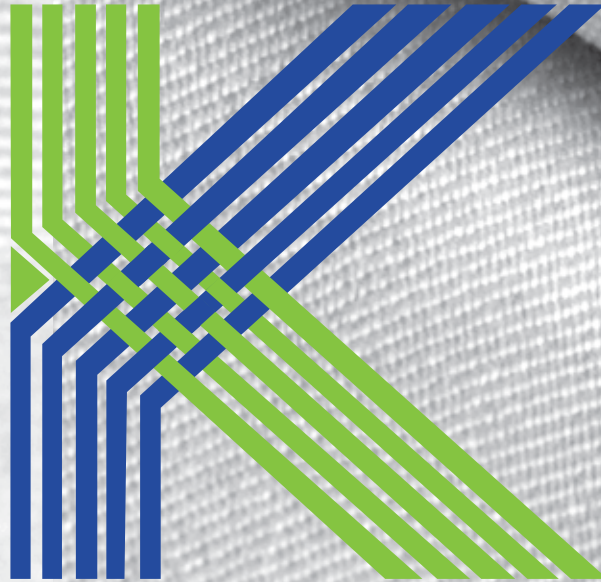


KOHINOOR MILLS LIMITED



HALF YEARLY REPORT
31 December 2022

www.kohinoormills.com

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COMPANY INFORMATION

Board of Directors

Mr. Rashid Ahmed
Chairman
Mr. Aamir Fayyaz Sheikh
Chief Executive
Mr. Ismail Aamir Fayyaz
Director
Ms. Imrat Aamir Fayyaz
Director
Mrs. Hajra Arham
Director
Mr. Muhammad Anwarul Haq Siddiqui
Director
Mr. Matiuddin Siddiqui
Director (NIT Nominee)

Audit Committee

Mrs. Hajra Arham
Chairman
Mr. Rashid Ahmed
Member
Mr. Muhammad Anwarul Haq Siddiqui
Member

Human Resource & Remuneration Committee

Mr. Muhammad Anwarul Haq Siddiqui
Chairman
Mr. Rashid Ahmed
Member
Mrs. Hajra Arham
Member

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Naveed Ahmed Zafar

Legal Advisor

Raja Mohammad Akram & Co.,
Advocate & Legal Consultants,
Lahore.

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

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

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office & Mills

8 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

M/s. Hameed Majeed Associates (Pvt.) Ltd,
HM House, 7 Bank Square, Lahore.
Land Lines: (92-42) 37235081 & 82, 37310466
Fax: (92-42) 37358817

Other Corporate Information

- Kohinoor Mills Limited is registered in Pakistan with Securities and Exchange Commission of Pakistan. 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



Financial Statements

For the half year ended 31 December 2022

DIRECTORS' REVIEW

The Directors of Kohinoor Mills Limited are pleased to present the Interim financial statements for the half year ended 31 December, 2022.

Economic & Textile Overview

The World Bank has slashed the global economic growth outlook to 1.7% for 2023 from its earlier projection of 3.0%. High inflation has triggered unexpectedly rapid and synchronous monetary policy tightening around the world. The Russian invasion of Ukraine and the consequent increase in global energy prices has thrown the world into deep recession. The high energy prices have reduced disposable income available with consumers, which has resulted in a drop in demand for non-essential products, including textiles.

Pakistan experienced major flooding in summer 2022, which has resulted in loss of lives, damage of infrastructure, spread of disease and substantial damage of agriculture crops including cotton. This, coupled with higher costs of energy, raw materials, interest rates and other inputs is damaging for the industry. Due to the need for substantial imported inputs, there is extreme pressure on currency and it is losing value in the international market. Pakistan's foreign exchange reserves have fallen from USD 22.1 billion to a perilously low level of USD 8.7 billion in the period under discussion. Consequently, in the first six months of current financial year, interbank PKR-USD exchange rate depreciated by 11.8% from Rs. 202.50 to Rs. 226.30. The Rupee continues to depreciate and touched an all time low of Rs. 277 against the US dollar in February 2023.

As part of monetary tightening, the central bank has further increased interest rates on Export Finance Scheme (EFS) and Long Term Financing Facility (LTFF) by capping them at 3% below policy rate. Consequently, both EFS and LTFF has reached to 14% from earlier rate of 10% prevailing at the inception of the FY-23. Rising financing rates will hit the bottom line profitability of the textile sector as well.

Operating & Financial Results

During the half year ended 31 December, 2022, your company earned a gross profit of Rs. 2,727 million on sales of Rs. 13,198 million, compared to a gross profit of Rs. 1,520 million on sales of Rs. 9,242 million for the corresponding period of previous financial year. During the period under review, your company recorded a net profit of Rs. 698.2 million (EPS: Rs. 13.72 per share), compared to a net profit of Rs. 417.8 million (EPS: Rs. 8.21 per share), in the corresponding period.

