

KOHINOOR INDUSTRIES LIMITED

FINANCIAL STATEMENTS

HALF YEARLY REPORT

FOR THE PERIOD ENDED DECEMBER 30, 2013

Kohinoor Industries Limited
Half Yearly Report 2014

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 as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "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, 2012 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 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 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.

Basis for Qualification

A reference to note number 19 Contingent Liabilities is made which create material doubt about going concern assumption of the Company. The management has not placed before us all of its future planning regarding these contingent contingencies and to meet heavy sustained heavy losses.

Conclusion

Based on our review, and except for the effect of matter referred in basis for qualification paragraph nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered accountants,

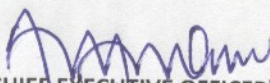
Lahore, February , 2014

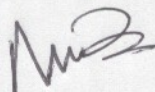
Engagement Partner: Mudassar Raza

KOHINOOR INDUSTRIES LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

ASSETS	Note	December 31, 2013	June 30, 2013
		Rupees	Rupees
Non current assets			
Property, plant and equipment	5.	747,004,880	753,217,645
		747,004,880	753,217,645
Long term deposits		368,876	368,876
Long term investments	6	8,079,750	15,535,800
Current assets			
Loans and advances	7	163,236	142,236
Trade deposits and prepayments	8	604,100	604,100
Other receivables	9	20,000	20,000
Tax refunds	10	8,248,540	6,519,877
Cash and bank balances	11	2,912,996	1,600,848
		11,948,872	8,887,061
TOTAL ASSETS		767,402,378	778,009,382
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
40,000,000 ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid-up capital	12	303,025,430	303,025,430
Reserves	13	187,394,755	187,394,755
Unappropriated profit/(loss)		(819,800,739)	(818,928,961)
Total equity		(329,380,554)	(328,508,776)
Surplus on revaluation of fixed assets	14	655,599,596	657,147,995
Non current liabilities			
Long term financing	15	416,629,116	425,879,116
Current liabilities			
Trade and other payables	16	11,481,919	12,062,871
Current portion of lease liabilities	17	864,742	864,742
Provision for taxation	18	12,207,559	10,563,434
		24,554,220	23,491,047
Contingencies & Commitments	19	-	-
TOTAL EQUITY AND LIABILITIES		767,402,378	778,009,382


(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
CONDENSED INTRIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2013

HALF YEARLY REPORT DECEMBER 31, 2013

	Note	QUARTER ENDED		HALF YEAR ENDED	
		Oct-Dec 2013	Oct -Dec 2012	Jul - Dec 2013	Jul - Dec 2012
				Rupees	Rupees
Revenue	20	8,429,502	6,977,427	16,791,251	13,107,945
Cost of sales		-	-	-	-
Gross profit		8,429,502	6,977,427	16,791,251	13,107,945
Operating expenses :					
Administrative expenses	21	5,370,523	5,611,042	10,108,799	10,068,878
Other operating charges/(reversal)	22	(4,173,751)	-	1,368,715	-
		(1,196,772)	(5,611,042)	(11,477,514)	(10,068,878)
		7,232,730	1,366,385	5,313,737	3,039,067
Other operating income		-	-	-	-
Operating profit		7,232,730	1,366,385	5,313,737	3,039,067
Finance cost	23	(2,031)	(1,016)	(2,453)	(3,046)
Share of profit/(loss) from Associate		(4,570,652)	1,786,050	(6,087,335)	4,677,750
Profit before taxation		2,660,047	3,151,419	(776,051)	7,713,771
Worker's Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
		2,660,047	3,151,419	(776,051)	7,713,771
Taxation	18	(842,950)	(697,743)	(1,644,125)	(1,275,795)
Net profit/(loss) for the year		1,817,097	2,453,676	(2,420,176)	6,437,976
Un-Appropriated Loss brought forward		(822,392,035)	(815,075,908)	(818,928,962)	(819,365,199)
Transferred from revaluation surplus					
Incremental depreciation		774,199	304,991	1,548,399	609,982
Un-Appropriated Loss carried to financial position		(819,800,739)	(812,317,241)	(819,800,739)	(812,317,241)
Earning per share-basic and diluted	24	0.07	0.08	(0.08)	0.21

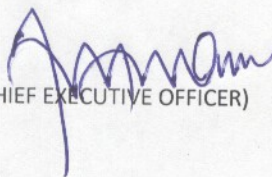

(CHIEF EXECUTIVE OFFICER)

