

# **KOHINOOR INDUSTRIES LIMITED**

**HALF YEAR REPORT (Un-audited)**  
**31-12-2020**

**BOARD OF DIRECTORS**

Mr. M. Naseem Saigol	Chairman
Mr. M. Zeid Yousuf Saigol	Chief Executive Officer
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mrs. Sadaf Kashif	
Mr. Muhammad Asif	
Mr. Rashid Ahmad Javaid	

**AUDIT COMMITTEE**

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mrs. Sadaf Kashif	Member
Mr. Muhammad Asif	Member

**HR & REMUNERATION COMMITTEE**

Mr. Rashid Ahmad Javaid	Chairman
Mr. M. Naseem Saigol	Member
Mr. M. Zeid Yousuf Saigol	Member

**COMPANY SECRETARY**

Khawaja Safee Sultan

**CHIEF FINANCIAL OFFICER**

Mr. Zahoor Ahmed

**AUDITORS**

M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.  
Chartered Accountants

**REGISTRATION NUMBER**

0000214

**NTN**

0452891-3

**WEBSITE**

[www.kil.com.pk](http://www.kil.com.pk)

**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  
Allied Bank Limited

**REGISTERED OFFICE**

17-Aziz Avenue, Canal Bank,  
Gulberg-V, Lahore.  
Tel: 042-35715029-31 Fax: 042-35715105  
E-mail: [shares@saigols.com](mailto:shares@saigols.com)

**WORKS**

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: 35916714-19, 35839182 Fax: 35869037  
E-mail: [shares@corplink.com.pk](mailto:shares@corplink.com.pk)

**DIRECTORS' REPORT**

The Directors' of the Company presented before the Shareholders their report alongwith Interim Financial Statements of the Company for the period ended December 31, 2020.

<b><u>Financial High Lights</u></b>	<b><u>Quarter Ending Dec 31, 2020</u></b>	<b><u>Quarter Ending Dec 31, 2019</u></b>
Net Sales	30.033	27.125
Gross Profit	14.912	16.865
Profit before Tax	21.383	18.010
Profit after Tax	16.793	14.948
Earing per Share	0.55	0.49

**OPERATING FINANCIAL RESULTS**

During the period under review, the Company continued renting its premises and earned a gross revenue of Rs. 30.03 million as compared to Rs. 27.12 million in the corresponding period last year. The Company earned gross profit of Rs. 14.91 million as compared to Rs. 16.86 million in corresponding period last year. The decrease in gross profit due to increase in administrative and other expenses but the profit after taxation is increased due to increase in the value of its investments in the associated Company.

**FUTURE OUTLOOK**

The management is continuously evaluating viable business propositions, which may have positive impact on the Company's financials.

**COMPOSITION OF BOARD**

Composition of the Board of Directors is as under.

<b>TOTAL NUMBER OF DIRECTORS</b>	
Male	6
Female	1
<b>COMPOSITION</b>	
Independent Directors	Mr. Rashid Ahmad Javaid
	Mr. Muhammad Asif
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
Executive Director	Mr. Muhammad Zeid Yousuf Saigol
Female Director	Mrs. Sadaf Kashif

**COMMITTEE'S**

Detail of Committee's of Board is as under.

**AUDIT COMMITTEE**

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Asif	Member
Mrs. Sadaf Kashif	Member

**HR & REMUNERATION COMMITTEE**

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

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.