Performance Overview

A brief overview of performance of your company for the half year ended 31 December 2022 is discussed below:

Weaving Division

The comprehensive BMR project which was started a few years ago is now completed in the Weaving division. As part of this BMR project, 272 new state-of-the-art looms and ancillary equipment have been installed. This has transformed the Weaving division and significantly enhanced its efficiency and productivity. In support of this significant achievement, the management has worked tirelessly enabling this division to post substantial growth in turnover and profitability in the year under review despite the mounting global and local economic challenges.

The weaving division posted a gross turnover of Rs. 8,073 million in the half year ended as compared to turnover of Rs. 6,298 million in the previous comparative period. The BMR project along with the diligent efforts of the team have started to bear fruit and the management expresses hope that the financial results of this division will continue this pattern of growth.

Dyeing Division

Amid the highest inflation in a generation, rising geopolitical tensions, climate crisis and sinking consumer confidence in anticipation of an economic downturn, the apparel industry is facing severe headwinds. Due to the slowdown in demand for high street fashion, major retailers and brands in Europe and the US have accumulated abnormally high inventories. To reduce the inventories to acceptable levels, almost all retailers and brands have reduced projections for the next few quarters. As a result, manufacturers all over the world are seeing lower utilization of capacities. Looking ahead and keeping in view the macroeconomic indicators, the following quarters of ongoing financial year seem to be challenging ones.

Although the economic outlook was quite challenging for fashion industry, devaluation of currency helped the Dyeing Division to post significant growth in turnover and profitability in the period under review. The Dyeing division was able to increase its gross turnover by 52% from Rs. 5,707 million to Rs.8,686 million. Gross profit was increased to Rs. 1,548 million from Rs. 716 million in the corresponding period of last financial year representing an increase of 116% year on year.

Although the fashion industry continues to face headwinds, growth is still expected as the US and other allied countries focus on diversifying their supply chains away from China in light of recent Forced Labour Laws. The Dyeing Division is ideally situated to capitalize on this very significant opportunity. We continue to follow our strategy of focusing on core competencies and diversifying our customer base to multiple countries and regions including traditional markets like the US and Europe and newer markets within Asia.

Genertek Division

On the electricity side, the Government of Pakistan continued providing electricity at a reduced rate as part of its competitive relief package. However, it is unlikely that Government will continue these reduced electricity rates in the long-run due to the impending power and economic crisis in the country.

On the gas side, due to a supply quota in force, the Genertek Division was not able to meet its gas input requirement and hence could not generate the full required power from its own engines, and had to resort to consume power from the national grid to meet demand. The natural gas price at US\$ 9 /MMBTU also leaves the Genertek division vulnerable to fluctuation in currency exchange rate. These factors have significantly increased the ever-present challenges to maintaining competitive energy costs. The management is striving hard to tackle these challenges.

For steam generation, the division has increased its reliance on green biofuels which is a testament to the company's commitment to the environment.

Future Outlook

With the Government struggling with import payments, depleting foreign exchange reserves and political uncertainty, the Pakistani Rupee is expected to remain under pressure. While this

may enable our products to become more competitive in the world, our imports will become more costly leading to higher inflationary pressures. The local cotton crop has suffered a major reduction in quantity, and the industry will need to import almost 5 million bales of raw cotton which will be expensive due to the weak currency. The Government needs to take measures to improve the liquidity of the corporate sector by releasing income tax and sales tax refunds on a timely basis. The State Bank of Pakistan has taken a very aggressive stance in controlling inflation by increasing the policy rate manifold. This step will stifle growth and add additional pressure.

The war in Ukraine is another high concern to the industry, having already disrupted trade routes and triggered an energy crisis that will continue to have an impact. In China, further COVID-19 outbreaks have undermined the region's growth trajectory and disrupted supply chains. The Pakistani textile sector is highly dependent on inputs from China. All these factors will continue to haunt the textile industry in 2023.

The Textile sector is a main beneficiary of the PKR devaluation against US dollar since majority of revenue is dollar based. The Textile sector will continue to remain a priority of the Government at a time of low foreign exchange reserves. However, decision of hike in concessionary markup rates i.e. Long Term Financing Facility (LTFF) and Export Finance Scheme (EFS) and linking them to policy rate along with a surge in RLNG tariff to US\$9/MMBTU (Previous: US\$6.5/MMBTU) will somewhat offset its positive impact.

The company has already commenced work on a garment unit which is expected to start production in the third quarter of the current calendar year with an estimated capacity of 5,000 garments/day, which will enable the company to reap the benefits of vertical integration. The apparel division will complement our dyeing division by offering finished product to the same customer base.

The management is working towards improvement in efficiencies and productivity as well as enhanced cost controls. We expect that the rest of the current financial year will be challenging, but we will continue our efforts to manage our operations efficiently to protect the interests of our stakeholders. The planned order position for FY-23 appears encouraging and management is hopeful of utilizing the higher capacity levels attained after modernization.