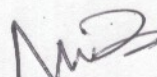

(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2013

	Six months ended 31, December		Quarter ended 31, December	
	2013	2012	2013	2012
Rupees.....			
Net profit/(loss) for the year	(2,420,176)	6,437,976	1,817,097	2,453,676
Other Comprehensive Income	-	-	-	-
Surplus/(Deficit) on remeasurement of investment available for sale to fair value	-	-	-	-
Income tax relating to component of other comprehensive income/(loss)	-	-	-	-
Total Comprehensive Income/(Loss)	<u>(2,420,176)</u>	<u>6,437,976</u>	<u>1,817,097</u>	<u>2,453,676</u>


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

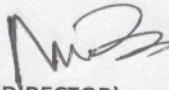

(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2013

	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		(776,051)	7,713,771
Adjustments for:			
Depreciation		6,212,765	5,831,654
Share of profit/(loss) from Associate		6,087,335	7,087,719
(Reversal)/Provision for short fall in value of investment		1,368,715	(11,765,469)
Provision for WWF		-	-
Provision for WPPF		-	-
Finance cost		2,453	3,046
		13,671,268	1,156,950
Profit before working capital changes		12,895,217	8,870,721
Effect on cash flow due to working capital changes			
(Increase)/ decrease in:			
loans and advances		(21,000)	19,955
Trade deposits and short term prepayments		-	(11,385)
Other receivables		-	858,900
Trade and other payables		(580,952)	1,906,335
Trade deposits and short term prepayments		-	-
(Decrease)/ increase in:		-	-
		(601,952)	2,773,805
Cash generated from operations		12,293,265	11,644,526
Finance cost paid		(2,453)	(3,046)
Income tax paid		(1,728,663)	(986,706)
		(1,731,116)	(989,752)
Net cash from operating activities		10,562,149	10,654,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		-	-
Capital work in progress		-	-
Proceeds from disposal of property, plant and equipment		-	-
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
long term financing		(9,250,000)	(5,525,000)
Short term financing - net		-	-
Repayment of liabilities against assets subject to finance lease		-	-
Provision for taxation		-	-
Net cash from financing activities		(9,250,000)	(5,525,000)
Net increase / (decrease) in cash and cash equivalents		1,312,148	5,129,775
Cash and cash equivalents at the beginning of half year		1,600,848	1,143,667
Cash and cash equivalents at the end of half year	(11)	2,912,996	6,273,442


(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)

KOHINOOR INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2013

	Share capital	Share Premium	Unappropriated profit/(loss)	Total
	-----Rupees-----			
Balance as at July 01, 2012	303,025,430	187,394,755	(819,365,199)	(328,945,014)
Net profit/(loss) for the half year	-		6,437,976	6,437,976
Incremental depreciation - half year			609,982	609,982
Balance as at December 31, 2012	303,025,430	187,394,755	(812,317,241)	(321,897,056)
Net profit/(loss) for the half year			(7,221,702)	(7,221,702)
Incremental depreciation - half year			609,982	609,982
Balance as at June 30, 2013	303,025,430	187,394,755	(818,928,962)	(328,508,777)
Net profit for the year			(2,420,176)	(2,420,176)
Incremental depreciation - half year			1,548,399	1,548,399
Balance as at December 31, 2013	303,025,430	187,394,755	(819,800,739)	(329,380,554)


(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)

1

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.

As stated in the annual audited financial statements for the year ended 30th June, 2012 the 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 authorised 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 shareholders 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, 2013.

2.1 GOING CONCERN ASSUMPTION

As stated above the textile business has been closed down. As per resolution of Board of Directors in the meeting held on April 27, 2013, it is decided that management has no plan to dispose off fixed assets of the company. It will continue leasing business of renting out the property which in current situation remains an economical activity. the financial statements thus have been prepared on going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed financial statements are the same as applied in the preparation of published annual accounts for the year ended June 30, 2013 except as described below:

3.1 Standards or interpretation effective but not relevant to the Company

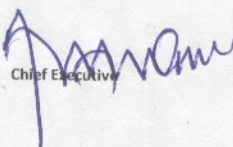
The following standards and interpretations are effective for financial periods beginning on or after respective date but are either not relevant or do not have any effect / material effect on the financial statements of the company.

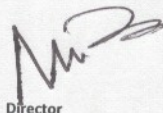
Standard or Interpretation		Effective Date
		Periods Beginning on or After
IFRS - 1	First time adoption of financial statements (Amendment)	July 1, 2011
IFRS - 7	Financial Instruments: Disclosures (Amendments)	July 1, 2011
IAS - 1	Financial statement presentation (Amendments)	July 1, 2012
IFRS - 12	Income taxes - Deferred tax: Recovery of underlying assets	January 1, 2012

The company expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

3.2 LONG TERM FINANCING

It represents interest free loan amounting to Rs. 440.879 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 reduced in writing containing the terms and conditions.


