

**KTM**

**Kohinoor Textile Mills Limited**

A Kohinoor Maple Leaf Group Company



*First Quarterly Report*  
*September 30, 2011*





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# Company Information

## BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL  
MR. TAUFIQUE SAYEED SAIGOL  
MR. SAYEED TARIQ SAIGOL  
MR. WALEED TARIQ SAIGOL  
MR. KAMIL TAUFIQUE SAIGOL  
MR. ZAMIRUDDIN AZAR  
MR. ARIF IJAZ  
SYED MOHSIN RAZA NAQVI

CHAIRMAN  
CHIEF EXECUTIVE

## AUDIT COMMITTEE

MR. ZAMIRUDDIN AZAR  
MR. SAYEED TARIQ SAIGOL  
MR. WALEED TARIQ SAIGOL  
MR. KAMIL TAUFIQUE SAIGOL  
MR. ARIF IJAZ

CHAIRMAN  
MEMBER  
MEMBER  
MEMBER  
MEMBER

## CHIEF FINANCIAL OFFICER

SYED MOHSIN RAZA NAQVI

## COMPANY SECRETARY

MR. MUHAMMAD ASHRAF

## CHIEF INTERNAL AUDITOR

MR. BILAL HUSSAIN

## AUDITORS

M/S. RIAZ AHMAD & COMPANY  
CHARTERED ACCOUNTANTS

## REGISTERED OFFICE

42-LAWRENCE ROAD, LAHORE.  
TEL: (92-042) 36302261-62  
FAX: (92-042) 36368721

## SHARE REGISTRAR

VISION CONSULTING LTD  
3-C, LDA FLATS,  
LAWRENCE ROAD, LAHORE.  
TEL: (92-042) 36375531-36375339  
FAX: (92-042) 36374839  
E-MAIL: [vcl.shares@gmail.com](mailto:vcl.shares@gmail.com)  
WEBSITE: [www.vcl.com.pk](http://www.vcl.com.pk)

## BANKERS

AL BARAKA BANK (PAKISTAN) LIMITED  
ALLIED BANK LIMITED  
ASKARI BANK LIMITED  
BANK ALFALAH LIMITED  
BANK AL-HABIB LIMITED  
BURJ BANK LTD  
CITIBANK N.A.  
FAYSAL BANK LIMITED  
HSBC BANK MIDDLE EAST LIMITED  
MCB BANK LIMITED  
MEEZAN BANK LIMITED  
NATIONAL BANK OF PAKISTAN  
NIB BANK LIMITED  
SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.  
SILK BANK LIMITED  
STANDARD CHARTERED BANK (PAKISTAN) LIMITED  
THE BANK OF PUNJAB  
UNITED BANK LIMITED

## MILLS

- PESHAWAR ROAD, RAWALPINDI  
TEL: (92-051) 5473940-3 FAX: (92-051) 5471795
- 8th K.M., MANGA RAIWIND ROAD, DISTRICT KASUR  
TEL: (92-042) 35394133-35 FAX: (92-042) 35394132
- GULYANA ROAD, GUJAR KHAN, DISTRICT RAWALPINDI  
TEL: (92-0513) 564472-74 FAX: (92-0513) 564337  
WEBSITE: [www.kmlg.com](http://www.kmlg.com)

Note: KTM's financial statements are also available at the above website.



## Directors' Review

The Directors present unaudited accounts of the Company for the quarter ended September 30, 2011, in compliance with requirements of Section 245 of the Companies Ordinance, 1984.

### OPERATING AND FINANCIAL RESULTS

The Company recorded after-tax loss of Rs. 44.52 million compared to after tax profit of Rs. 61.88 million during the corresponding period last year.

Total turnover for the period amounted to Rs. 2,218 million, a substantial decrease of 32.02% over the same period last year. The Company earned gross profit of Rs. 336 million (15.15%) relative to gross profit of Rs. 486 million (14.90%) during the same period last year. Operating profit before adjustment for financial charges was Rs. 213 million for the period under review as against Rs. 333 million during the previous corresponding period.

The period under review witnessed raw material price declines from record highs witnessed during the last quarter of the previous financial year. This led to turmoil in all sectors of the textile chain and readjustments to the new pricing structures are presently underway. As expected, this resulted in difficult trading conditions with buyers refraining from entering longer term commitments fearing further price deflation. This has led to substantial under utilization of capacity in all the divisions.