Acknowledgement

The board places on record its profound gratitude for its esteemed shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have empowered the company to make progress towards consistent improvement. During the period under review, relations between the management and employees remained cordial and we wish to put on record our appreciation for the dedication, perseverance and steadiness of the employees of the company.

For and on behalf of the Board

Kasur:
February 22, 2023


Rashid Ahmed
Director


Aamir Fayyaz Sheikh
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KOHINOOR MILLS LIMITED

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of KOHINOOR MILLS LIMITED as at 31 December 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 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 2022.

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 condensed interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 24 February 2023


UDIN: RR202210168TR8Lghtkn

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital		
220,000,000 (30 June 2022: 80,000,000) ordinary shares of Rupees 10 each	2,200,000,000	800,000,000
30,000,000 (30 June 2022: 30,000,000) preference shares of Rupees 10 each	300,000,000	300,000,000
	2,500,000,000	1,100,000,000
Issued, subscribed and paid-up share capital		
50,911,011 (30 June 2022: 50,911,011) ordinary shares of Rupees 10 each	509,110,110	509,110,110
Capital reserves		
Share premium reserve	213,406,310	213,406,310
Fair value reserve FVTOCI investment	13,621,682	15,225,957
Surplus on revaluation of operating fixed assets - net of tax	2,531,260,328	2,564,006,429
Revenue reserves		
General reserve	788,199,282	788,199,282
Accumulated profit	2,542,847,724	1,913,672,412
Total equity	6,598,445,436	6,003,620,500
LIABILITIES		
Non-current liabilities		
Long term financing - secured	4 1,453,886,895	1,212,265,071
Deferred liabilities	337,918,690	332,346,215
Deferred income - Government grant	188,720,731	-
	1,980,526,316	1,544,611,286
Current liabilities		
Trade and other payables	4,337,894,600	3,643,219,712
Accrued mark-up	176,738,139	71,578,017
Short term borrowings - secured	6,261,898,772	5,082,318,845
Current portion of non-current liabilities	510,848,681	523,293,032
Unclaimed dividend	7,459,692	7,119,615
	11,294,839,884	9,327,529,221
Total liabilities	13,275,366,200	10,872,140,507
Contingencies and commitments	5	
TOTAL EQUITY AND LIABILITIES	19,873,811,636	16,875,761,007

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
ASSETS			
Non-current assets			
Fixed assets	6	8,791,192,359	7,912,753,661
Intangible asset		-	-
Investment property		1,981,607	1,981,607
Long term investment		21,035,038	23,429,479
Long term loans		10,398,025	22,252,126
Long term security deposits		77,985,712	91,159,847
		<u>8,902,592,741</u>	<u>8,051,576,720</u>
Current assets			
Stores, spares and loose tools		864,527,315	768,117,752
Stock-in-trade		5,143,940,886	4,052,222,277
Trade debts		1,657,865,820	1,217,245,076
Loans and advances		185,802,743	320,700,705
Short term deposits and prepayments		57,299,128	57,457,728
Advance income tax - net		34,768,804	71,366,395
Sales tax recoverable		1,981,452,847	1,630,418,799
Other receivables		38,189,823	43,732,753
Short term investments	7	474,633,432	56,772,172
Cash and bank balances		532,738,097	606,150,630
		<u>10,971,218,895</u>	<u>8,824,184,287</u>
TOTAL ASSETS		<u><u>19,873,811,636</u></u>	<u><u>16,875,761,007</u></u>


 RASHID AHMED
 DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Half year ended		Quarter ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		Rupees	Rupees	Rupees	Rupees
REVENUE	8	13,198,519,698	9,242,749,198	6,411,813,627	4,699,519,079
COST OF SALES	9	(10,471,037,286)	(7,722,726,050)	(5,060,375,827)	(3,934,781,675)
GROSS PROFIT		2,727,482,412	1,520,023,148	1,351,437,800	764,737,404
DISTRIBUTION COST		(669,650,024)	(507,008,132)	(298,634,133)	(268,893,675)
ADMINISTRATIVE EXPENSES		(298,444,159)	(212,715,312)	(155,683,031)	(113,596,763)
OTHER EXPENSES		(519,966,352)	(135,677,110)	(286,189,342)	(81,033,345)
		(1,488,060,535)	(855,400,554)	(740,506,506)	(463,523,783)
		1,239,421,877	664,622,594	610,931,294	301,213,621
OTHER INCOME		117,756,379	51,939,531	82,928,412	32,060,044
PROFIT FROM OPERATIONS		1,357,178,256	716,562,125	693,859,706	333,273,665
FINANCE COST		(469,410,292)	(217,460,093)	(280,113,187)	(116,062,586)
PROFIT BEFORE TAXATION		887,767,964	499,102,032	413,746,519	217,211,079
TAXATION		(189,516,731)	(81,274,483)	(121,293,943)	(36,268,797)
PROFIT AFTER TAXATION		698,251,233	417,827,549	292,452,576	180,942,282
EARNINGS PER SHARE - BASIC AND DILUTED		13.72	8.21	5.74	3.55

