Half Yearly Report 31 December 2013

Kohinoor Mills Limited

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COMPANY INFORMATION

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) 3639340
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 personal goods sector at all three Stock Exchanges of Pakistan.

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

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Kamran Shahid

HEAD OF INTERNAL AUDIT

Mr. Faisal Sharif

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

DIRECTORS' REPORT

The Directors of the Company are pleased to present the un-audited interim financial statements for the half-year ended December 31, 2013. These interim financial statements are presented in accordance with the requirements of the Companies Ordinance, 1984.

Operating & Financial Results

During the half-year ended December 31, 2013, your company earned a gross profit of Rs. 659 million on sales of Rs. 4,012 million compared to gross profit of Rs. 747 million on sales of Rs. 4,139 million for the corresponding period of previous financial year 2012-13. Gross margin was at 16.4% compared to 18.1% in the corresponding period last year. During the period under review, your company recorded a net profit of Rs. 123 million, compared to net profit of Rs. 898 million in the corresponding period. The Earning per share was Rs. 2.41 compared to Rs. 17.64 for corresponding period in previous financial year.

During the corresponding period last year, the Company, upon finalization of its debt restructuring, recorded Rs. 824 million as one-time gain on recognition of financial liabilities at fair value under IAS 39. Otherwise, the company improved in profitability vis-à-vis last financial half-year.

Weaving Division

Optimal capacity utilization and increase in export volume resulted in improvement in profits in this division despite rising yarn prices. Keeping in view the good order position, the management is confident that the performance in this division will be maintained in remaining part of the year.

Dyeing Division

Competition from China and other emerging markets continued to pressure the sales and margins in this division during the half-year under review. Being the flagship division of the Company, management is intensifying its marketing push in this division and is hopeful that its performance will improve in remaining part of the year.

Genertek Division

Consistent scheduled supply of electricity and gas from LESCO and SNGPL, respectively, helped the company avoid reliance on more expensive HFO-based power generation. However, the tariff-increase for both electricity and gas during the current half-year resulted in dilution of any potential savings.

In view of the worsening gas and electricity supply situation in the country in the long run, the management is earnestly considering various alternate-fuel based energy options. The installation of bio-fuel based boiler was completed during the half-year under review. The management is further exploring different options for alternate-fuel fired power generation.

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, pulled out of retail business and shut-down all its Q-Mart retail stores during previous financial year. The management is in the process of disposing of the remaining fixed assets of this company.

Future Prospects

Keeping in view a difficult macro-economic scenario and increasing competition in textiles from China, India and other emerging markets and to reap advantages accruing from grant of GSP-plus status to Pakistan by

the EU, your management has devised a detailed marketing-oriented strategy. For increased revenues and better margins, the management is intensifying its marketing efforts, focusing on market development and penetration, product development, especially niche products for famous brands and technical textiles. For cost-savings, the management is ensuring better supply-chain management of raw materials and increased reliance on alternate fuels for power-generation. Therefore, the management is confident that the company shall be able to improve its performance.

Acknowledgment

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

For and on behalf of the Board

RASHID AHMED
Chairman

Kasur:
25 February 2014

Financial Statements

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 2013 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 2013 and 31 December 2012 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 2013.

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 2013 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: 25 February 2014
Lahore:

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (30 June 2013: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2013: 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 2013: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		153,611,148	12,324,332
Total equity		662,721,258	521,434,442
Surplus on revaluation of operating fixed assets - net of deferred income tax		776,732,956	785,458,501
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	1,852,177,957	1,994,125,496
Sponsor's loan		272,000,000	272,000,000
Deferred liabilities		520,364,421	483,022,877
		2,644,542,378	2,749,148,373
Current liabilities			
Trade and other payables		853,411,512	814,538,309
Accrued mark up		138,859,249	110,743,721
Short term borrowings - secured		756,548,873	671,405,785
Current portion of long term financing	5	175,421,544	127,360,657
Provision for taxation		83,478,849	79,975,000
		2,007,720,027	1,804,023,472
Total liabilities		4,652,262,405	4,553,171,845
Contingencies and commitments	6		
TOTAL EQUITY AND LIABILITIES		6,091,716,619	5,860,064,788

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

Statement u/s 241(2) of the Companies Ordinance, 1984 :

These financial statements have been signed by two directors, instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

ASAD FAYYAZ SHEIKH
Director

	Note	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
ASSETS			
Non-current assets			
Fixed assets	7	3,457,510,007	3,354,568,091
Long term investments		79,595,237	82,235,864
Long term security deposits		20,587,740	20,587,740
		3,557,692,984	3,457,391,695
Current assets			
Stores, spares and loose tools		374,054,957	315,856,083
Stock-in-trade		743,244,687	614,534,124
Trade debts		651,600,108	679,533,395
Advances		52,753,494	90,306,682
Trade deposits and short term prepayments		8,453,419	7,595,341
Other receivables		239,074,163	237,728,166
Sales tax recoverable		201,665,166	195,540,934
Short term investments		145,344,924	132,357,244
Cash and bank balances		117,832,717	129,221,124
		2,534,023,635	2,402,673,093
TOTAL ASSETS		6,091,716,619	5,860,064,788

