

KOHINOOR INDUSTRIES LIMITED

QUARTERLY REPORT
31 DECEMBER 2014
(UN-AUDITED)

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BOARD OF DIRECTORS

Mr. M. Naseem Saigol
Mr. M. Azam Saigol
Rana Asad Iqbal
Mr. M. Omer Farooq
Mr. Muhammad Athar Rafiq
Mr. Rashid Ahmad Javaid
Mr. Muhammad Shamil

Chairman
Chief Executive

AUDIT COMMITTEE

Mr. M. Naseem Saigol
Mr. M. Azam Saigol
Mr. Rashid Ahmad Javaid

Chairman / Member
Member
Member

HR & REMUNERATION COMMITTEE

Mr. M. Naseem Saigol
Mr. M. Azam Saigol
Mr. Rashid Ahmad Javaid

Chairman / Member
Member
Member

COMPANY SECRETARY

Khawaja Safee Sultan

CHIEF FINANCIAL OFFICER

Mr. Asif Ali Mughal

AUDITORS

M/s Mudassar Ehtisham & Co.
Chartered Accountants

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 35717364-65 & 35718274-75
Fax: 35715105
E-mail: shares@saigols.com

MILLS

Kohinoor Nagar, College Road,
Madina Town, Faisalabad.
Tel: 8540211-12
Fax: 8541444

SHARE REGISTRAR

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 35839182, 35887262 35916719, Fax: 35869037

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of KOHINOOR INDUSTRIES LIMITED ("the Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the six - months period then ended (here-in-after referred to as the "the condensed interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2014.

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 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 condensed interim financial information as of and for the six months period ended December 31, 2014 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion, we draw attention to the following matter:

- (i) The financial statements as on 31-12-2014 are drawn up by the management on ongoing concern basis for the reason that it has decided to hold the business premises for doing business of leasing & renting out premises on hire.

A perusal of the balance sheet on aforesaid date depicts equity adverse balance of Rs. 350.785 million while current liabilities have exceeded current assets by Rs. 42.884 million.

- (ii) There being no agreement regarding repayment of directors loan, the amortization of the liability in the terms of IAS-39 is not made.

Mudassar Ehtisham & Co.

Chartered Accountants

Engagement Partner: Mudassar Raza

Lahore, February 27, 2015

DIRECTORS' REPORT

The Directors' of your company presented before you the report of the company for the half year ended December 31, 2014.

During the period under review, the revenue of the company for the period is Rs. 18.834 million as compared to Rs. 16.791 million in the corresponding period last year. During the period the company earned profit of Rs.1.733 million as compare to loss of Rs. 2.420 million. We are trying and hopeful that company will be able to mature more viable business ventures in future.

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

February 28, 2015
Lahore

For and on behalf of the Board
M. AZAM SAIGOL
Chief Executive

KOHINOOR INDUSTRIES LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2014

ASSETS	Note	DEC. 31, 2014	June 30, 2014
		Rupees	Rupees
Non current assets			
Property, plant and equipment	4	735,210,504	740,792,116
Long term deposits	5	368,876	368,876
Long term investments	6	7,938,000	9,298,800
Current assets			
Loans and advances	7	86,036	92,536
Trade, deposits and prepayments	8	604,100	604,100
Other receivables	9	20,000	20,000
Tax refunds	10	7,836,055	5,895,549
Cash and bank balances	11	3,456,508	6,059,269
		<u>12,002,699</u>	<u>12,671,454</u>
TOTAL ASSETS		<u>755,520,079</u>	<u>763,131,246</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
40,000,000 ordinary shares of Rs. 10 each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid-up capital	12	303,025,430	303,025,430
Reserves	13	187,394,755	187,394,755
Unappropriated (loss) / profit		<u>(841,206,149)</u>	<u>(844,332,365)</u>
Total equity		<u>(350,785,964)</u>	<u>(353,912,180)</u>
Surplus on revaluation of fixed assets	14	652,657,637	654,051,196
Non current liabilities			
Long term financing	15	398,761,566	408,990,656
Current liabilities			
Trade and other payables	16	36,523,399	37,563,292
Current portion of lease liabilities	17	864,742	864,742
Provision for taxation	18	17,498,699	15,573,540
		<u>54,886,840</u>	<u>54,001,574</u>
TOTAL EQUITY AND LIABILITIES		<u>755,520,079</u>	<u>763,131,246</u>
Contingencies & Commitments	19	-	-