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


RASHID AHMED
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Half year ended		Quarter ended	
	31 December 2022 Rupees	31 December 2021 Rupees	31 December 2022 Rupees	31 December 2021 Rupees
PROFIT AFTER TAXATION	698,251,233	417,827,549	292,452,576	180,942,282
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Deficit arising on remeasurement of investment at fair value through other comprehensive income	(2,394,441)	(6,217,823)	(2,394,441)	(6,217,823)
Deferred income tax relating to this item	790,166	1,352,377	790,166	1,352,377
	(1,604,275)	(4,865,446)	(1,604,275)	(4,865,446)
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive loss for the period - net of tax	(1,604,275)	(4,865,446)	(1,604,275)	(4,865,446)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	696,646,958	412,962,103	290,848,301	176,076,836

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


RASHID AHMED
DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Half year ended	
	31 December 2022	31 December 2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	887,767,964	499,102,032
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	211,539,546	174,037,454
Dividend income	(14,625,856)	(4,549,830)
Loss / (gain) on sale of operating fixed assets	(25,847,031)	9,713,462
Fair value gain on short term investments	(23,516)	(11,663)
Adjustment due to impact of IFRS-9 on long term financing	23,889,803	11,201,338
Adjustment due to impact of IFRS-9 on GiDC	78,363	2,501,107
Debit balance written off	-	181,192
Provision / (Reversal) of provision for slow moving, obsolete and damaged store items	5,163,727	(2,038,982)
Allowance of expected credit loss	27,921,324	3,955,850
Amortization of deferred grant	(15,226,707)	(3,767,330)
Provision for doubtful duty draw back	2,795,158	-
Reversal of provision for doubtful export rebate	(61,872)	-
Provision for doubtful sales tax recoverable	10,283,969	-
Finance cost	469,331,929	204,047,398
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	1,582,986,801	894,372,028
(Increase) / decrease in current assets		
Stores, spares and loose tools	(101,573,290)	(132,944,006)
Stock-in-trade	(1,091,718,609)	(547,256,056)
Trade debts	(468,542,068)	45,836,036
Loans and advances	134,897,962	(211,754,826)
Short term deposits and prepayments	158,600	(38,728,650)
Other receivables	2,809,644	78,822,779
Sales tax recoverable	(361,318,017)	(171,727,922)
Increase in current liabilities		
Trade and other payables	694,674,888	585,156,529
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(1,190,610,890)	(392,596,116)
CASH GENERATED FROM OPERATIONS	392,375,911	501,775,912
Income tax paid	(153,225,507)	(86,975,681)
Finance cost paid	(355,502,021)	(212,016,937)
Gas infrastructure development cess paid	(4,303,960)	(18,926,285)
Net decrease in long term loans to employees	11,854,101	-
Net decrease / (increase) in long term security deposits	13,174,135	(3,334,800)
	(488,003,252)	(321,253,703)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(95,627,341)	180,522,209
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(1,189,960,399)	(310,560,054)
Proceeds from disposal of operating fixed assets	125,829,186	34,528,934
Dividend received	1,287,333	4,072,526
Proceeds from disposal of short term investment	569,500,000	20,788,927
Short term investment made	(976,000,000)	(911,704,728)
NET CASH USED IN INVESTING ACTIVITIES	(1,469,343,880)	(1,162,874,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	670,996,000	187,042,857
Repayment of long term financing	(257,535,294)	(217,127,187)
Dividend paid	(101,481,945)	-
Short term borrowings - net	1,179,579,927	937,501,668
NET CASH FROM FINANCING ACTIVITIES	1,491,558,688	907,417,338
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,412,533)	(74,934,848)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	606,150,630	659,841,293
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	532,738,097	584,906,445