For and on behalf of the Board

  
**M. ZEID YOUSUF SAIGOL**  
Chief Executive

Lahore  
February 26, 2021

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران نے کمپنی شیئر ہولڈرز کے سامنے ان کی رپورٹ ہمراہ عبوری مالی سٹینٹ برائے دورانیہ 31 دسمبر 2020 پیش کی۔

### آپریٹنگ نتائج

زیر غور دورانیہ میں کمپنی نے اپنا احاطہ کرائے پر دے کر بے لحاظ 30.03 ملین کمائے جس کے مقابل گزشتہ سال کے دورانیہ میں 27.12 ملین روپے کمائے تھے۔ کمپنی نے 14.91 ملین خالص منافع کمایا، جو گزشتہ سال 16.86 ملین تھا۔ خالص منافع میں کمی انتظامی اور دیگر اخراجات میں اضافہ کی وجہ سے ہے لیکن ٹیکس ادائیگی کے بعد منافع میں اضافہ ایسوی ایڈ کمپنی میں کی گئی سرمایہ کاری کی مالیت میں اضافے کی وجہ سے ہے۔

### مستقبل کا نقطہ نظر

جینٹس مسلسل قابل عمل کاروباری تاجروں کا جائزہ لے رہی ہے جن کا کمپنی کے مالی حالات پر مثبت اثر ہو سکتا ہے۔

### بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
6	مرد
1	عورت
ساخت	
آزاد ڈائریکٹرز	جناب رشید احمد جاوید
	جناب محمد آصف
نان ایگزیکٹو ڈائریکٹرز	جناب محمد نسیم سہگل
	جناب محمد مراد سہگل
	جناب محمد عمر فاروق
ایگزیکٹو ڈائریکٹر	جناب محمد زید یوسف سہگل
فیسل ڈائریکٹر	محترمہ صدقہ کاشف

### کمیشن

بورڈ کی کمیشن کی تفصیل درج ذیل ہے۔

### آڈٹ کمیٹی

جناب رشید احمد جاوید	چیئر مین / ممبر
جناب محمد عمر فاروق	ممبر
جناب محمد آصف	ممبر
محترمہ صدقہ کاشف	ممبر

### ایچ آر اینڈ آرکائیویشن کمیٹی

جناب رشید احمد جاوید	چیئر مین / ممبر
جناب محمد نسیم سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی اپنے ملازمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

منجانب صدر کے پوراؤ:

محمد زید یوسف سہگل

لاہور

26 فروری، 2021

چیف ایگزیکٹو



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the members of KOHINOOR INDUSTRIES LIMITED Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **KOHINOOR INDUSTRIES LIMITED** [the Company] as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2020 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

#### **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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Emphasis of Matter**

We draw attention to note 2.2 to these interim financial statements which indicate that the Company has accumulated losses of Rs. 606.661 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 343.815 million. These factors indicate existence of material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. These interim financial statements have, however, been prepared on going concern basis for reasons explained in note 2.2. Our conclusion is not qualified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is **ZUBAIR IRFAN MALIK**



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

**Date: FEBRUARY 27, 2021**  
**Place: LAHORE**



# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	December 31, 2020	June 30, 2020
	Rupees	Rupees
	(Un-audited)	(Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital		
40,000,000 (June 30, 2020: 40,000,000) ordinary shares of Rs. 10 each	400,000,000	400,000,000
Issued, subscribed and paid-up capital	303,025,430	303,025,430
Share premium	187,394,755	187,394,755
Surplus on revaluation of property and equipment	651,264,077	651,264,077
Accumulated losses	(606,660,751)	(600,727,626)
<b>TOTAL EQUITY</b>	<b>535,023,511</b>	<b>540,956,636</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Employees retirement benefits	879,897	664,357
	879,897	664,357
<b>CURRENT LIABILITIES</b>		
Trade and other payables	27,415,772	27,646,576
Short term borrowings	353,682,503	353,682,503
Unclaimed dividend	2,405,694	1,034,826
Current taxation	21,636,595	29,451,103
	405,140,564	411,815,008
<b>TOTAL LIABILITIES</b>	<b>406,020,461</b>	<b>412,479,365</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>941,043,972</b>	<b>953,436,001</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