Chief Executive


Director

5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	2013									RATE %
	COST				ACCUMULATED DEPRECIATION				BOOK VALUE AS ON DECEMBER 31, 2013	
	As on July 01, 2013	Additions and Transfers	Deletions and Transfers	As on December 31, 2013	As on July 01, 2013	Adjustments	For the half year	As on December 31, 2013		
Rupees										
Own:										
Land - Freehold	629,950,000	-	-	629,950,000	-	-	-	-	629,950,000	-
Building - Factory	117,540,000	-	-	117,540,000	-	-	5,877,000	5,877,000	111,663,000	10
Factory shed	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	1,357,000	-	-	1,357,000	-	-	67,850	67,850	1,289,150	10
Office equipments	3,383,000	-	-	3,383,000	-	-	169,150	169,150	3,213,850	10
Computer and accessories	-	-	-	-	-	-	-	-	-	-
Electric installation	-	-	-	-	-	-	-	-	-	-
Vehicles	9,647,115	-	-	9,647,115	8,659,470	-	98,765	8,758,235	888,880	20
Development of dyes	-	-	-	-	-	-	-	-	-	-
	761,877,115	-	-	761,877,115	8,659,470	-	6,212,765	14,872,235	747,004,880	

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

Cost of sales

Administrative expenses

Note	2013	2012
	Rupees	Rupees
(a)	-	-
	6,212,765	5,831,654
	<u>6,212,765</u>	<u>5,831,654</u>

(a) The Company had ceased to carry out manufacturing activities and depreciation has been charged to Profit & Loss Account.

KOHINOOR INDUSTRIES LIMITED

	Note	2013 Rupees	2012 Rupees
6.	LONG TERM INVESTMENTS - LISTED		
	2,835,000(2011:2,835,000) ordinary shares of Rs.10 each	90,000,000	90,000,000
	Share of post acquisition profits		
	Previous years	20,780,726	32,578,734
	Current year	(6,087,335)	(11,798,008)
		14,693,391	20,780,726
	Dividend	(10,800,000)	(10,800,000)
		93,893,391	99,980,726
	Provision for short fall in value of investment	(85,813,641)	(84,444,926)
		<u>8,079,750</u>	<u>15,535,800</u>
7.	Advances - considered good		
	Staff	163,236	142,236
	Other advances	15,114,624	15,114,624
	Less: provision for doubtful advance	(15,114,624)	(15,114,624)
		<u>163,236</u>	<u>142,236</u>
8.	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>
10.	TAX REFUND		
	Sales tax deposits	4,236,934	4,236,934
	Income tax deducted at source	13,259,899	11,531,236
	Less:provision for doubtful recovery	(9,248,293)	(9,248,293)
		4,011,606	2,282,943
		<u>8,248,540</u>	<u>6,519,877</u>
11.	CASH AND BANK BALANCES		
	Cash in hand	238,022	62,543
	Balance with banks		
	in current accounts	2,566,499	1,429,830
	in deposits accounts	108,475	108,475
		<u>2,912,996</u>	<u>1,600,848</u>
12.	SHARE CAPITAL		
	Authorized		
	40,000,000 ordinary shares of Rs. 10 each	400,000,000	400,000,000
	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	182,070,610	182,070,610
		<u>303,025,430</u>	<u>303,025,430</u>

KOHINOOR INDUSTRIES LIMITED

	Note	2013 Rupees	2012 Rupees
13. RESERVES			
Capital- Premium on issue of shares		187,394,755	187,394,755
		<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	628,358,583
Add: Adjustment as a result of fresh revaluation		-	918,800
		629,277,383	629,277,383
Deficit on other assets		(3,097,355)	(3,097,355)
		<u>626,180,028</u>	<u>626,180,028</u>
Revaluation surplus of building			
Opening balance		30,967,967	12,199,616
Add: Adjustment as a result of fresh revaluation		-	19,988,315
Incremental depreciation		(1,548,399)	(1,219,964)
		<u>29,419,568</u>	<u>30,967,967</u>
		<u>655,599,596</u>	<u>657,147,995</u>
15. LONG TERM FINANCING			
From related parties unsecured			
Loans from directors and others		416,629,116	425,879,116
		<u>416,629,116</u>	<u>425,879,116</u>
16. TRADE AND OTHER PAYABLES			
Trade creditors			
For goods		-	205,708
For expenses		3,919,532	4,605,358
Tax deducted at source		84,972	78,325
Advance for rent		5,766,714	5,766,714
Worker's profit participation fund		371,704	371,704
Property tax payable		303,935	-
Unclaimed dividend		1,035,062	1,035,062
		<u>11,481,919</u>	<u>12,062,871</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		(864,742)	(864,742)
		<u>-</u>	<u>-</u>
18. PROVISION FOR TAXATION			
Opening provision		10,563,434	3,004,062
For the year		1,644,125	2,920,724
Prior years:			
Additional tax on late payments		-	4,638,648
		<u>12,207,559</u>	<u>10,563,434</u>

Note

Rupees

Rupees

19.