The Spinning Division suffered most from low utilization as yarn stocks accumulated and the prevalent cotton prices, albeit lower than the previous quarter did not yield much gross margin. The recent flooding in the Sindh Province and wide spread rains in the Punjab did not allow cotton prices to decline as quickly as anticipated. The total damage to the cotton crop in Pakistan is not expected to be critical as the areas which did not experience significant damage are expected to produce extra output. No price flare up is expected. Spinning margins with the current cotton pricing are again returning to normal levels and plant utilization is reaching optimum levels. The Company expects to achieve reasonable profitability in this sector provided energy availability is not adversely affected. The Company will follow a conservative raw material purchase policy and try to work with as low an inventory level as possible due to our belief that the world cotton situation depicts a bearish picture.

Lower yarn prices and a consistent effort at cost reduction have resulted in healthy financial results for the Weaving Division. Extensive cost cutting and process re-engineering has lowered costs in most areas with special emphasis on energy conservation. These efforts will be intensified. Lower than expected yarn prices going forward and a stable export customer base should result in a good financial performance. Once again energy availability is of critical concern.

The Company's Finishing and Made ups Division continued to operate under difficult conditions in the period under review. The results during this period were adversely affected by delivery of the remaining orders booked during the time yarn prices were at their highest. This resulted in low recovery of fixed costs. Since then the policy for export sales has been modified and only those orders are entertained where a reasonable gross margin can be achieved. Under the new policy, the Company does not enter into fixed price long term contracts. The changed selling policy had to be implemented taking into consideration the extreme volatility in raw material and energy prices. This change of direction is showing positive results and will result in better financial performance in the Finishing and Made ups Division. The Company is also making stringent efforts to cut costs and improve yields with some success.

### ACKNOWLEDGEMENTS

As always, the Company remains thankful to all its employees, partners and stakeholders for their efforts and continued support.

For and on behalf of the Board



**Taufique Sayeed Saigol**  
Chief Executive

Lahore  
October 26, 2011



# Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2011

	Note	Un-audited 30 September 2011	Audited 30 June 2011
<b>(Rupees in thousand)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
370,000,000 (30 June 2011 : 370,000,000) ordinary shares of Rupees 10 each		<b>3,700,000</b>	3,700,000
30,000,000 (30 June 2011 : 30,000,000) preference shares of Rupees 10 each		<b>300,000</b>	300,000
		<b>4,000,000</b>	<b>4,000,000</b>
<b>Issued, subscribed and paid up share capital</b>			
245,526,216 (30 June 2011 : 245,526,216) ordinary shares of Rupees 10 each		<b>2,455,262</b>	2,455,262
<b>Reserves</b>		<b>1,886,857</b>	1,931,374
<b>Total equity</b>		<b>4,342,119</b>	4,386,636
<b>Surplus on revaluation of land and investment properties</b>		<b>3,685,497</b>	3,685,497
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	<b>1,169,582</b>	1,318,710
Liabilities against assets subject to finance lease		<b>37,732</b>	42,843
Deferred income tax liability		<b>62,141</b>	62,141
		<b>1,269,455</b>	1,423,694
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>1,133,175</b>	834,691
Due to subsidiary company		<b>177,235</b>	-
Accrued mark-up		<b>265,194</b>	230,138
Short term borrowings		<b>4,091,114</b>	5,130,265
Current portion of non-current liabilities		<b>652,285</b>	611,744
		<b>6,319,003</b>	6,806,838
<b>Total liabilities</b>		<b>7,588,458</b>	8,230,532
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,616,074</b>	16,302,665
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		

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



CHIEF EXECUTIVE OFFICER



	Note	Un-audited 30 September 2011	Audited 30 June 2011
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	6,706,164	6,747,691
Intangible assets		8,743	9,563
Investment properties		1,721,714	1,721,714
Long term investment	8	3,248,680	3,248,880
Long term deposits		37,240	35,758
		<b>11,722,541</b>	<b>11,763,606</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		330,894	328,393
Stock-in-trade		1,369,467	1,657,252
Trade debts		1,021,360	707,400
Advances		470,512	241,331
Security deposits and prepayments		30,481	19,045
Accrued interest		-	46
Due from subsidiary company	8	-	601,144
Other receivables		431,772	432,943
Short term investments		586	600
Taxation recoverable		126,544	129,909
Cash and bank balances		111,917	420,996
		<b>3,893,533</b>	<b>4,539,059</b>
<b>TOTAL ASSETS</b>		<b>15,616,074</b>	<b>16,302,665</b>