For identification

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	December 31, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	7	2,340,181	2,474,249
Government taken over concerns	8	-	-
Investment property		838,924,405	838,924,405
Long term investments	9	10,376,100	4,819,500
Long term deposits		166,376	166,376
Deffered Taxation		27,911,283	27,911,283
		<b>879,718,345</b>	<b>874,295,813</b>
<b>CURRENT ASSETS</b>			
Trade debts		20,000	20,000
Advances, deposits and other receivables		1,360,844	125,500
Advance income tax		11,696,127	19,434,716
Cash and bank balances		48,248,656	59,559,972
		<b>61,325,627</b>	<b>79,140,188</b>
<b>TOTAL ASSETS</b>		<b>941,043,972</b>	<b>953,436,001</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

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for identification only



# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

Note	Six month ended		Three month ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
Revenue	30,033,998	27,125,904	15,477,171	13,981,290
Administrative and general expenses	(14,257,065)	(10,260,443)	(7,201,598)	(5,321,780)
Other expenses	(864,787)	-	(864,787)	899,392
	(15,121,852)	(10,260,443)	(8,066,385)	(4,422,388)
	14,912,146	16,865,461	7,410,786	9,558,902
Other income	6,411,560	1,728,315	4,606,536	1,368,349
Operating profit	21,323,706	18,593,776	12,017,322	10,927,251
Finance cost	(2,203)	(9,072)	(3,085)	(1,317)
Share of profit/(loss) of associate	62,111	(574,549)	6,639	(56,441)
Profit before taxation	21,383,614	18,010,155	12,020,876	10,869,493
Taxation	10 (4,589,835)	(3,061,727)	(2,249,107)	(1,847,814)
Profit after taxation	16,793,779	14,948,428	9,771,769	9,021,679
Earnings per share - basic and diluted	0.55	0.49	0.32	0.30

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

rsr/r  
for identification only

# KOHINOOR INDUSTRIES LIMITED


## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended		Three month ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive profit before taxation	-	-	-	-
Taxation	-	-	-	-
Other comprehensive profit after taxation	-	-	-	-
Profit after taxation	16,793,779	14,948,428	9,771,769	9,021,679
Total comprehensive income	16,793,779	14,948,428	9,771,769	9,021,679

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

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for identification only

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended	
	December 31, 2020	December 31, 2019
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	21,383,614	18,010,155
<b>Adjustments for non-cash and other items</b>		
Provision for employees retirement benefits	215,540	236,209
Share of loss of associate	(62,111)	574,549
Reversal of impairment loss on long term investment	(5,494,489)	(1,368,349)
Depreciation	134,068	151,843
	(5,206,992)	(405,748)
<b>Operating profit before changes in working capital</b>	<b>16,176,622</b>	<b>17,604,407</b>
<b>Changes in working capital</b>		
Advances, deposits and other receivables	(1,235,344)	(170,000)
Trade and other payables	(230,804)	1,091,121
	(1,466,148)	921,121
<b>Net cash generated from operations</b>	<b>14,710,474</b>	<b>18,525,528</b>
<b>Payments for</b>		
Income tax	(4,665,754)	(3,932,776)
<b>Net cash generated from operating activities</b>	<b>10,044,720</b>	<b>14,592,752</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(21,356,036)	-
<b>Net cash used in financing activities</b>	<b>(21,356,036)</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,311,316)</b>	<b>14,592,752</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>59,559,972</b>	<b>25,319,933</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>48,248,656</b>	<b>39,912,685</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