SHAHBAZ MUNIR
Director

UNCOSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Half year ended		Quarter ended	
		31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
SALES		4,011,673,222	4,138,522,085	2,070,572,985	2,137,492,288
COST OF SALES	8	(3,353,006,332)	(3,391,174,788)	(1,724,948,987)	(1,715,259,500)
GROSS PROFIT		658,666,890	747,347,297	345,623,998	422,232,788
DISTRIBUTION COST		(232,692,537)	(293,962,078)	(129,408,884)	(191,963,827)
ADMINISTRATIVE EXPENSES		(98,273,064)	(89,658,947)	(52,842,252)	(49,760,532)
OTHER EXPENSES	9	(16,900,263)	(200,268,042)	(9,948,305)	(175,694,460)
		(347,865,864)	(583,889,067)	(192,199,441)	(417,418,819)
		310,801,026	163,458,230	153,424,557	4,813,969
OTHER INCOME	10	47,536,473	998,672,634	34,666,744	993,058,723
PROFIT FROM OPERATIONS		358,337,499	1,162,130,864	188,091,301	997,872,692
FINANCE COST		(200,940,657)	(226,099,312)	(101,039,280)	(132,510,467)
PROFIT BEFORE TAXATION		157,396,842	936,031,552	87,052,021	865,362,225
TAXATION		(34,511,396)	(38,050,810)	(15,342,117)	(19,498,679)
PROFIT AFTER TAXATION		122,885,446	897,980,742	71,709,904	845,863,546
EARNINGS PER SHARE - BASIC AND DILUTED		2.41	17.64	1.41	16.61

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

Statement u/s 241(2) of the Companies Ordinance, 1984 :

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

UNCOSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended		Quarter ended	
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
PROFIT AFTER TAXATION	122,885,446	897,980,742	71,709,904	845,863,546
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investment to fair value	12,987,680	97,812,390	12,987,680	47,520,420
Reclassification adjustment relating to disposal of available for sale investment	-	(8,738,000)	-	(8,738,000)
Deferred income tax relating to surplus on remeasurement of available for sale investment to fair value	(3,311,858)	(5,190,531)	(3,311,858)	(5,190,531)
Other comprehensive income for the period - net of tax	9,675,822	83,883,859	9,675,822	33,591,889
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	132,561,268	981,864,601	81,385,726	879,455,435

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended	
	31 December 2013 Rupees	31 December 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	157,396,842	936,031,552
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	107,323,651	107,760,051
Amortization of intangible asset	432,345	439,650
Dividend income	(1,287,334)	(1,287,334)
Provision for doubtful trade debts	-	90,133,187
Debit balances written off	-	7,379,754
Gain on sale of operating fixed assets	(1,485,248)	(1,505,674)
Gain on sale of investment	-	(44,604,965)
Impairment loss on investment in subsidiary company	2,640,627	69,170,424
Gain on recognition of long term financing at fair value	-	(823,284,995)
Adjustment due to impact of IAS - 39	54,800,876	40,374,024
Accrued markup written back	-	(50,763,823)
Finance cost	146,139,781	185,725,288
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	465,961,540	515,567,139
(Increase) / decrease in current assets		
Stores, spares and loose tools	(58,198,874)	(31,772,383)
Stock-in-trade	(128,710,563)	(35,002,512)
Trade debts	27,933,287	11,007,210
Advances	37,553,188	(27,882,115)
Trade deposits and short term prepayments	(858,078)	(381,340)
Other receivables	19,927,368	(13,535,006)
Sales tax recoverable	(6,124,232)	(35,727,672)
Increase in current liabilities		
Trade and other payables	38,873,203	53,223,110
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(69,604,701)	(80,070,708)
CASH GENERATED FROM OPERATIONS	396,356,839	435,496,431
Income tax paid	(52,917,537)	(43,750,766)
Net decrease in long term security deposits	-	318,999
Finance cost paid	(83,357,939)	(95,458,147)
	(136,275,476)	(138,889,914)
NET CASH GENERATED FROM OPERATING ACTIVITIES	260,081,363	296,606,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(212,587,665)	(70,076,436)
Capital expenditure on intangible asset	-	(219,161)
Proceeds from sale of operating fixed assets	3,375,001	3,266,775
Dividend received	1,287,334	1,287,334
NET CASH USED IN INVESTING ACTIVITIES	(207,925,330)	(65,741,488)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(148,687,528)	(93,673,146)
Short term borrowings - net	85,143,088	(124,432,471)
NET CASH USED IN FINANCING ACTIVITIES	(63,544,440)	(218,105,617)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(11,388,407)	12,759,412
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	129,221,124	108,126,535
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	117,832,717	120,885,947