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


RASHID AHMED
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL			CAPITAL RESERVES			REVENUE RESERVES		
	Share premium reserve	Fair value reserve FVOCI investment - net of tax	Surplus on revaluation of operating fixed assets - net of tax	Sub Total	General reserve	Accumulated profit	Sub Total		
Balance as at 30 June 2021 - (audited)	509,110,110	213,406,310	32,625,692	2,628,073,544	2,874,105,546	788,199,282	930,133,905	1,718,333,187	5,101,548,843
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(27,582,825)	(27,582,825)	-	-	27,582,825	27,582,825	-
Profit for the half year ended 31 December 2021	-	-	-	-	-	-	417,827,549	417,827,549	417,827,549
Other comprehensive loss for the half year ended 31 December 2021	-	(4,865,446)	-	(4,865,446)	-	-	-	-	(4,865,446)
Total comprehensive income for the half year ended 31 December 2021	-	-	(4,865,446)	(4,865,446)	-	-	417,827,549	417,827,549	412,962,103
Balance as at 31 December 2021 - (Un-audited)	509,110,110	213,406,310	27,760,246	2,600,490,719	2,841,657,275	788,199,282	1,375,544,279	2,163,743,361	5,514,510,946
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(27,582,828)	(27,582,828)	-	-	27,582,828	27,582,828	-
Profit for the half year ended 30 June 2022	-	-	(12,534,289)	(8,901,462)	(8,901,462)	-	510,545,305	510,545,305	510,545,305
Other comprehensive loss for the half year ended 30 June 2022	-	(12,534,289)	-	(12,534,289)	(12,534,289)	-	-	-	(21,435,751)
Total comprehensive income for the half year ended 30 June 2022	-	-	(12,534,289)	(8,901,462)	(8,901,462)	-	510,545,305	510,545,305	489,109,554
Balance as at 30 June 2022 - (audited)	509,110,110	213,406,310	15,225,957	2,564,006,429	2,792,638,696	788,199,282	1,913,672,412	2,701,871,694	6,003,620,500
Transactions with owners - Final dividend for the year ended 30 June 2022 @ Rupees 2.00 per share	-	-	-	-	-	-	(101,822,022)	(101,822,022)	(101,822,022)
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(25,981,147)	(25,981,147)	-	-	25,981,147	25,981,147	-
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(6,764,954)	(6,764,954)	-	-	6,764,954	6,764,954	-
Profit for the half year ended 31 December 2022	-	-	(1,604,275)	-	(1,604,275)	-	698,251,233	698,251,233	698,251,233
Other comprehensive loss for the half year ended 31 December 2022	-	(1,604,275)	-	(1,604,275)	-	-	-	-	(1,604,275)
Total comprehensive income for the half year ended 31 December 2022	-	-	(1,604,275)	(1,604,275)	-	-	698,251,233	698,251,233	696,646,958
Balance as at 31 December 2022 - (Un-audited)	509,110,110	213,406,310	13,621,682	2,531,260,328	2,758,268,320	788,199,282	2,542,847,724	3,331,047,006	6,598,445,436

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


AAMIR FAYYAZ SHEIKH

CHIEF EXECUTIVE


KAMRAN SHAHID

CHIEF FINANCIAL OFFICER


RASHID AHMED

DIRECTOR

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. All manufacturing units (dyeing, weaving and power generation), registered office and other offices of the Company are 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

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2022. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements 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 2022.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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 2022.

	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
4. LONG TERM FINANCING -SECURED		
Opening balance	1,658,623,951	1,414,880,245
Add: Obtained during the period / year	670,996,000	781,115,857
Less: Repaid during the period / year	(257,535,294)	(557,740,082)
Add: Adjustment due to impact of IFRS - 9 during the period / year	8,997,074	16,026,840
Less: Deferred income recognised during the period / year	(243,132,708)	-
Add: Deferred income amortised during the period / year	14,892,729	4,341,091
Net Impact (Note 4.1)	(228,239,979)	4,341,091
	1,852,841,752	1,658,623,951
Less: Current portion shown under current liabilities	398,954,857	446,358,880
	1,453,886,895	1,212,265,071

4.1 This represents net impact of benefit of loans obtained under the schemes of State Bank of Pakistan at below market rate of interest.

5. CONTINGENCIES AND COMMITMENTS

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 2022 except for the following:

- (i) On 13 December 2022, Collector of customs (adjudication) passed an order whereby a demand of Rupees 27.499 million (along with default surcharge) has been raised against the Company on account of certain benefits availed under the Customs Act, 1969 during the years 2008 to 2010 on import of raw materials and machinery. The Company challenged the order on certain grounds and filed an appeal before the Customs, Excise & Sales Tax Appellate Tribunal, Lahore against the order. The Customs, Excise & Sales Tax Appellate Tribunal, Lahore has granted stay against the recovery proceedings. The Company is actively pursuing the case and is hopeful for favourable outcome.
- (ii) Bank guarantees of Rupees 167.156 million (30 June 2022: Rupees 157.189 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.
- (iii) Bank guarantees of Rupees 17.279 million (30 June 2022: Rupees 8.164 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.
- (iv) Post dated cheques amounting to Rupees 268.981 million (30 June 2022: Rupees 229.964 million) are issued to custom authorities.

Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 138.816 million and Rupees 311.839 million (30 June 2022: Rupees 663.561 million and Rupees 193.514 million) respectively.
- (ii) Post dated cheques amounting to Rupees 1,560.095 million (30 June 2022: 1,052.561 million) are issued to creditors of the Company.

