
Furniture, fixtures and equipment	-	356,792
Computers	19,289	-
Motor vehicles	3,517,294	5,099,636
	<u>5,238,805</u>	<u>18,396,790</u>

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
8.2 Capital work-in-progress		
Civil works	24,210,390	23,478,029
Plant and machinery	15,640,907	-
Advance for capital expenditure	63,587,348	7,517,338
	<u>103,438,645</u>	<u>30,995,367</u>

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

9. SEGMENT INFORMATION

9.1 The group has four reportable business 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 and steam
Retail	Selling all types of general merchandise.

9.2

Continuing operations

	Weaving		Dyeing		Power Generation		Retail		Elimination of inter-segment transactions		Total- Group	
	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014	Half year ended	31 Dec 2014
Sales	1,056,620,251	1,055,877,166	3,236,692,746	2,978,986,297	-	-	-	-	-	-	4,293,316,987	4,034,263,463
External interest	771,365,115	933,200,169	32,004,038	31,273,901	372,989,178	450,122,665	-	-	(1,176,238,331)	(1,414,701,755)	-	-
Cost of sales	1,827,660,366	1,980,077,335	3,269,696,794	3,009,765,198	372,989,178	450,122,665	-	-	(1,176,238,331)	(1,414,701,755)	4,293,316,987	4,034,263,463
	(1,675,161,448)	(1,813,842,762)	(2,690,822,281)	(2,539,005,130)	(370,597,141)	(410,975,020)	-	-	-	-	(3,650,342,538)	(3,349,321,217)
Gross profit	152,927,918	175,234,573	607,674,503	470,960,008	2,272,037	39,147,665	-	-	-	-	762,974,468	684,942,246
Distribution cost	(48,382,219)	(49,447,593)	(216,664,774)	(167,006,264)	(6,945,311)	(9,618,238)	(2,928,424)	(2,357,323)	-	-	(685,046,983)	(216,453,857)
Administrative expenses	(46,311,938)	(47,972,985)	(90,365,746)	(89,596,918)	(6,945,311)	(9,618,238)	(2,928,424)	(2,357,323)	-	-	(116,551,420)	(119,445,524)
Profit before taxation and unallocated income and expenses	64,694,159	67,420,578	(277,060,520)	(226,603,162)	(6,945,311)	(9,618,238)	(2,928,424)	(2,357,323)	-	-	681,598,413	(335,899,381)
Unallocated income and expenses:	58,133,780	77,813,995	330,843,983	243,960,826	(4,673,274)	29,629,367	(2,928,424)	(2,357,323)	-	-	381,376,045	348,042,865
Finance cost	-	-	-	-	-	-	-	-	-	-	(188,434,655)	(188,890,098)
Other expenses	-	-	-	-	-	-	-	-	-	-	(21,754,730)	(13,194,427)
Other income	-	-	-	-	-	-	-	-	-	-	23,360,550	20,305,877
Taxation	-	-	-	-	-	-	-	-	-	-	(88,357,449)	(64,238,579)
Profit after taxation	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	156,149,761	113,025,754

9.3 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Retail		Total- Group	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
Total assets for reportable segments	2,133,103,786	2,113,696,470	2,472,288,443	2,393,343,339	887,382,552	898,210,407	115,974,604	120,630,867	5,708,749,385	5,526,871,063
Unallocated assets	-	-	-	-	-	-	-	-	-	-
Long term investments	-	-	-	-	-	-	-	-	142,591,550	157,009,691
Unallocated assets	-	-	-	-	-	-	-	-	629,040,776	635,342,921
Total assets as per balance sheet	379,910,365	326,677,867	327,625,030	316,850,033	123,236,982	133,938,968	663,683	896,391	6,479,381,711	6,318,223,685
Segment liabilities	-	-	-	-	-	-	-	-	831,635,960	778,363,259
Long term financing - secured	-	-	-	-	-	-	-	-	1,548,863,320	1,811,907,803
Sponsor's loan	-	-	-	-	-	-	-	-	285,000,000	11,000,000
Accrued markup	-	-	-	-	-	-	-	-	195,481,018	250,378,063
Short term borrowings - secured	-	-	-	-	-	-	-	-	1,041,386,336	756,228,140
Deferred liabilities	-	-	-	-	-	-	-	-	382,968,785	379,959,496
Provision for taxation	-	-	-	-	-	-	-	-	71,804,572	71,477,712
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities as per balance sheet	-	-	-	-	-	-	-	-	4,396,177,454	4,305,066,794

10. TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	31 December 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	Un-audited 31 December 2014 Rupees
Other related parties				
Loan repaid to spouse of a director	11,100,000	-	11,100,000	-
Remuneration to Chief Executive Officer, Directors and Executives	52,975,723	49,953,129	29,725,565	26,057,326
Contribution to employees' provident fund trust	9,276,953	8,759,979	4,722,491	4,400,823
			Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
Period end Balances				
Payable to spouse of a director			58,900,000	70,000,000
Payable to employees' provident fund trust			2,673,494	1,266,662

11. 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 2015.

12. AUTHORIZED FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on 24 February 2016 by the Board of Directors of the Group.

13. 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, except for retrospective correction of sponsor’s loan as detailed in note 6.1 to this consolidated condensed interim financial information.



AAMIR FAYYAZ SHEIKH

Chief Executive



RASHID AHMED

Director





Kohinoor Mills Limited

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