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

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2013 ENDED 31 DECEMBER 2013

	Share Capital	RESERVES							Total equity
		Capital Reserves			Revenue Reserves			Total	
		Share Premium reserve	Fair value reserve	Sub-total	General Reserve	Accumulated loss	Sub-total		
	(Rupees)								
Balance as at 01 July 2012 - (audited)	509,110,110	213,406,310	85,516,926	298,923,236	1,058,027,640	(2,436,586,888)	(1,378,559,248)	(1,079,636,012)	(570,525,902)
Transfer from surplus on revaluation of operating fixed assets - net of deferred income tax	-	-	-	-	-	9,165,077	9,165,077	9,165,077	9,165,077
Profit for the half year ended 31 December 2012	-	-	-	-	-	897,980,742	897,980,742	897,980,742	897,980,742
Other comprehensive income for the half year ended 31 December 2012	-	-	83,883,859	83,883,859	-	-	-	83,883,859	83,883,859
Total comprehensive income for the half year ended 31 December 2012	-	-	83,883,859	83,883,859	-	897,980,742	897,980,742	981,864,601	981,864,601
Balance as at 31 December 2012 - (Un-audited)	509,110,110	213,406,310	169,400,785	382,807,095	1,058,027,640	(1,529,441,069)	(471,413,429)	(88,606,334)	420,503,776
Transfer from surplus on revaluation of operating fixed assets - net of deferred income tax	-	-	-	-	-	9,204,496	9,204,496	9,204,496	9,204,496
Surplus realized on disposal of operating fixed assets	-	-	-	-	-	52,359,476	52,359,476	52,359,476	52,359,476
Profit for the half year ended 30 June 2013	-	-	-	-	-	110,685,940	110,685,940	110,685,940	110,685,940
Other comprehensive loss for the half year ended 30 June 2013	-	-	(71,319,246)	(71,319,246)	-	-	-	(71,319,246)	(71,319,246)
Total comprehensive income for the half year ended 30 June 2013	-	-	(71,319,246)	(71,319,246)	-	110,685,940	110,685,940	39,366,694	39,366,694
Balance as at 30 June 2013 - (audited)	509,110,110	213,406,310	98,081,539	311,487,849	1,058,027,640	(1,357,191,157)	(299,163,517)	12,324,332	521,434,442
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	-	-	8,725,548	8,725,548	8,725,548	8,725,548
Profit for the half year ended 31 December 2013	-	-	-	-	-	122,885,446	122,885,446	122,885,446	122,885,446
Other comprehensive income for the half year ended 31 December 2013	-	-	9,675,822	9,675,822	-	-	-	9,675,822	9,675,822
Total comprehensive income for the half year ended 31 December 2013	-	-	9,675,822	9,675,822	-	122,885,446	122,885,446	132,561,268	132,561,268
Balance as at 31 December 2013 - (Un-audited)	509,110,110	213,406,310	107,757,361	321,163,671	1,058,027,640	(1,225,580,163)	(167,552,523)	153,611,148	662,721,258

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. 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 2013 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 2013.

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 2013.

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 2013.

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
5. LONG TERM FINANCING -SECURED		
Opening balance	2,121,486,153	3,244,174,198
Add: Adjustment due to impact of IAS - 39 during the period / year	54,800,876	112,590,198
Less: Transferred to short term borrowings during the period / year	-	76,889,329
Less: Repaid / adjusted during the period / year	148,687,528	334,645,346
Less: Gain on recognition of long term financing at fair value during the period / year	-	823,743,568
	2,027,599,501	2,121,486,153
Less: Current portion shown under current liabilities	175,421,544	127,360,657
	1,852,177,957	1,994,125,496

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

6.2 Commitments

(i) Aggregate commitments for capital expenditures and revenue expenditures are amounting to Rupees Nil and Rupees 23.033 million (30 June 2013: Rupees 51.450 million and Rupees 39.562 million) respectively.

(ii) Post dated cheques issued to suppliers are amounting to Rupees 63.723 million (30 June 2013: Rupees 46.016 million).

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
7. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 7.1)	3,204,262,306	3,199,125,210
Capital work-in-progress (Note 7.2)	253,013,467	154,776,302
	3,457,275,773	3,353,901,512
Intangible asset - computer software (Note 7.3)	234,234	666,579
	3,457,510,007	3,354,568,091

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
7.1 Operating fixed assets		
Opening net book value	3,199,125,210	3,372,275,939
Add: Cost of additions during the period / year (Note 7.1.1)	114,350,500	129,060,160
	3,313,475,710	3,501,336,099
Less: Book value of deletions during the period / year (Note 7.1.2)	1,889,753	84,621,049
Depreciation charged during the period / year	107,323,651	217,589,840
Closing net book value	3,204,262,306	3,199,125,210
7.1.1 Cost of additions		
Residential building	-	370,400
Factory building	43,031,896	2,941,461
Plant and machinery	48,166,952	102,456,294
Stand-by equipment	-	1,615,659
Electric installations	6,150,867	5,323,840
Furniture, fixtures and equipment	250,574	638,872
Computers	2,337,687	3,257,565
Motor vehicles	14,412,524	12,456,069
	114,350,500	129,060,160
7.1.2 Book value of deletions		
Freehold land	-	79,734,375
Furniture, fixtures and equipment	-	1,840,824
Computers	-	26,018
Motor vehicles	1,889,753	3,019,832
	1,889,753	84,621,049
7.2 Capital work-in-progress		
Civil works	16,140,084	40,494,914
Plant and machinery	194,690,451	67,673,320
Advances for capital expenditures	42,182,932	46,608,068
	253,013,467	154,776,302
7.3 Intangible asset - computer software		
Opening net book value	666,579	1,531,268
Less: Amortization charged during the period / year	432,345	864,689
Closing net book value	234,234	666,579