	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
6. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 6.1)	8,028,269,546	7,147,998,813
Capital work-in-progress (Note 6.2)	762,922,813	764,754,848
	8,791,192,359	7,912,753,661
6.1 Operating fixed assets		
Opening net book value	7,147,998,813	6,557,877,576
Add: Cost of additions during the period / year (Note 6.1.1)	1,191,792,434	1,068,470,260
	8,339,791,247	7,626,347,836
Less: Book value of deletions during the period / year (Note 6.1.2)	99,982,155	118,978,488
Less: Depreciation charged during the period / year	211,539,546	359,370,535
Closing net book value	8,028,269,546	7,147,998,813
6.1.1 Cost of additions		
Freehold land	-	244,550,909
Factory building	43,385,176	12,355,783
Residential building	-	7,790,506
Plant and machinery	1,033,558,216	749,692,468
Electric installations	33,980,508	25,013,290
Furniture, fixtures and equipment	4,333,785	5,256,302
Computers	10,918,957	-
Motor vehicles	65,615,792	23,811,002
	1,191,792,434	1,068,470,260
6.1.2 Book value of deletions		
Plant and machinery	67,463,531	115,525,440
Factory building	24,469,210	-
Motor vehicles	8,049,414	3,453,048
	99,982,155	118,978,488
6.2 Capital work-in-progress		
Plant and machinery	186,145,481	331,312,116
Electric installations	23,018,121	2,797,028
Buildings	512,190,651	400,215,700
Stores held for capital expenditures	20,942,515	14,003,004
Advance against purchase of land	4,960,035	800,000
Advance against purchase of vehicles	15,666,010	15,627,000
	762,922,813	764,754,848

	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
7. SHORT TERM INVESTMENTS		
At fair value through profit or loss		
Mutual funds:		
Pakistan Cash Management Fund 9,203,517.350 (30 June 2022: 936,238.123) units	464,481,273	47,249,878
NBP Money Market Fund 1,019,887.123 (30 June 2022: 958,835.691) units	10,097,526	9,491,176
	474,578,799	56,741,054
Add: Fair value adjustment	54,633	31,118
	<u>474,633,432</u>	<u>56,772,172</u>

8. DISAGREGATION OF REVENUE

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Description	Weaving			Dyeing			Total		
	Half year ended	Quarter ended	Quarter ended	Half year ended	Quarter ended	Quarter ended	Half year ended	Quarter ended	Quarter ended
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
----- Rupees -----									
Geographical market									
Australia	712,647,296	-	-	4,058,567	201,994,963	167,470,664	4,058,567	201,994,963	167,470,664
Asia	3,150,504,692	903,093,981	237,660,326	4,722,454,116	2,900,335,376	1,566,597,655	5,433,101,412	3,603,419,357	1,913,920,474
Europe	-	1,784,250,483	1,612,303,573	219,624,473	378,701,549	145,462,532	3,370,129,165	2,162,952,032	1,757,765,906
America	-	-	-	131,091,001	506,771,112	93,969,526	131,091,001	306,771,112	93,969,526
Africa	-	58,049,797	-	123,447,106	84,751,757	57,428,073	123,447,106	142,801,584	169,641,980
Pakistan	833,989,822	831,503,227	420,065,362	3,271,656,610	1,770,744,320	1,830,929,946	4,105,646,432	2,802,247,547	57,428,073
	4,697,141,810	3,576,887,488	2,270,029,261	8,472,355,533	5,643,299,107	4,127,229,920	13,189,497,643	9,220,186,596	4,690,331,608
Export rebate	4,487,943	2,106,322	2,265,990	24,534,212	19,225,477	12,288,456	29,022,055	21,331,799	14,554,446
Duty draw back	-	365,645	-	-	664,959	-	-	1,230,604	-
	4,701,629,653	3,579,559,655	2,272,295,251	8,496,890,045	5,663,189,543	4,139,518,376	13,198,519,698	9,242,749,198	4,698,519,079
Major products / service lines									
Greige cloth	4,627,428,714	3,456,444,773	2,238,113,218	-	-	-	4,627,428,714	3,456,444,773	2,238,113,218
Dyed cloth	33,736,963	24,846,135	16,667,985	8,195,957,016	5,525,410,016	3,986,240,620	8,219,639,979	5,530,236,151	4,002,898,475
Yarn	38,739,679	65,616,909	16,663,135	18,363,715	-	-	38,739,679	65,616,909	16,663,135
Processing income	1,724,097	32,649,838	861,043	300,656,402	126,863,825	148,073,197	300,656,402	126,863,825	148,073,197
Waste	-	-	-	10,276,027	10,915,702	5,204,559	12,000,724	43,565,540	6,055,602
	4,701,629,653	3,579,559,655	2,272,295,251	8,496,890,045	5,663,189,543	4,139,518,376	13,198,519,698	9,242,749,198	4,698,519,079
Timing of revenue recognition									
Products and services transferred at a point in time	4,701,629,653	3,579,559,655	2,272,295,251	8,496,890,045	5,663,189,543	4,139,518,376	13,198,519,698	9,242,749,198	4,698,519,079
Products and services transferred over time	-	-	-	-	-	-	-	-	-
	4,701,629,653	3,579,559,655	2,272,295,251	8,496,890,045	5,663,189,543	4,139,518,376	13,198,519,698	9,242,749,198	4,698,519,079

Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

8.1

	Un-audited Half year ended		Un-audited Quarter ended	
	31 December 2022 Rupees	31 December 2021 Rupees	31 December 2022 Rupees	31 December 2021 Rupees
	9. COST OF SALES			
Raw material consumed	7,992,527,893	6,117,744,391	3,694,712,450	3,284,854,982
Chemical consumed	842,163,407	597,374,231	439,174,165	336,663,829
Salaries, wages and other benefits	477,411,989	373,493,088	253,726,269	203,287,610
Employees' provident fund contributions	21,540,056	13,557,666	13,862,751	7,117,131
Cloth conversion and processing charges	215,822,558	20,363,505	171,504,758	15,260,780
Fuel, oil and power	1,095,879,014	612,510,004	586,275,763	315,126,663
Stores, spares and loose tools consumed	140,741,553	115,901,883	78,616,392	63,623,062
Packing material consumed	63,870,406	50,984,433	29,461,383	27,057,333
Repair and maintenance	47,016,544	31,509,749	26,972,502	22,112,550
Insurance	20,370,820	13,718,350	10,656,296	6,977,104
Other manufacturing expenses	61,087,098	41,096,777	31,986,464	21,931,582
Depreciation on operating fixed assets	202,362,764	166,550,037	122,710,145	87,226,680
	11,180,794,102	8,154,804,114	5,459,659,338	4,391,239,306
Work-in-process inventory				
Opening stock	447,555,892	245,407,748	521,427,048	345,420,419
Closing stock	(717,421,574)	(431,625,809)	(717,421,574)	(431,625,809)
	(269,865,682)	(186,218,061)	(195,994,526)	(86,205,390)
Cost of goods manufactured	10,910,928,420	7,968,586,053	5,263,664,812	4,305,033,916
Finished goods inventory				
Opening stock	2,068,681,756	1,648,676,601	2,305,283,905	1,524,284,363
Closing stock	(2,508,572,890)	(1,894,536,604)	(2,508,572,890)	(1,894,536,604)
	(439,891,134)	(245,860,003)	(203,288,985)	(370,252,241)
	10,471,037,286	7,722,726,050	5,060,375,827	3,934,781,675

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 and steam using gas, oil and coal.

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Sales										
External Inter-segment	4,701,629,653	3,579,559,655	8,496,930,045	5,663,169,543	-	-	(4,230,645,069)	(3,301,297,431)	13,196,519,698	9,242,749,198
	(3,371,364,112)	(2,716,136,006)	(189,558,231)	(43,644,963)	669,901,716	539,316,462	4,230,645,069	3,301,297,431	(13,196,519,698)	9,242,749,198
Cost of sales	8,073,013,765	6,297,695,661	8,686,249,276	5,707,034,506	669,901,716	539,316,462	(4,230,645,069)	(3,301,297,431)	10,471,037,289	(7,722,726,050)
	(6,861,724,984)	(5,488,114,002)	(7,137,867,856)	(4,967,523,334)	(702,089,505)	(548,386,145)	4,230,645,069	3,301,297,431	(10,471,037,289)	(7,722,726,050)
Gross profit / (loss)	1,211,288,781	809,581,659	1,546,381,420	719,511,172	(2,187,789)	(9,069,683)	-	-	2,727,482,412	1,520,023,148
Distribution cost	(264,828,270)	(180,690,708)	(404,821,754)	(326,327,424)	(7,529,121)	(5,980,459)	-	-	(689,650,024)	(507,008,132)
Administrative expenses	(134,561,869)	(110,376,647)	(156,353,069)	(96,358,206)	(7,529,121)	(5,980,459)	-	-	(296,444,159)	(212,715,312)
Profit / (loss) before taxation and unallocated income and expenses	(399,390,239)	(291,057,355)	(651,174,823)	(422,865,630)	(7,529,121)	(5,980,459)	-	-	(968,094,183)	(719,723,444)
	811,898,542	516,524,304	967,206,597	296,825,542	(39,716,910)	(15,050,142)	-	-	1,759,388,229	800,289,704
Unallocated income and expenses:										
Finance cost									(469,410,292)	(217,460,093)
Other expenses									(519,986,352)	(135,677,110)
Other income									117,756,379	51,939,531
Taxation									(189,516,731)	(61,274,483)
Profit after taxation									698,251,233	417,827,549