CONTINGENCIES AND COMMITMENTS

19.1

Company's bankers have issued bank guarantees other than reported elsewhere, aggregating to Rs. 5.941 Million (June 30, 2012 : Rs. 5.941 Million) on behalf of the company which are backed by counter guarantees issued, cash margins deposited and second charge on fixed assets of the company.

19.2

Sales tax and other tax liabilities of Rs. 11.248 Million (June 30, 2012: Rs. 11.248 Million) pending in appeals. Company has filed the reference application before the Honourable Lahore High Court, Lahore and other appellate forums. Estimated penalty and additional tax is amounting to Rs. 14.225 Million (June 30, 2012; Rs. 13.537 Million). Overall liability works out to Rs. 25.473 Million (June 30, 2012: Rs. 24.785 Million.). No provision has been made for additional payments. As per legal advisor the matter will be resolved in favour of company. An application for alternative dispute resolution was also moved but ADR Committee is yet awaited to be constituted by FBR.

19.3

Suit filed by United Investment Limited against the state and company for possession of land at Kala Shah Kaku, Tehsil Ferozewala, District, Sheikhpura acquired by the state. However, no liability involving financial burden on the company is expected to arise.

19.4

Suit filed by Aftab Saigol against KIL, its directors and other Saigol family members pending in civil courts against transfer of his shares in KIL to other members and for restricting the company from dealing with its immovable assets. Management is hopefully to resolve the issue and no liability is expected to arise. No confirmation was available from legal advisor.

19.5

Suit filed by Kohinoor Industries Limited against Naveed Ahmad Gill pending in civil courts against recovery. There are some other cases pending in Civil Court. As per legal advisor letter dated 05-10-2012, there is strong hope of success and there would be no chance of financial loss.

19.6

A labour appeal is pending in the Lahore High Court and as per management, there is no likelihood of any financial loss on the outcome of the said case. No confirmation was available from legal advisor.

19.7

Delayed period mark-up/additional lease rentals amounting to Rs. 2.270 million demanded and confirmed by leasing company vide letter dated August 01, 2012, 'bankers equity limited' is not provided in these accounts. The matter is still under negotiation.

19.8

Tax liability for tax year 2003 amounting to Rs. 2,353,648 Contested in appeal before the income tax appellate tribunal is yet pending as per legal advisor confirmation letter dated October 02, 2012. No provision has been made.

19.9

Several litigation cases are pending in the court before civil judges (Faisalabad). As per the legal advisor's 'S.M Associates' confirmation dated 05-10-2012, there is no likelihood of any financial loss on the outcome of the said cases.

20.

REVENUE

The company has ceased its commercial operations w.e.f 12th October, 2007 and all of its revenue is generated from renting out its premises

Masood Textile Mills Limited

11,772,677

9,387,945

Faisalabad Grammer School

1,800,000

1,800,000

Kohinoor PrimarySchool

120,000

120,000

Kohinoor Power Company Limited

1,800,000

1,800,000

R.C.G

669,690

-

Tile Select

628,884

-

16,791,251

13,107,945

21.

ADMINISTRATIVE EXPENSES

Staff salaries, wages and benefits

1,764,868

2,301,190

Printing and stationery

181,250

84,780

Traveling and conveyance

-

1,755

Telephone and postage

143,824

110,926

Legal and professional

1,098,727

510,250

Rent, rates and taxes

503,935

1,028,026

Electricit and Gas

55,296

62,246

Insurance

-

13,615

Advertisement

35,100

37,800

Vehicle running and maintenance

-

46,691

Entertainment

18034

39945

Repairs and maintenance

95000

-

Depreciation

5

6,212,765

5,831,654

10,108,799

10,068,878

KOHINOOR INDUSTRIES LIMITED

2013 2012
Rupees Rupees

22. OTHER OPERATING CHARGES

Provision for shortfall in value of investment

1,368,715	-
<u>1,368,715</u>	<u>-</u>

23. FINANCE COST

Bank charges and commission

2,453	3,046
<u>2,453</u>	<u>3,046</u>

24. EARNING PER SHARE-BASIC AND DILUTED

Net profit/(loss) after taxation

(2,420,176) 6,437,976

Weighted average number of

ordinary shares issued and

subscribed during the period

30,302,543 30,302,543

Earning per share-basic and diluted

(0.08) 0.21

25. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

No. of persons:

Chief Executive Officer &


Directors

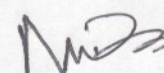
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Managerial remuneration:

Chief Executive Officer

Directors


(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)