	Half year ended		Quarter ended	Un-audited
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
8. COST OF SALES				
Raw material consumed	2,353,325,287	2,305,033,910	1,155,424,020	1,188,862,710
Chemical consumed	295,443,564	303,645,312	160,965,269	156,977,013
Salaries, wages and other benefits	140,573,555	121,809,676	74,414,172	61,350,174
Employees' provident fund contributions	5,283,828	3,024,553	3,003,702	1,183,162
Cloth conversion and processing charges	8,371,499	18,783,048	2,230,601	9,221,430
Fuel, oil and power	443,293,479	440,697,422	225,363,541	234,951,217
Stores, spares and loose tools consumed	47,234,195	39,159,526	26,884,855	20,808,121
Packing material	23,438,221	24,303,718	11,951,935	13,130,346
Repair and maintenance	18,890,389	22,939,107	10,684,165	11,298,610
Insurance	3,715,854	3,271,267	1,859,616	1,741,941
Other manufacturing expenses	20,640,672	26,335,303	10,146,368	15,137,839
Depreciation on operating fixed assets	100,676,341	103,958,623	51,701,533	52,731,531
	3,460,886,884	3,412,961,465	1,734,629,777	1,767,394,094
Work-in-process inventory				
Opening stock	152,308,086	123,171,757	235,584,849	166,705,492
Closing stock	(187,144,686)	(207,620,362)	(187,144,686)	(207,620,362)
	(34,836,600)	(84,448,605)	48,440,163	(40,914,870)
Cost of goods manufactured	3,426,050,284	3,328,512,860	1,783,069,940	1,726,479,224
Cost of yarn and cloth purchased for resale	11,715,822	24,000,412	8,812,947	15,266,312
	3,437,766,106	3,352,513,272	1,791,882,887	1,741,745,536
Finished goods inventory				
Opening stock	314,553,948	335,090,305	332,379,822	269,942,753
Closing stock	(399,313,722)	(296,428,789)	(399,313,722)	(296,428,789)
	(84,759,774)	38,661,516	(66,933,900)	(26,486,036)
	3,353,006,332	3,391,174,788	1,724,948,987	1,715,259,500
9. OTHER EXPENSES				
Donations	2,605,961	1,348,706	2,124,529	870,783
Exchange loss - net	-	25,950,769	-	11,278,852
Workers' profit participation fund	11,192,776	5,387,198	6,102,250	1,671,711
Impairment loss on investment in subsidiary company	2,640,627	69,170,424	1,260,627	63,462,169
Provision for doubtful receivables	-	90,133,187	-	90,133,187
Debit balances written off	-	7,379,754	-	7,379,754
Miscellaneous	460,899	898,004	460,899	898,004
	16,900,263	200,268,042	9,948,305	175,694,460

	Half year ended		Un-audited Quarter ended	
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
10. OTHER INCOME				
Gain on sale of available for sale investment	-	44,604,965	-	44,604,965
Exchange gain - net	24,130,810	-	21,278,341	-
Dividend	1,287,334	1,287,334	-	1,287,334
Return on bank deposits	3,147,438	3,323,054	2,076,604	2,173,342
Accrued markup written back	-	50,763,823	-	50,763,823
Gain on sale of operating fixed assets	1,485,248	1,505,674	1,485,248	1,505,674
Gain on recognition of long term financing at fair value	-	823,284,995	-	823,284,995
Scrap sales and others	17,485,643	16,624,407	9,826,551	12,160,208
Bad debts recovered	-	57,278,382	-	57,278,382
	47,536,473	998,672,634	34,666,744	993,058,723

11. SEGMENT INFORMATION

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

Weaving	Production of different 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

11.2

	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 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	(Rupees)									
Sales										
External	978,349,528	734,886,097	3,033,323,694	3,403,635,988	-	-	-	-	4,011,673,222	4,138,522,085
Inter-segment	1,132,958,806	1,224,464,877	6,539,930	16,060,370	292,021,834	427,677,229	(1,431,520,570)	(1,668,202,476)	-	-
	2,111,308,334	1,959,350,974	3,039,863,624	3,419,696,358	292,021,834	427,677,229	(1,431,520,570)	(1,668,202,476)	4,011,673,222	4,138,522,085
Cost of sales	(1,897,104,223)	(1,813,239,054)	(2,603,414,267)	(2,826,105,054)	(284,008,412)	(420,033,156)	1,431,520,570	1,668,202,476	(3,353,006,332)	(3,391,174,788)
Gross profit	214,204,111	146,111,920	436,449,357	593,591,304	8,013,422	7,644,073	-	-	658,666,890	747,347,297
Distribution cost	(60,712,999)	(42,867,806)	(171,979,538)	(251,094,272)	-	-	-	-	(232,692,537)	(293,962,078)
Administrative expenses	(43,796,240)	(42,732,240)	(49,988,777)	(41,225,095)	(4,488,047)	(5,701,612)	-	-	(98,273,064)	(89,658,947)
	(104,509,239)	(85,600,046)	(221,968,315)	(292,319,367)	(4,488,047)	(5,701,612)	-	-	(330,965,601)	(383,621,025)
Profit before taxation and unallocated income and expenses	109,694,872	60,511,874	214,481,042	301,271,937	3,525,375	1,942,461	-	-	327,701,289	363,726,272
Unallocated income and expenses:										
Finance cost									(200,940,657)	(226,099,312)
Other expenses									(16,900,263)	(200,268,042)
Other income									47,536,473	998,672,634
Taxation									(34,511,396)	(38,050,810)
Profit after taxation									122,885,446	897,980,742