rsr/r  
for identification only

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Share capital	Capital reserves		Revenue reserve	
	Issued subscribed and paid-up capital <i>Rupees</i>	Share Premium <i>Rupees</i>	Surplus on revaluation of investment property <i>Rupees</i>	Accumulated losses <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at June 30, 2019 - Audited	303,025,430	187,394,755	651,264,077	(688,371,198)	453,313,064
Comprehensive income					
Profit after taxation	-	-	-	14,948,428	14,948,428
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	-	-	14,948,428	14,948,428
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2019 - Un-audited	303,025,430	187,394,755	651,264,077	(673,422,770)	468,261,492
Balance as at January 01, 2020 - Un-audited	303,025,430	187,394,755	651,264,077	(673,422,770)	468,261,492
Comprehensive income					
Profit after taxation	-	-	-	72,663,279	72,663,279
Other comprehensive income	-	-	-	31,865	31,865
Total comprehensive income	-	-	-	72,695,144	72,695,144
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2020 - Audited	303,025,430	187,394,755	651,264,077	(600,727,626)	540,956,636
Balance as at July 01, 2020- Audited	303,025,430	187,394,755	651,264,077	(600,727,626)	540,956,636
Comprehensive income					
Profit after taxation	-	-	-	16,793,779	16,793,779
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	-	-	16,793,779	16,793,779
Transaction with owners	-	-	-	-	-
Final dividend @ 5.94% i.e. Rs. 0.594 per ordinar	-	-	-	(22,726,904)	(22,726,904)
Balance as at December 31, 2020 - Un-audited	303,025,430	187,394,755	651,264,077	(606,660,751)	535,023,511

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

For identification only



# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

### 1 LEGAL STATUS AND OPERATIONS

Kohinoor Industries Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The Company was initially engaged in manufacture and sale of yarn, with the manufacturing facility located at Madina Town, Near Government Girls College, Faisalabad.

Board of Directors of the Company 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 operations of the textile unit had become uneconomical and huge losses were expected to arise if the business was carried on.

Subsequently, the Company amended its memorandum of association to include in its objects, leasing out of its buildings under operating lease arrangements, as and when considered fit.

### 2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2020.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2020 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2019 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2020 and December 31, 2019 are neither audited nor reviewed.

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Appropriateness of the going concern assumption

As at December 31, 2020, the Company has accumulated losses of Rs. 606.661 million. Its current liabilities exceed its current assets by Rs. 343.815 million. These factors indicate existence of material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- (a) The Company is renting out its land and building under operating lease arrangements with a history of profitable operations for the past five year.
- (b) The Company has financial support of its directors in the form of interest free loans.

The management is confident the Company will continue to be profitable, subject to impact, if any, of uncontrollable circumstances.

#### 2.3 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

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for identification only



# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

### 2.4 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### 2.5 Functional currency

These interim financial statements are prepared in Pak Rupees which is the Company's functional currency.

### 2.6 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 27, 2021.

## 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

### 3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

### 3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

### 3.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

### 3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

### 3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

### 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 -	January 01, 2021
Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 14 - Regulatory Deferral Accounts	
IFRS 17 - Insurance contracts (2017)	

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

### 5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2020.

### 6 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies since June 30, 2020.

### 7 PROPERTY AND EQUIPMENT

	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
Net book value at the beginning of the period/year	2,474,249	2,777,933
Depreciation for the period/year	(134,068)	(303,684)
Net book value at end of the period/year	2,340,181	2,474,249

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# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	December 31, 2020	June 30, 2020
	Rupees	Rupees
	(Un-Audited)	(Audited)
<b>8 GOVERNMENT TAKEN OVER CONCERNS</b>		
Gross amount due	27,229,339	27,229,339
Impairment allowance	(27,229,339)	(27,229,339)
	-	-

- 8.1 Ittehad Pesticides Limited ['IPL'], owned by the Saigols, was taken over by the Government of Pakistan. The Government issued debentures of IPL to the Saigols as consideration for the takeover and the Saigols encashed the same. However, an amount of Rs. 27,229,339 was claimed by the Saigols as outstanding. The Company had filed a writ against IPL and Federal Government of Pakistan with regard to the amount due. The claim of the Company was rejected by Civil Judge vide judgement dated June 19, 2013. Amount recoverable thus stands fully impaired.