10.2 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Total - Company	
	Un-audited 31 December 2022		Un-audited 31 December 2022		Un-audited 30 June 2022		Un-audited 31 December 2022	
	Audited 30 June 2022	Audited 31 December 2022	Audited 30 June 2022	Audited 31 December 2022	Audited 30 June 2022	Audited 31 December 2022	Audited 30 June 2022	Audited 31 December 2022
Segment assets	8,966,764,157	7,861,287,785	7,486,073,587	5,664,860,200	1,390,191,210	1,383,383,783	17,846,028,954	14,929,531,768
Unallocated assets							2,027,782,682	1,946,229,239
Total assets as per condensed interim statement of financial position							19,873,811,636	16,875,761,007
Segment liabilities	2,565,483,132	1,916,667,447	1,564,809,169	1,524,424,341	215,343,623	132,203,879	4,345,945,824	3,575,295,687
Unallocated liabilities:								
Long term financing - secured							1,652,841,752	1,658,623,951
Deferred liabilities							337,918,650	408,884,030
Deferred income - Government grant							228,302,337	396,337
Accrued mark-up							176,738,139	71,578,017
Short term borrowings - secured							6,261,898,772	5,082,318,845
Unclaimed dividend							7,459,692	7,119,615
Trade and other payables							64,560,994	67,924,045
Total liabilities as per condensed interim statement of financial position							13,275,966,200	10,872,140,507

11. 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 these condensed interim financial statements. 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 2022 - un-audited	Level 1	Level 2	Level 3	Total
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..... (Rupees)

Financial asset

Investments at fair value through profit and loss	474,633,432	-	-	474,633,432
Investment at fair value through other comprehensive income	-	-	21,035,038	21,035,038
Total financial assets	474,633,432	-	21,035,038	495,668,470

Recurring fair value measurements At 30 June 2022 - Audited	Level 1	Level 2	Level 3	Total
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..... (Rupees)

Financial asset

Investments at fair value through profit and loss	56,772,172	-	-	56,772,172
Investment at fair value through other comprehensive income	-	-	23,429,479	23,429,479
Total financial assets	56,772,172	-	23,429,479	80,201,651

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 1 and 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 equity 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 techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using 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 2022:

	Unlisted equity security Rupees
Balance as on 30 June 2021 - Audited	42,398,345
Less: Deficit recognized in other comprehensive income	(6,217,823)
Balance as on 31 December 2021 - Unaudited	36,180,522
Less: Deficit recognized in other comprehensive income	(12,751,043)
Balance as on 30 June 2022 - Audited	23,429,479
Less: Deficit recognized in other comprehensive income	(2,394,441)
Balance as on 31 December 2022 - Unaudited	21,035,038

(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 as at		Un-observable inputs	Range of inputs (probability-weighted average) 31 December 2022	Relationship of un-observable inputs to fair value
	Un-audited 31 December 2022	Audited 30 June 2022			
	Rupees	Rupees			

FVTOCI financial assets:

Security General Insurance Company Limited	21,035,038	23,429,479	Terminal growth factor Risk adjusted discount rate	2.00% 18.42%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +1.925 million / -1.538 million.
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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 instrument is 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 security is 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 half yearly reporting period during the 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.

12. 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 these condensed interim financial statements. 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 2022 Un-audited	Level 1	Level 2	Level 3	Total
..... (Rupees)				
Property, plant and equipment:				
- Freehold land	-	2,162,361,909	-	2,162,361,909
- Buildings	-	1,323,378,796	-	1,323,378,796
Total non-financial assets	-	3,485,740,705	-	3,485,740,705

At 30 June 2022 Audited	Level 1	Level 2	Level 3	Total
..... (Rupees)				
Property, plant and equipment:				
- Freehold land	-	2,162,361,909	-	2,162,361,909
- Buildings	-	1,355,401,975	-	1,355,401,975
Total non-financial assets	-	3,517,763,884	-	3,517,763,884

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 2022. 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 2021, 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.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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:

	Un-audited Half year ended		Un-audited Quarter ended	
	31 December 2022 Rupees	31 December 2021 Rupees	31 December 2022 Rupees	31 December 2021 Rupees
Loan obtained from close relative of the chief executive officer	5,300,000	-	5,300,000	-
Repayment of loan to close relative of the chief executive officer	1,790,000	9,600,000	1,450,000	600,000
Remuneration to chief executive officer, directors and executives	126,484,325	94,116,888	84,447,185	47,606,564
Contribution to employees' provident fund trust	60,918,746	39,457,452	38,496,994	20,676,516
Dividend paid	65,685,818	-	65,685,818	-
			Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
Loan from close relatives of chief executive officer of the Company			13,861,970	10,351,970
Payable to / (receivable from) employees' provident fund trust			5,719,739	(5,908,569)

Period end Balances

Loan from close relatives of chief executive officer of the Company	13,861,970	10,351,970
Payable to / (receivable from) employees' provident fund trust	5,719,739	(5,908,569)

14. 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 2022.

15. AUTHORIZED FOR ISSUE

These condensed interim financial statements were authorized for issue on 22 February 2023 by the Board of Directors of the Company.

16. CORRESPONDING FIGURES

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

17. GENERAL

Figures have been rounded off to the nearest of Rupees unless otherwise stated.



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER



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