11.3 Reconciliation of reportable segment assets

	Weaving		Dyeing		Power Generation		Total - Company	
	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013
	(Rupees)							
Total assets for reportable segments	1,870,851,614	1,883,209,663	2,588,284,069	2,507,593,247	928,881,995	800,653,779	5,388,017,678	5,191,456,689
Unallocated assets								
Long term investments							79,595,237	82,235,864
Sales tax recoverable							201,665,166	195,540,934
Short term investments							145,344,924	132,357,244
Other corporate assets							277,093,614	258,474,057
Total assets as per balance sheet							6,091,716,619	5,860,064,788
Total liabilities for reportable segments	298,471,272	241,238,767	339,262,923	362,643,302	70,028,807	64,517,633	707,763,002	668,399,702
Unallocated liabilities:								
Long term financing - secured							2,027,599,501	2,121,486,153
Sponsor's loan							272,000,000	272,000,000
Deferred liabilities							520,364,421	483,022,877
Accrued mark up							138,859,249	110,743,721
Short term borrowings - secured							756,548,873	671,405,785
Provision for taxation							83,478,849	79,975,000
Other corporate liabilities							145,648,510	146,138,607
Total liabilities as per balance sheet							4,652,262,405	4,553,171,845

12. TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	Un-Audited
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
Subsidiary company				
Purchase of goods	-	3,541,760	-	1,610,867
Rent expense	-	180,000	-	90,000
Expenses paid on behalf of subsidiary company	343,173	-	343,173	-
Other related parties				
Remuneration paid to Chief Executive Officer, Directors and Executives	39,435,502	32,353,492	24,411,294	17,751,434
Contribution to employees' provident fund trust	7,475,620	4,173,070	4,246,705	1,567,083

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
Period end balances		
Payable to subsidiary company	378,303	721,476
Payable to a related party	70,000,000	70,000,000
Payable to employees' provident fund trust	3,326,993	2,046,036

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

14. AUTHORIZED FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue on 25 February 2014 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

16. STATEMENT U/S 241(2) OF THE COMPANIES ORDINANCE, 1984

These financial statements have been signed by two directors, instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

CONSOLIDATED
FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (30 June 2013: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2013: 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 2013: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		155,076,215	13,375,618
Total equity		664,186,325	522,485,728
Surplus on revaluation of operating fixed assets - net of deferred income tax		803,748,748	812,888,074
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	1,852,177,957	1,994,125,496
Sponsor's loan		272,000,000	272,000,000
Deferred Liabilities		520,364,421	483,022,877
		2,644,542,378	2,749,148,373
Current liabilities			
Trade and other payables		859,188,601	819,818,276
Loan from director		11,000,000	11,000,000
Accrued markup		138,859,249	110,743,721
Short term borrowings - secured		756,548,873	671,405,785
Current portion of long term financing	5	175,421,544	127,360,657
Provision for taxation		83,478,849	79,975,000
		2,024,497,116	1,820,303,439
Total Liabilities		4,669,039,494	4,569,451,812
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		6,136,974,567	5,904,825,614

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

Statement u/s 241(2) of the Companies Ordinance, 1984 :

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ASAD FAYYAZ SHEIKH
Director

	Note	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
ASSETS			
Non-current assets			
Fixed Assets	7	3,580,114,271	3,479,531,750
Long term security deposits		20,587,740	20,587,740
		3,600,702,011	3,500,119,490
Current assets			
Stores, spares and loose tools		374,054,957	315,856,083
Stock-in-trade		743,244,687	614,534,124
Trade debts		651,600,108	679,533,395
Advances		52,753,494	90,306,682
Trade deposits and short term prepayments		8,453,419	7,595,341
Other receivables		240,639,089	239,292,847
Sales tax recoverable		201,665,166	195,174,232
Short term investments		145,344,924	132,357,244
Cash and bank balances		118,516,712	130,056,176
		2,536,272,556	2,404,706,124
TOTAL ASSETS		6,136,974,567	5,904,825,614