The annexed notes from 1 to 26 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		QUARTER ENDED		HALF YEAR ENDED	
		Oct-Dec 2014	Oct-Dec 2013	Jul-Dec 2014	Jul-Dec 2013
	Note	Rupees	Rupees	Rupees	Rupees
Revenue	20	4,687,538	8,429,502	12,834,390	16,791,251
Other operating income	21	9,223	-	9,223	-
		4,696,761	8,429,502	12,843,613	16,791,251
Operating expenses :					
Administrative expenses	22	3,775,108	5,370,523	7,812,703	10,108,799
Other operating charges/(reversal)	23	(1,308,894)	(4,173,751)	-	1,368,715
		(2,466,214)	(1,196,772)	(7,812,703)	(11,477,514)
		2,230,547	7,232,730	5,030,910	5,313,737
Finance cost	24	(910)	(2,031)	(3,071)	(2,453)
Share of profit/(loss) from Associate	6	(467,617)	(4,570,652)	(1,370,023)	(6,087,335)
Profit before taxation		1,762,020	2,660,047	3,657,816	(776,051)
Taxation		(703,131)	(842,950)	(1,925,159)	(1,644,125)
(Loss) / profit after tax		1,058,889	1,817,097	1,732,657	(2,420,176)
Un-Appropriated loss brought forward		(842,961,817)	(822,392,035)	(844,332,365)	(818,928,962)
		(841,902,928)	(820,574,938)	(842,599,708)	(821,349,138)
Transferred from revaluation surplus: Incremental depreciation		696,779	774,199	1,393,559	1,548,399
Un-Appropriated loss carried to financial position		(841,206,149)	(819,800,739)	(841,206,149)	(819,800,739)
EARNING PER SHARE-BASIC AND DILUTED	25	0.03	0.07	0.06	(0.08)

The annexed notes from 1 to 26 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	QUARTER ENDED		HALF YEAR ENDED	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
	Rupees	Rupees	Rupees	Rupees
Net (loss) / profit for the half year	1,058,889	1,817,097	1,732,657	(2,420,176)
Other Comprehensive Income			-	-
Total Comprehensive (Loss) / Income	<u>1,058,889</u>	<u>1,817,097</u>	<u>1,732,657</u>	<u>(2,420,176)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Note	Dec. 31, 2014 Rupees	Dec. 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		3,657,816	(776,051)
Adjustments for:			
Depreciation		5,581,612	6,212,765
Share of profit/(loss) from Associate		1,370,023	6,087,335
(Reversal)/Provision for short fall in value of investment		(9,223)	1,368,715
Finance cost		3,071	2,453
		<u>6,945,483</u>	<u>13,671,268</u>
Profit before working capital changes		10,603,299	12,895,217
Effect on cash flow due to working capital changes			
(Increase)/ decrease in:			
Loans and advances		6,500	(21,000)
Trade deposits and short term prepayments		-	(580,952)
Trade and other payables		(1,039,893)	-
		<u>(1,033,393)</u>	<u>(601,952)</u>
Cash generated from operations		9,569,906	12,293,265
Finance cost paid		(3,071)	(2,453)
Income tax paid		(1,940,506)	(1,728,663)
		<u>(1,943,577)</u>	<u>(1,731,116)</u>
Net cash from operating activities		7,626,329	10,562,149
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		<u>(10,229,090)</u>	<u>(9,250,000)</u>
Net cash used in financing activities		(10,229,090)	(9,250,000)
Net increase / (decrease) in cash and cash equivalents		(2,602,761)	1,312,149
Cash and cash equivalents at the beginning of quarter		6,059,269	1,600,848
Cash and cash equivalents at the end of half year	(11)	<u><u>3,456,508</u></u>	<u><u>2,912,997</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Share capital	Share Premium	Unappropriated profit/(loss)	Total
	-----Rupees-----			
Balance as at June 30, 2013	303,025,430	187,394,755	(818,928,962)	(328,508,777)
Total comprehensive (loss) / profit for the half year	-	-	(2,420,176)	(2,420,176)
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current period	-	-	1,548,399	1,548,399
Balance as at December 31, 2013	303,025,430	187,394,755	(819,800,739)	(329,380,554)
Total comprehensive (loss) / profit for the half year	-	-	(26,080,027)	(26,080,027)
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current period	-	-	1,548,401	1,548,401
Balance as at June 30, 2014	303,025,430	187,394,755	(844,332,365)	(353,912,180)
Total comprehensive (loss) / profit for the half year	-	-	1,732,657	1,732,657
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current period	-	-	1,393,559	1,393,559
Balance as at December 31, 2014	303,025,430	187,394,755	(841,206,149)	(350,785,964)

The annexed notes from 1 to 26 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
NOTES TO THE FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 STATUS AND NATURE OF BUSINESS

Kohinoor Industries Limited is a public limited, quoted company incorporated in Pakistan under the Companies Act 1913, (now the Companies Ordinance, 1984). The principal activity of the company was to manufacture and sell yarn. The operational activities had been closed down with effect from 12th October 2007.