  
 DIRECTOR


# Unconsolidated Condensed Interim Profit and Loss Account (Un-Audited) For the quarter ended 30 September 2011

	Note	30 September 2011	30 September 2010
		(Rupees in thousand)	
SALES		2,218,312	3,263,364
COST OF SALES		(1,882,277)	(2,777,285)
GROSS PROFIT		336,035	486,079
DISTRIBUTION COST		(97,451)	(119,082)
ADMINISTRATIVE EXPENSES		(45,493)	(48,012)
OTHER OPERATING EXPENSES		(234)	(7,580)
		(143,178)	(174,674)
OTHER OPERATING INCOME		192,857	311,405
		19,865	21,112
PROFIT FROM OPERATIONS		212,722	332,517
FINANCE COST		(235,026)	(243,773)
PROFIT / (LOSS) BEFORE TAXATION		(22,304)	88,744
TAXATION		(22,213)	(26,862)
PROFIT / (LOSS) AFTER TAXATION		(44,517)	61,882
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		(0.18)	0.35

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter ended 30 September 2011



	30 September 2011	30 September 2010
	(Rupees in thousand)	
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(44,517)</b>	61,882
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
Surplus on remeasurement of available for sale investments	-	48,549
Deferred income tax on remeasurement of available for sale investments	-	(12,744)
Other comprehensive income for the period - net of tax	-	35,805
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>(44,517)</b>	97,687

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



CHIEF EXECUTIVE OFFICER



DIRECTOR





# Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited) For the quarter ended 30 September 2011

	Note	30 September 2011	30 September 2010
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	564,496	963,065
Finance cost paid		(199,310)	(245,348)
Income tax paid		(18,848)	(25,732)
Worker's Profit Participation Fund paid		(63)	-
Net decrease in long term deposits		(1,482)	(5,579)
<b>Net cash generated from operating activities</b>		<b>344,793</b>	<b>686,406</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(49,447)	(41,742)
Return on bank deposits		4,099	170
Proceeds from sale of property, plant and equipment		249	-
Proceeds from sale of investment		544,076	-
Proceed from sale of non current assets classified as held for sale		-	100,000
Dividend received		-	83
<b>Net cash generated from investing activities</b>		<b>498,977</b>	<b>58,511</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		(1,039,151)	(595,649)
Repayment of long term financing		(108,525)	(129,059)
Repayment of liabilities against assets subject to finance lease		(5,173)	(16,508)
<b>Net cash used in financing activities</b>		<b>(1,152,849)</b>	<b>(741,216)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(309,079)</b>	<b>3,701</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>420,996</b>	<b>78,851</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>111,917</b>	<b>82,552</b>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

# Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited)

## For the quarter ended 30 September 2011

	Reserves						Total Equity			
	Capital Reserves		Revenue Reserves			Total Reserves				
	Share Premium	Fair Value Reserve	Sub Total	General Reserve	Accumulated Loss			Sub Total		
----- (Rupees in thousand) -----										
<b>Balance as at 30 June 2010 - (Audited)</b>	1,455,262	144,919	462,483	607,402	1,450,491	(151,887)	1,298,604	1,906,006	3,361,268	
Ordinary shares issued other than through a right issue during the quarter ended 30 September 2010	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Total comprehensive income for the quarter ended 30 September 2010	-	-	35,805	35,805	-	61,882	61,882	61,882	97,687	97,687
<b>Balance as at 30 September 2010 - (Un-Audited)</b>	2,455,262	144,919	498,288	643,207	1,450,491	(90,005)	1,360,486	2,003,693	4,458,955	
Total comprehensive income/ (loss) for the period ended 30 June 2011	-	-	(498,288)	(498,288)	-	425,969	425,969	(72,319)	(72,319)	
<b>Balance as at 30 June 2011 - (Audited)</b>	2,455,262	144,919	-	144,919	1,450,491	335,964	1,786,455	1,931,374	4,386,636	
Total comprehensive loss for the quarter ended 30 September 2011	-	-	-	-	-	(44,517)	(44,517)	(44,517)	(44,517)	
<b>Balance as at 30 September 2011 - (Un-Audited)</b>	2,455,262	144,919	-	144,919	1,450,491	291,447	1,741,938	1,886,857	4,342,119	

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



# Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-Audited)

## For the quarter ended 30 September 2011

### **1. THE COMPANY AND ITS OPERATIONS**

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 42 Lawrence Road, Lahore. The principal activity of the Company is manufacturing of yarn and cloth, processing and home textile and trading textile products.