SHAHBAZ MUNIR
Director

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended		Quarter ended	
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
SALES	4,011,673,222	4,218,610,972	2,070,572,985	2,173,104,422
COST OF SALES	(3,353,006,332)	(3,480,778,964)	(1,724,948,987)	(1,755,673,718)
GROSS PROFIT	658,666,890	737,832,008	345,623,998	417,430,704
DISTRIBUTION COST	(232,692,537)	(293,962,078)	(129,408,884)	(191,963,827)
ADMINISTRATIVE EXPENSES	(100,913,691)	(93,036,246)	(54,102,879)	(51,486,453)
OTHER EXPENSES	(14,259,636)	(180,882,356)	(8,687,678)	(161,929,424)
	(347,865,864)	(567,880,680)	(192,199,441)	(405,379,704)
	310,801,026	169,951,328	153,424,557	12,051,000
OTHER INCOME	47,536,473	1,005,189,271	34,666,744	998,906,495
PROFIT FROM OPERATIONS	358,337,499	1,175,140,599	188,091,301	1,010,957,495
FINANCE COST	(200,940,657)	(226,099,312)	(101,039,280)	(132,510,467)
PROFIT BEFORE TAXATION	157,396,842	949,041,287	87,052,021	878,447,028
TAXATION	(34,511,396)	(51,060,545)	(15,342,117)	(32,583,482)
PROFIT AFTER TAXATION	122,885,446	897,980,742	71,709,904	845,863,546
EARNING PER SHARE - BASIC AND DILUTED	2.41	17.64	1.41	16.61

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

Statement u/s 241(2) of the Companies Ordinance, 1984 :

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended		Quarter ended	
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
PROFIT AFTER TAXATION	122,885,446	897,980,742	71,709,904	845,863,546
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus on remeasurment of available for sale investments	12,987,680	97,812,390	12,987,680	47,520,420
Reclassification adjustment relating to available for sale investment disposed of	-	(8,738,000)	-	(8,738,000)
Deferred income tax relating to surplus on available for sale investment	(3,311,858)	(5,190,531)	(3,311,858)	(5,190,531)
Other comprehensive income for the period - net of tax	9,675,822	83,883,859	9,675,822	33,591,889
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	132,561,268	981,864,601	81,385,726	879,455,435

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended	
	31 December 2013	31 December 2012
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	157,396,842	949,041,287
Adjustments for non-cash charges and other items:		
Depreciation	109,683,046	113,100,417
Amortization of intangible asset	432,345	1,035,775
Dividend income	(1,287,334)	(1,287,334)
Provision for doubtful debts	-	90,133,187
Credit balances written back	-	(4,574,910)
Debit balances written off	-	13,683,260
Gain on sale of operating assets	(1,485,248)	(1,541,063)
Gain on sale of short term investment	-	(44,604,965)
Impairment loss on fixed assets	-	34,179,982
Gain on initial recognition of financial liabilities at fair value	-	(823,284,995)
Adjustment due to impact of IAS - 39	54,800,876	40,374,024
Accrued markup written back	-	(50,763,823)
Finance cost	146,139,781	185,725,288
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	465,680,308	501,216,130
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(58,198,874)	(31,772,383)
Stock-in-trade	(128,710,563)	(24,719,151)
Trade debts	27,933,287	11,007,209
Advances	37,553,188	(28,396,020)
Trade deposits and short term prepayments	(858,078)	68,660
Other receivables	20,270,541	(16,018,960)
Sales tax recoverable	(6,124,232)	(35,727,672)
INCREASE IN CURRENT LIABILITIES		
Trade and other payables	38,660,448	52,653,501
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(69,474,283)	(72,904,816)
CASH GENERATED FROM OPERATIONS	396,206,025	428,311,314
Income tax paid	(52,917,780)	(43,873,885)
Net decrease in long term security deposits	-	856,381
Finance cost paid	(83,357,939)	(95,458,147)
	(136,275,719)	(138,475,651)
NET CASH GENERATED FROM / (UTILIZED IN) OPERATING ACTIVITIES	259,930,306	289,835,663
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(212,587,665)	(79,769,633)
Capital expenditure on intangible asset	-	(219,161)
Proceeds from sale of property, plant and equipment	3,375,001	8,167,600
Dividend received	1,287,334	1,287,334
NET CASH USED IN INVESTING ACTIVITIES	(207,925,330)	(70,533,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings - net	(148,687,528)	(93,673,146)
Short term borrowings - net	85,143,088	(124,432,471)
Loan from director	-	12,000,000
NET CASH USED IN FINANCING ACTIVITIES	(63,544,440)	(206,105,617)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,539,464)	13,196,188
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	130,056,176	109,248,136
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	118,516,712	122,444,324