Board of Directors in its meeting held on April 30, 2008 decided to close down the business as due to increase in prices of raw material and other inputs without increase in Yarn sales prices in the local and international market, the operation of the textile unit had become most uneconomical and huge losses were expected to arise if the business was carried on. It was unanimously decided that business be closed down and machinery be disposed of and for that purpose a committee was formed consisting of Managers; Manager sale, Manager account, headed by chief operational officer.

Factory building has been leased out to other industrial units whereas school building is also rented. Agreement with Masood Textile Mills Limited is for five years extending up to March 2017. The Company vide Sub-Clause II of Memorandum of Association is authorized to lease and let out on hire its business premises as when it is considered fit.

2 BASIS OF PREPARATION

These interim condensed financial statements are unaudited but subject to limited scope review by auditors. These are required to be presented to the share holders under section 245 of the Companies Ordinance, 1984 and have prepared in accordance with the requirements of the International Accounting Standards (IAS) 34, Interim Financial Reporting, as applicable in Pakistan. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read with in conjunction with the company's annual financial statements for the year ended June 30, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as applied in the preparation of published annual accounts for the year ended June 30, 2014.

PROPERTY, PLANT AND EQUIPMENT

Cost				Depreciation					Written down
As at July 01, 2014	Additions	Disposals/ transfers	As at December 31, 2014	Rate %	As at July 01, 2014	For half year	Adjustment	Accumulated as at Dec 31, 2014	Value as at at Dec 31, 2014
629,950,000	-	-	629,950,000	-	-	-	-	-	629,950,000
117,540,000	-	-	117,540,000	10	11,754,000	5,289,300	-	17,043,300	100,496,700
1,357,000	-	-	1,357,000	10	135,700	61,065	-	196,765	1,160,235
3,383,000	-	-	3,383,000	10	338,300	152,235	-	490,535	2,892,465
9,647,115	-	-	9,647,115	20	8,856,999	79,012	-	8,936,011	711,104
761,877,115	-	-	761,877,115		21,084,999	5,581,612	-	26,666,611	735,210,504

Dec-14 Dec-13
(Rupees) (Rupees)

Depreciation charge for the half year (July-December) has been allocated as under

Cost of sales	-	-
Administrative expenses	5,581,612	6,212,765
Total	5,581,612	6,212,765

	Dec 31, 2014	June 30, 2014
	Rupees	Rupees
5 LONG TERM DEPOSITS	<u>368,876</u>	<u>368,876</u>
6. LONG TERM INVESTMENTS - LISTED		
2,835,000 (2013:2,835,000) ordinary shares of Rs.10 each	90,000,000	90,000,000
Share of post acquisition profits		
Previous years	10,831,568	20,780,726
Current year	(1,370,023)	(9,949,158)
	9,461,545	10,831,568
Dividend	(10,800,000)	(10,800,000)
	88,661,545	90,031,568
Provision for short fall in value of investment	(80,723,545)	(80,732,768)
	<u>7,938,000</u>	<u>9,298,800</u>
7. LOANS AND ADVANCES		
Advances to:		
Employees:		
Un-secured, considered good	86,036	92,536
Un-secured, considered doubtful	-	-
	86,036	92,536
Less: Provision for doubtful advances	-	-
	86,036	92,536
Others	15,114,624	15,114,624
Less: provision for doubtful advance	(15,114,624)	(15,114,624)
	-	-
	<u>86,036</u>	<u>92,536</u>
8 TRADE DEPOSITS		
Margin deposit	604,100	604,100
	<u>604,100</u>	<u>604,100</u>
9. OTHER RECEIVABLES		
Rebate/claims and central excise duty receivables	10,647,437	10,647,437
Less: Provision of rebate/claims and central excise duty receivables	(10,647,437)	(10,647,437)
	-	-
	-	-
Rent and other receivables	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

