



**GENEVA GROUP INTERNATIONAL  
SWITZERLAND**

**MUDASSAR EHTISHAM & CO.**  
**Chartered Accountants**

Independent Member Of Geneva Group International  
(Switzerland)

## **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 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 the 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 the persons responsible for the 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.



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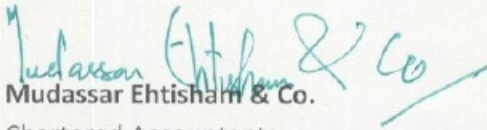
**MUDASSAR EHTISHAM & CO.**

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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

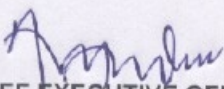
Engagement Partner: Mudassar Raza

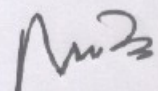
Lahore, February 27, 2015

**KOHINOOR INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT DECEMBER 31, 2014**

ASSETS	Note	DEC. 31, 2014 Rupees	June 30, 2014 Rupees
<b>Non current assets</b>			
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
<b>Current assets</b>			
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
		12,002,699	12,671,454
<b>TOTAL ASSETS</b>		<b>755,520,079</b>	<b>763,131,246</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
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 (loss) / profit		(841,206,149)	(844,332,365)
<b>Total equity</b>		<b>(350,785,964)</b>	<b>(353,912,180)</b>
<b>Surplus on revaluation of fixed assets</b>	14	652,657,637	654,051,196
<b>Non current liabilities</b>			
Long term financing	15	398,761,566	408,990,656
<b>Current liabilities</b>			
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
		54,886,840	54,001,574
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>755,520,079</b>	<b>763,131,246</b>
Contingencies & Commitments	19	-	-

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

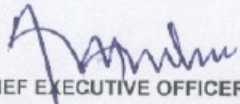
  
 (CHIEF EXECUTIVE OFFICER)

  
 (DIRECTOR)

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

	Note	QUARTER ENDED		HALF YEAR ENDED	
		Oct-Dec 2014	Oct-Dec 2013	Jul-Dec 2014	Jul-Dec 2013
		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	-
		<u>4,696,761</u>	<u>8,429,502</u>	<u>12,843,613</u>	<u>16,791,251</u>
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
		<u>(2,466,214)</u>	<u>(1,196,772)</u>	<u>(7,812,703)</u>	<u>(11,477,514)</u>
		<u>2,230,547</u>	<u>7,232,730</u>	<u>5,030,910</u>	<u>5,313,737</u>
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		<u>1,762,020</u>	<u>2,660,047</u>	<u>3,657,816</u>	<u>(776,051)</u>
Taxation		<u>(703,131)</u>	<u>(842,950)</u>	<u>(1,925,159)</u>	<u>(1,644,125)</u>
<b>(Loss) / profit after tax</b>		<u>1,058,889</u>	<u>1,817,097</u>	<u>1,732,657</u>	<u>(2,420,176)</u>
Un-Appropriated loss brought forward		<u>(842,961,817)</u>	<u>(822,392,035)</u>	<u>(844,332,365)</u>	<u>(818,928,962)</u>
		<u>(841,902,928)</u>	<u>(820,574,938)</u>	<u>(842,599,708)</u>	<u>(821,349,138)</u>
Transferred from revaluation surplus: Incremental depreciation		<u>696,779</u>	<u>774,199</u>	<u>1,393,559</u>	<u>1,548,399</u>
Un-Appropriated loss carried to financial position		<u>(841,206,149)</u>	<u>(819,800,739)</u>	<u>(841,206,149)</u>	<u>(819,800,739)</u>
<b>EARNING PER SHARE-BASIC AND DILUTED</b>	25	<u>0.03</u>	<u>0.07</u>	<u>0.06</u>	<u>(0.08)</u>

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


  
 (CHIEF EXECUTIVE OFFICER)

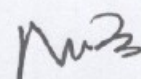
  
 (DIRECTOR)

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

	QUARTER ENDED		HALF YEAR ENDED	
	Dec 31, 2014 Rupees	Dec 31, 2013 Rupees	Dec 31, 2014 Rupees	Dec 31, 2013 Rupees
Net (loss) / profit for the half year	1,058,889	1,817,097	1,732,657	(2,420,176)
Other Comprehensive Income			-	-
<b>Total Comprehensive (Loss) / Income</b>	<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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing		(10,229,090)	(9,250,000)
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
<b>Cash and cash equivalents at the end of half year</b>	<b>(11)</b>	<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.

#### 4 PROPERTY, PLANT AND EQUIPMENT

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

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
<b>Total</b>	<b>5,581,612</b>	<b>6,212,765</b>

		Dec 31, 2014	June 30, 2014
		Rupees	Rupees
5	LONG TERM DEPOSITS	368,876	368,876
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)
		7,938,000	9,298,800
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)
		-	-
		86,036	92,536
8	TRADE DEPOSITS		
	Margin deposit	604,100	604,100
		604,100	604,100
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
		20,000	20,000

		Dec 31, 2014 Rupees	June 30, 2014 Rupees
<b>10 TAX REFUND</b>			
Sales tax deposits		4,236,934	4,236,934
Income tax deducted at source	10.1	17,084,348	15,143,842
		21,321,282	19,380,776
Less: provision for doubtful recovery		(13,485,227)	(13,485,227)
		<u>7,836,055</u>	<u>5,895,549</u>
<b>10.1 These are made up as follows</b>			
Opening balance of advance tax		15,143,842	11,531,236
Adjustment of provision for assessment completed		-	-
Paid / deducted during the year		1,940,506	3,612,606
		<u>17,084,348</u>	<u>15,143,842</u>
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		195,287	154,124
Balance with banks			
in current accounts		3,152,746	5,796,670
in deposits accounts		108,475	108,475
		<u>3,456,508</u>	<u>6,059,269</u>
<b>12. SHARE CAPITAL</b>			
<b>Authorized</b>			
40,000,000 ordinary shares of Rs. 10 each		<u>400,000,000</u>	<u>400,000,000</u>
<b>Issued, subscribed and paid-up capital</b>			
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>
<b>13 RESERVES</b>			
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>
<b>14. SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
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		(3,097,355)	(3,097,355)
		<u>626,180,028</u>	<u>626,180,028</u>
Revaluation surplus of building			
Opening balance		27,871,168	30,967,967
Add: Adjustment as a result of fresh revaluation		-	-
Incremental depreciation		(1,393,559)	(3,096,799)
		<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
<b>15</b>	<b>LONG TERM FINANCING</b>		
	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.		
<b>16.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	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>
<b>17</b>	<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
	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)
	Long term portion	-	-
<b>18.</b>	<b>PROVISION FOR TAXATION</b>		
	Opening provision	15,573,540	10,563,434
	For the year	1,925,159	5,010,106
		<u>17,498,699</u>	<u>15,573,540</u>
<b>19</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		

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

- -

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 -

9,223 -

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 1,096,727

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

7,812,703 10,108,799

23. OTHER OPERATING CHARGES

Short fall in value of investment

- 1,368,715

- 1,368,715

24. FINANCE COST

Bank charges and commission

3,071 2,453

3,071 2,453

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

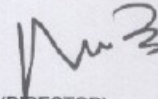
0.06 (0.08)

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)