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ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Share Capital	RESERVES							Total equity
		Capital Reserves			Revenue Reserves			Total	
		Share Premium reserve	Fair value reserve	Sub-total	General Reserve	Accumulated loss	Sub-total		
	(Rupees)								
Balance as at 1 July 2012 - (audited)	509,110,110	213,406,310	85,516,926	298,923,236	1,058,027,640	(2,436,406,720)	(1,378,379,080)	(1,079,455,844)	(570,345,734)
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	-	-	9,165,077	9,165,077	9,165,077	9,165,077
Profit for the half year ended 31 December 2012	-	-	-	-	-	897,980,742	897,980,742	897,980,742	897,980,742
Other comprehensive income for the half year ended 31 December 2012	-	-	83,883,859	83,883,859	-	-	-	83,883,859	83,883,859
Total comprehensive income for the half year ended 31 December 2012	-	-	83,883,859	83,883,859	-	897,980,742	897,980,742	981,864,601	981,864,601
Balance as at 31 December 2012 - (Un-audited)	509,110,110	213,406,310	169,400,785	382,807,095	1,058,027,640	(1,529,260,901)	(471,233,261)	(88,426,166)	420,683,944
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax						10,075,613	10,075,613	10,075,613	10,075,613
Surplus realized on disposal of operating fixed assets						52,359,476	52,359,476	52,359,476	52,359,476
Profit for the half year ended 30 June 2013	-	-	-	-	-	110,685,941	110,685,941	110,685,941	110,685,941
Other comprehensive income for the half year ended 30 June 2013	-	-	(71,319,246)	(71,319,246)	-	-	-	(71,319,246)	(71,319,246)
Total comprehensive income for the half year ended 30 June 2013	-	-	(71,319,246)	(71,319,246)	-	110,685,941	110,685,941	39,366,695	39,366,695
Balance as at 30 June 2013 - (audited)	509,110,110	213,406,310	98,081,539	311,487,849	1,058,027,640	(1,356,139,871)	(298,112,231)	13,375,618	522,485,728
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	-	-	9,139,329	9,139,329	9,139,329	9,139,329
Profit for the half year ended 31 December 2013	-	-	-	-	-	122,885,446	122,885,446	122,885,446	122,885,446
Other comprehensive income for the half year ended 31 December 2013	-	-	9,675,822	9,675,822	-	-	-	9,675,822	9,675,822
Total comprehensive income for the half year ended 31 December 2013	-	-	9,675,822	9,675,822	-	122,885,446	122,885,446	132,561,268	132,561,268
Balance as at 31 December 2013 - (Un-audited)	509,110,110	213,406,310	107,757,361	321,163,671	1,058,027,640	(1,224,115,096)	(166,087,456)	155,076,215	664,186,325

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

Statement u/s 241(2) of the Companies Ordinance, 1984 :

These financial statements have been signed by two directors, instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The registered office of the Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.

1.2 Subsidiary company

1.2.1 Wholly owned subsidiary company Q Mart Corporation (Private) Limited is a private limited company incorporated in Pakistan, under the provisions of Companies Ordinance 1984.The registered office of the company is in Lahore. The principal activity of the company is to carry on business as a retailer in all types of general merchandise.

1.2.2 During the year, 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 fixed assets (except for freehold land and building on freehold land) and stock-in-trade. 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 2013 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 2013.

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 2013.

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 2013.

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
5. LONG TERM FINANCING -SECURED		
Opening balance	2,121,486,153	3,244,174,198
Add: Adjustment due to impact of IAS - 39 during the period / year	54,800,876	112,590,198
Less: Transferred to short term borrowings during the period / year	-	76,889,329
Less: Repaid / adjusted during the period / year	148,687,528	334,645,346
Less: Gain on recognition of long term financing at fair value during the period / year (Note 10)	-	823,743,568
	2,027,599,501	2,121,486,153
Less: Current portion shown under current liabilities	175,421,544	127,360,657
	1,852,177,957	1,994,125,496

6. CONTINGENCIES AND COMMITMENTS

6.1 CONTINGENCIES

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Group for the year ended 30 June 2013.

6.2 Commitments

(i) Aggregate commitments for capital expenditures and revenue expenditures are amounting to Rupees Nil and Rupees 23.033 million (30 June 2013: Rupees 51.450 and Rupees 39.562 million) respectively.

(ii) Post dated cheques issued to suppliers are amounting to Rupees 50.549 million (30 June 2013: Rupees 46.016 million).

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
7. FIXED ASSETS		
Property, plant and equipment		
Operating assets (Note 7.1)	3,326,866,570	3,324,088,869
Capital work in progress (Note 7.2)	253,013,467	154,776,302
	3,579,880,037	3,478,865,171
Intangible asset - computer software (Note 7.3)	234,234	666,579
	3,580,114,271	3,479,531,750

		Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
7.1	Opening book value	3,324,088,869	3,544,541,241
	Add: Cost of additions during the period / year (Note 7.1.1)	114,350,500	136,617,262
		3,438,439,369	3,681,158,503
	Less: Book value of deletions during the period / year (Note 7.1.2)	(1,889,753)	(127,172,764)
	Depreciation charged during the period / year	(109,683,046)	(225,976,859)
	Impairment loss on Operating fixed assets	-	(3,920,011)
		3,326,866,570	3,324,088,869
7.1.1	Cost of additions		
	Residential building	-	370,400
	Factory building	43,031,896	2,941,461
	Building on leasehold land	-	3,936,413
	Plant and machinery	48,166,952	102,456,294
	Stand-by Equipment	-	1,615,659
	Electric installations	6,150,867	4,599,840
	Furniture, fixtures and equipment	250,574	5,280,494
	Vehicles	14,412,524	12,159,136
	Computers	2,337,687	3,257,565
		114,350,500	136,617,262
7.1.2	Book value of deletions		
	Free hold land	-	79,734,375
	Building on leasehold	-	3,056,496
	Electric Installation	-	12,856,665
	Furniture, fixture and equipments	-	27,079,989
	Computers	-	26,018
	Motor vehicles	1,889,753	4,419,221
		1,889,753	127,172,764
7.2	Capital work in progress		
	Plant and machinery	194,690,451	67,673,320
	Civil works	16,140,084	40,494,914
	Advance for capital expenditure	42,182,932	46,608,068
		253,013,467	154,776,302
7.3	Intangible asset - computer software		
	Opening book value	666,579	2,127,393
	Add: Cost of additions during the period / year	-	-
	Less: Amortization charged during the period / year	(432,345)	(1,460,814)
	Closing book value	234,234	666,579

8. SEGMENT INFORMATION

8.1 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.