### **2. BASIS OF PREPARATION**

This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2011 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011.

### **3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2011.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2011.



	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>5. LONG TERM FINANCING</b>		
<b>Secured</b>		
Opening balance	1,875,947	2,321,024
Add : Additions during the period / year	-	150,000
	<u>1,875,947</u>	<u>2,471,024</u>
Less: Repayment during the period / year	108,525	595,077
	<u>1,767,422</u>	<u>1,875,947</u>
Less: Current portion shown under current liabilities	605,317	564,714
Closing balance	1,162,105	1,311,233
<b>Unsecured</b>	<u>7,477</u>	<u>7,477</u>
	<u><u>1,169,582</u></u>	<u><u>1,318,710</u></u>

**6. CONTINGENCIES AND COMMITMENTS**

- 6.1** There is no significant change in the status of contingencies, as disclosed in preceding audited annual published financial statements of the Company for the year ended 30 June 2011.
- 6.2** Commitments in respect of letters of credit other than for capital expenditure are Rupees 50.431 million (30 June 2011 : Rupees 42.070 million).

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets:		
Owned (Note 7.1)	6,508,282	6,578,979
Leased (Note 7.2)	161,913	166,964
Capital work-in-progress (Note 7.3)	35,969	1,748
	<u>6,706,164</u>	<u>6,747,691</u>

**7.1 OPERATING FIXED ASSETS - OWNED**

Opening book value	6,578,979	6,129,589
Add: Cost of additions/ transfers during the period / year (Note 7.1.1)	15,226	777,570
Add: Revaluation of freehold land during the period / year	-	11,672
	<u>6,594,205</u>	<u>6,918,831</u>
Less: Book value of deletions during the period / year (7.1.2)	237	5,464
	<u>6,593,968</u>	<u>6,913,367</u>
Less : Depreciation charged during the period / year	85,686	334,388
Closing book value	<u><u>6,508,282</u></u>	<u><u>6,578,979</u></u>



	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>7.1.1 Cost of additions / transfers</b>		
Land	-	399,673
Buildings	-	77,797
Plant and machinery	13,904	289,207
Service and other equipment	-	101
Computers	-	3,594
Furniture and fixture	83	1,288
Office equipment	198	1,910
Vehicles	1,041	4,000
	<u>15,226</u>	<u>777,570</u>
<b>7.1.2 Book value of deletions / transfers</b>		
Plant and machinery	-	2,283
Vehicles	237	3,181
	<u>237</u>	<u>5,464</u>
<b>7.2 OPERATING FIXED ASSETS - LEASED</b>		
Opening book value	166,964	280,386
Add: Cost of additions during the period / year (Note 7.2.1)	-	27,212
	<u>166,964</u>	<u>307,598</u>
Less: Book value of deletions during the period / year (Note 7.2.2)	-	117,277
	<u>166,964</u>	<u>190,321</u>
Less: Depreciation charged during the period / year	5,051	23,357
	<u>161,913</u>	<u>166,964</u>
<b>7.2.1 Cost of additions</b>		
Plant and machinery	-	27,212
<b>7.2.2 Book value of deletions / transfers</b>		
Plant and machinery	-	116,560
Vehicles	-	717
	<u>-</u>	<u>117,277</u>
<b>7.3 CAPITAL WORK-IN-PROGRESS</b>		
Civil works and buildings	306	105
Plant and machinery	35,663	1,643
	<u>35,969</u>	<u>1,748</u>



## 8. LONG TERM INVESTMENT

During the period, Concept trading (Private) Limited (A wholly owned subsidiary company) is wound up after complying with all regulatory and procedural requirements.