### 9 LONG TERM INVESTMENTS

This represents investment in ordinary shares of Kohinoor Power Company Limited, an associated company. The investment has been accounted for by using equity method. Particulars of investment are as follows:

	December 31, 2020	June 30, 2020
	(Un-Audited)	(Audited)
Percentage of ownership interest	22.50%	22.50%
	December 31, 2020	June 30, 2020
	Rupees	Rupees
	(Un-Audited)	(Audited)
Cost of investment		
2,835,000 (June 30, 2020: 2,835,000) fully paid ordinary shares of Rs. 10 each	90,000,000	90,000,000
Share of post acquisition profits	(15,845,776)	(15,907,887)
Dividend income	(10,800,000)	(10,800,000)
	63,354,224	63,292,113
Accumulated impairment	(52,978,124)	(58,472,613)
	10,376,100	4,819,500

### 9.1 Extracts of financial statements of associated company

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the period then ended based on the un-audited financial statements are as follows:

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
Non-current assets		95,676,319	98,326,629
Current assets		41,705,038	38,665,423
Non-current liabilities		1,819,945	1,714,915
Current liabilities		1,271,926	1,263,701
Revenue		8,418,278	16,605,362
Profit/(loss) for the period/year		276,050	(12,369,020)
Other comprehensive loss		-	(25,832)
Break-up value per share		10.66	10.64
Share of profit/(loss) and other adjustments to net assets	9.1.1	62,111	(2,788,842)
Market value per share		3.66	1.70

#### 9.1.1 This includes the following:

Share of profit/(loss) for the period/year	62,111	(2,783,030)
Share of other comprehensive loss for the period/year	-	(5,812)
	62,111	(2,788,842)

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# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

### 10 PROVISION FOR TAXATION

10.1 Provision for current tax has been made in accordance with section 18 (June 30, 2020: section 18) of the Income Tax Ordinance 2001 [the Ordinance].

10.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

### 11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, sponsors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Key management personnel do not draw any compensation from the Company. Transactions with sponsors are limited provision of interest free temporary loans. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Investment	0.00%
Pak Elektron Limited	Associated company	Common director	0.00%
Red Communication Arts (Private) Limited	Associated company	Common director	N/A
Faisalabad Grammar School	Associated company	Common director	N/A
M. Naseem Saigol	Key management personnel	Director	17.61%
Amber Haroon Saigol	Close family member of director	Spouse of director	24.07%

Details of transactions and balances with related parties is as follows:

		Six months ended	
		December 31, 2020	December 31, 2019
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
11.1	Transactions with related parties		
	Nature of relationship      Nature of transaction		
	Associated companies      Share of loss from associate	62,111	574,549
	Rental income	1,175,842	1,068,948
		December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
11.2	Balances with related parties		
	Nature of relationship      Nature of balances		
	Associated companies      Long term investment	10,376,100	4,819,500
	Sponsors      Short term borrowings	353,682,503	353,682,503

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# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

### 12 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	December 31, 2020	June 30, 2020
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>12.1 Financial assets</b>		
<i>Cash in hand</i>	1,026,712	423,048
<i>Financial assets at amortized cost</i>		
Long term deposits	166,376	166,376
Trade debts	20,000	20,000
Advances to employees	47,210	-
Cash at bank	47,221,944	12,303,131
	47,455,530	12,489,507
	48,482,242	12,912,555
<b>12.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Creditors	746,906	618,838
Accrued liabilities	417,112	948,780
Short term borrowings	353,682,503	353,682,503
Unclaimed dividend	2,405,694	1,034,826
	357,252,215	356,284,947

### 13 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

#### 13.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

#### 13.2 Assets and liabilities other than financial instruments.

##### 13.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	December 31, 2020	June 30, 2020
				<i>Rupees</i>	<i>Rupees</i>
				<i>(Un-Audited)</i>	<i>(Audited)</i>
Investment property - Land	-	728,575,000	-	728,575,000	728,575,000
Investment property - Buildings	-	110,349,405	-	110,349,405	110,349,405

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# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of land by Rs. 36.43 million (June 30, 2020: Rs. 36.43 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 5.52 million (June 30, 2020: Rs. 5.52 million).

### 14 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

### 15 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

### 16 GENERAL

16.1 There are no other significant activities since June 30, 2020 affecting the interim financial statements.

16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

16.3 Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

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