8.2

	Weaving		Dyeing		Power Generation		Retail		Elimination of inter-segment transactions		Total- Group	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	(Rupees)											
Continuing operations												
Sales												
-External	978,349,528	734,886,097	3,033,323,694	3,403,635,988	-	-	(3,541,760)	80,088,887	-	-	4,008,131,462	4,218,610,972
-Intersegment	1,132,958,806	1,224,464,877	6,539,930	16,060,370	292,021,834	427,677,229	3,541,760	3,541,760	(1,435,062,330)	(1,671,744,236)	-	-
	2,111,308,334	1,959,350,974	3,039,863,624	3,419,696,358	292,021,834	427,677,229	-	83,630,647	(1,435,062,330)	(1,671,744,236)	4,008,131,462	4,218,610,972
Cost of sales	(1,897,104,223)	(1,813,239,054)	2,603,414,267	(2,826,105,054)	(284,008,412)	(420,033,156)	-	(93,145,936)	1,435,062,330	1,671,744,236	(3,349,464,572)	(3,480,778,964)
Gross profit / (loss)	214,204,111	146,111,920	436,449,357	593,591,304	8,013,422	7,644,073	-	(9,515,289)	-	-	658,666,890	737,832,008
Distribution cost	(60,712,999)	(42,867,806)	(171,979,538)	(251,094,272)	-	-	-	-	-	-	(232,692,537)	(293,962,078)
Administrative expenses	(43,796,240)	(42,732,240)	(49,988,777)	(41,225,095)	(4,488,047)	(5,701,612)	(2,640,627)	(3,377,299)	-	-	(100,913,691)	(93,036,246)
	104,509,239	(85,600,046)	221,968,315	(292,319,367)	4,488,047	(5,701,612)	2,640,627	(3,377,299)	-	-	333,606,228	(386,998,324)
Profit / (Loss) from continuing operations before taxation and unallocated income and expenses	109,694,872	60,511,874	214,481,042	301,271,937	3,525,375	1,942,461	(2,640,627)	(12,892,588)			325,060,662	350,833,684
Unallocated income and expenses:												
Finance cost											(200,940,657)	(226,099,312)
Other operating expenses											(14,259,636)	(180,882,356)
Other operating income											47,536,473	1,005,189,271
Taxation											(34,511,396)	(51,060,545)
Profit after taxation											122,885,446	897,980,742

8.3 Reconciliation of reportable segment

	Weaving		Dyeing		Power Generation		Retail		Total- Group	
	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013	Un-Audited 31 Dec 2013	Audited 30 Jun 2013
	(Rupees)									
Segments assets	1,870,851,614	1,883,209,663	2,588,284,069	2,507,593,247	928,881,995	800,653,779	123,672,537	127,363,391	5,511,690,215	5,318,820,080
Unallocated assets										
Long term investments									79,595,237	82,235,864
Sales tax recoverable									201,665,166	195,540,934
Short term investments									145,344,924	132,357,244
Unallocated assets									198,679,025	175,871,492
Total assets as per balance sheet									6,136,974,567	5,904,825,614
SEGMENT LIABILITIES										
SEGMENT LIABILITIES	298,471,272	241,238,767	339,262,923	362,643,302	70,028,807	64,517,633	6,155,392	6,368,145	713,918,394	674,767,847
Sponsor's loan									272,000,000	272,000,000
Loan from director									11,000,000	11,000,000
Long term financing - secured									2,027,599,501	2,121,486,153
Accrued markup									138,859,249	110,743,721
Short term borrowings - secured									756,548,873	671,405,785
Deferred tax									520,364,421	483,022,877
Provision for taxation									83,478,849	79,975,000
Other corporate liabilities									145,270,207	145,050,429
									4,669,039,494	4,569,451,812

9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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	Un-Audited
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
Other related parties				
Remuneration of key management personnel	39,435,502	34,025,848	23,997,269	18,587,615
Contribution to employees' provident fund trust	7,475,620	4,173,070	4,869,633	1,567,083

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
Period end balances		
Payable to related party	70,000,000	70,000,000
Payable to employee provident fund trust	3,326,993	2,046,036

10. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the group for the year ended 30 June 2013.

11. AUTHORIZED FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on 25 February 2014 by the Board of Directors of the Group.

12. CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

13. STATEMENT U/S 241(2) OF THE COMPANIES ORDINANCE, 1984

These financial statements have been signed by two directors, instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

ASAD FAYYAZ SHEIKH
Director

SHAHBAZ MUNIR
Director

Kohinoor Mills Limited

8-km, Manga Raiwind Road,
Distt. Kasur - Pakistan

MAKHDOOMS 92-42-37595165