	Un-audited 30 September 2011 (Rupees in thousand)	Un-audited 30 September 2010
<b>9. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	<b>(22,304)</b>	88,744
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	90,737	88,486
Amortization	820	-
Finance cost	234,366	243,773
Gain on sale of property, plant and equipment	(12)	-
Gain on sale of investments	(6,399)	-
Loss on remeasurement of investment	14	379
Dividend income	-	(6,482)
Return on bank deposits	(4,053)	(38)
Working capital changes (Note 9.1)	271,327	548,203
	<b>564,496</b>	<b>963,065</b>
<b>9.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(2,501)	(56,411)
Stock-in-trade	287,785	752,191
Trade debts	(313,960)	(146,571)
Advances	(229,181)	(150,086)
Security deposits and prepayments	(11,436)	(5,816)
Other receivables	1,171	(21,086)
	<b>(268,122)</b>	<b>372,221</b>
<b>Increase in current liabilities:</b>		
Trade and other payables	298,547	175,982
Due to subsidiary company	240,902	-
	<b>271,327</b>	<b>548,203</b>







## 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of a subsidiary company, associated companies, key management personnel and provident fund trust. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in this unconsolidated condensed interim financial information are as follows:

	Un-audited 30 September 2011	Un-audited 30 September 2010
	(Rupees in thousand)	
<b>Subsidiary company</b>		
Purchase of goods and services	62	46
<b>Associated company</b>		
Dividend received	-	6,399
<b>Other related parties</b>		
Company's contribution to provident fund trust	6,238	5,181
Remuneration paid to Chief Executive Officer, Directors and Executives	26,655	20,607

## 12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with that disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2011.

## 13. AUTHORIZATION

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorised for issue on October 26, 2011.

## 14. CORRESPONDING FIGURES

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

## 15. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR









**KOHINOOR TEXTILE MILLS LIMITED**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION**

**FOR THE QUARTER ENDED  
30 SEPTEMBER 2011**







## Directors' Review

The Directors are pleased to present their report together with the un-audited Group results of Kohinoor Textile Mills Limited and its subsidiary, Maple Leaf Cement Factory Limited for the quarter ended September 30, 2011. Kohinoor Textile Mills Limited (Holding Company) holds 64.63% shares of Maple Leaf Cement Factory Limited (Subsidiary Company).

The Group has earned after-tax profit of Rupees 636.522 million as compared to after-tax loss of Rupees 556.932 million during the corresponding period. The consolidated profit of the Holding Company and its share in its Subsidiary for the period is Rupees 574.724 million as compared to consolidated loss of Rupees 254.938 million for the corresponding period.

The Subsidiary suffered after-tax loss of Rupees 228.279 million as compared to after-tax loss of Rupees 618.798 for the corresponding period.

For and on behalf of the Board



**Taufique Sayeed Saigol**  
Chief Executive

Lahore  
October 26, 2011



# Consolidated Condensed Interim Balance Sheet

## As at 30 September 2011

	Note	Un-audited 30 September 2011	Audited 30 June 2011
<b>(Rupees in thousand)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
370,000,000 (30 June 2011 : 370,000,000)		<b>3,700,000</b>	3,700,000
30,000,000 (30 June 2011 : 30,000,000) preference shares of Rupees 10 each		<b>300,000</b>	300,000
		<b>4,000,000</b>	4,000,000
<b>Issued, subscribed and paid up share capital</b>	5	<b>2,455,262</b>	2,455,262
245,526,216 (30 June 2011: 245,526,216) ordinary shares of Rupees 10 each			
<b>Reserves</b>		<b>751,048</b>	659,690
<b>Equity attributable to equity holders of the Holding Company</b>		<b>3,206,310</b>	3,114,952
<b>Non controlling interest</b>		<b>983,483</b>	1,046,234
<b>Total equity</b>		<b>4,189,793</b>	4,161,186
<b>Surplus on revaluation of property, plant and equipment and investment properties</b>		<b>9,170,858</b>	9,233,617
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	<b>5,068,677</b>	5,372,895
Redeemable capital		<b>7,783,000</b>	7,983,000
Liabilities against assets subject to finance lease		<b>493,969</b>	507,209
Long term deposits		<b>5,719</b>	5,569
Employees' compensated absences		<b>20,124</b>	19,149
Deferred income tax		<b>2,150,413</b>	2,414,958
		<b>15,521,902</b>	16,302,780
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>4,312,654</b>	4,757,981
Accrued mark-up		<b>1,337,459</b>	1,021,299
Short term borrowings		<b>8,194,767</b>	9,214,931
Current portion of non-current liabilities		<b>2,326,204</b>	1,988,378
		<b>16,171,084</b>	16,982,589
<b>Total liabilities</b>		<b>31,692,986</b>	33,285,369
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,053,637</b>	46,680,172
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-