		Dec 31, 2014 Rupees	June 30, 2014 Rupees
10 TAX REFUND			
Sales tax deposits		4,236,934	4,236,934
Income tax deducted at source	10.1	<u>17,084,348</u>	<u>15,143,842</u>
		21,321,282	19,380,776
Less: provision for doubtful recovery		<u>(13,485,227)</u>	<u>(13,485,227)</u>
		<u>7,836,055</u>	<u>5,895,549</u>
10.1 These are made up as follows			
Opening balance of advance tax		15,143,842	11,531,236
Adjustment of provision for assessment completed		-	-
Paid / deducted during the year		<u>1,940,506</u>	<u>3,612,606</u>
		<u>17,084,348</u>	<u>15,143,842</u>
11. CASH AND BANK BALANCES			
Cash in hand		195,287	154,124
Balance with banks			
in current accounts		3,152,746	5,796,670
in deposits accounts		<u>108,475</u>	<u>108,475</u>
		<u>3,456,508</u>	<u>6,059,269</u>
12. SHARE CAPITAL			
Authorized			
40,000,000 ordinary shares of Rs. 10 each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid-up capital			
12,095,482 ordinary shares of Rs. 10 each		120,954,820	120,954,820
18,207,061 issued as fully paid bonus shares out of reserves		<u>182,070,610</u>	<u>182,070,610</u>
		<u>303,025,430</u>	<u>303,025,430</u>
13 RESERVES			
Capital- Premium on issue of shares		<u>187,394,755</u>	<u>187,394,755</u>
		<u>187,394,755</u>	<u>187,394,755</u>
14. SURPLUS ON REVALUATION OF FIXED ASSETS			
Revaluation surplus of land			
Opening balance		629,277,383	629,277,383
Add: Adjustment as a result of fresh revaluation		-	-
		629,277,383	629,277,383
Deficit on other assets		<u>(3,097,355)</u>	<u>(3,097,355)</u>
		626,180,028	626,180,028
Revaluation surplus of building			
Opening balance		27,871,168	30,967,967
Add: Adjustment as a result of fresh revaluation		-	-
Incremental depreciation		<u>(1,393,559)</u>	<u>(3,096,799)</u>
		<u>26,477,609</u>	<u>27,871,168</u>
		<u>652,657,637</u>	<u>654,051,196</u>

		Dec 31, 2014	June 30, 2014
		Rupees	Rupees
15 LONG TERM FINANCING			
From related parties unsecured			
Loan from directors and others	(15.1)	408,990,656	425,879,116
Paid during the year		(10,229,090)	(16,888,460)
		398,761,566	408,990,656
Less: Current portion of long term liabilities		-	-
		<u>398,761,566</u>	<u>408,990,656</u>
(15.1) It represents interest free loan amounting to Rs. 398.761 Million provided by the Directors of the company and considered as long term by the mutual consent of the parties. However, there is no agreement produced in writing containing the terms and conditions.			

16. TRADE AND OTHER PAYABLES

Trade creditors			
For expenses		3,751,534	3,925,462
Tax deducted at source		87,361	86,002
Sale tax payable - ONO		26,160,548	26,160,548
Advance for rent		5,117,427	5,984,514
Workers' profit participation fund		371,704	371,704
Unclaimed dividend		1,034,825	1,035,062
		<u>36,523,399</u>	<u>37,563,292</u>

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amounts of future payments and periods during which they fall due are:-

Present value of minimum lease payments		864,742	864,742
Less: Current maturity		<u>(864,742)</u>	<u>(864,742)</u>
Long term portion		<u>-</u>	<u>-</u>

18. PROVISION FOR TAXATION

Opening provision		15,573,540	10,563,434
For the year		<u>1,925,159</u>	<u>5,010,106</u>
		<u>17,498,699</u>	<u>15,573,540</u>

19 CONTINGENCIES AND COMMITMENTS

There have been no changes in the contingencies and commitments as disclosed in the annual financial statements of the company for the year ended 30th June 2014.

20 REVENUE

20.1 The company had ceased the commercial operation w.e.f 12th October, 2007 and all of the stocks were disposed off. Refer to Note No. 1, 2.2 and 2.3. The Company has earned income from renting out its premises.

20.2 Rental Income	12,834,390	16,791,251
	<u>12,834,390</u>	<u>16,791,251</u>

21. OTHER OPERATING INCOME

Income from financial assets

Mark up on bank deposits	-	-
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Income from other than financial assets

Profit on sale of fixed assets	-	-
Reversal of provision for short fall in the value of investment	9,223	-
	<u>9,223</u>	<u>-</u>

22. ADMINISTRATIVE EXPENSES

Staff salaries, wages and benefits	1,602,194	1,764,868
Traveling and conveyance	1,560	-
Printing and stationery	40,800	181,250
Telecommunication & Postage	64,971	143,824
Legal and professional	402,519	1,098,727
Rent, Rate and Taxes		503,935
Electricity and Gas	38,275	55,296
Advertisement	37,500	35,100
Entertainment	15,992	18,034
Staff Welfare	11,730	-
Miscellaneous	10,550	-
Repairs and maintenance	5,000	95,000
Depreciation	5,581,612	6,212,765
	<u>7,812,703</u>	<u>10,108,799</u>

23. OTHER OPERATING CHARGES

Short fall in value of investment	-	1,368,715
	<u>-</u>	<u>1,368,715</u>

24. FINANCE COST

Bank charges and commission	3,071	2,453
	<u>3,071</u>	<u>2,453</u>

25. EARNING PER SHARE-BASIC AND DILUTED

Net profit/(loss) after taxation	1,732,657	(2,420,176)
Weighted average number of ordinary shares issued and subscribed during the period	30,302,543	30,302,543
Earning per share-basic and diluted	<u>0.06</u>	<u>(0.08)</u>

There is no dilutive effect on the basic earning per share of the company.

26. GENERAL

Figures have been rounded off to the nearest rupee.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

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