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



CHIEF EXECUTIVE OFFICER



	Note	Un-audited 30 September 2011	Audited 30 June 2011
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<b>34,633,643</b>	34,950,932
Intangible assets		<b>24,868</b>	27,154
Investment properties		<b>1,721,714</b>	1,721,714
Long term loans to employees		<b>3,433</b>	2,531
Long term deposits and prepayments		<b>88,586</b>	87,794
		<b>36,472,244</b>	36,790,125
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>3,095,031</b>	3,361,339
Stock -in- trade		<b>1,941,600</b>	2,196,336
Trade debts		<b>1,645,549</b>	1,267,503
Loans and advances		<b>630,215</b>	386,392
Security deposits and short term prepayments		<b>147,461</b>	140,941
Accrued interest		<b>235</b>	936
Other receivables		<b>552,042</b>	547,892
Short term investments		<b>20,871</b>	942,941
Taxation recoverable		<b>323,859</b>	336,291
Cash and bank balances		<b>224,530</b>	709,476
		<b>8,581,393</b>	9,890,047
<b>TOTAL ASSETS</b>		<b>45,053,637</b>	46,680,172


  
 DIRECTOR


# Consolidated Condensed Interim Profit and Loss Account (Un-Audited) For the quarter ended 30 September 2011

	Note	30 September 2011	30 September 2010
(Rupees in thousand)			
SALES		5,574,426	6,173,445
COST OF SALES		(4,568,619)	(5,368,358)
<b>GROSS PROFIT</b>		<b>1,005,807</b>	805,087
DISTRIBUTION COST		(334,481)	(441,523)
ADMINISTRATIVE EXPENSES		(91,919)	(100,807)
OTHER OPERATING EXPENSES		(10,668)	(28,748)
		<b>(437,068)</b>	(571,078)
OTHER OPERATING INCOME	8	568,739 943,338	234,009 23,713
<b>PROFIT FROM OPERATIONS</b>		<b>1,512,077</b>	257,722
FINANCE COST		(845,357)	(778,502)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>666,720</b>	(520,780)
TAXATION		(30,198)	(36,152)
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>636,522</b>	(556,932)
SHARE OF PROFIT / (LOSS) ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		574,724	(254,938)
NON CONTROLLING INTEREST			
DIVIDEND ON PREFERENCE SHARES		13,180	13,198
SHARE IN PROFIT / (LOSS) FOR THE PERIOD		48,618	(315,192)
		<b>61,798</b>	(301,994)
<b>PROFIT / (LOSS) AFTER TAXATION AND NON CONTROLLING INTEREST</b>		<b>636,522</b>	(556,932)
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		2.59	(1.46)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

# Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter ended 30 September 2011



	30 September 2011	30 September 2010
	(Rupees in thousand)	
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>636,522</b>	<b>(556,932)</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
Surplus on remeasurement of available for sale investments	-	83,227
Reclassification adjustment for gain included in profit and loss	<b>(670,674)</b>	-
Deferred income tax on remeasurement of available for sale investments	-	(21,847)
Other comprehensive income / (loss) for the period - net of tax	<b>(670,674)</b>	61,380
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(34,152)</b>	<b>(495,552)</b>
<b>SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>		
Equity holders of Holding Company	<b>50,797</b>	(206,313)
Non controlling interest	<b>(84,949)</b>	(289,239)
	<b>(34,152)</b>	(495,552)

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR





# Consolidated Condensed Interim Cash Flow Statement (Un-Audited) For the quarter ended 30 September 2011

	Note	30 September 2011	30 September 2010
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	8	521,103	765,349
Finance cost paid		(528,537)	(393,567)
Workers' Profit Participation Fund paid		(63)	-
Compensated absences paid		(916)	(2,468)
Income tax paid		(43,593)	(57,968)
Net increase in long term deposits		(643)	(4,579)
<b>Net cash generated from/ (used in) operating activities</b>		<b>(52,649)</b>	<b>306,767</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(170,263)	(188,206)
Long term loans to employees		-	629
Return on bank deposits		4,754	1,266
Proceeds from sale of property, plant and equipment		249	-
Proceeds from sale of investment		932,759	-
Advance against purchase of land received back		-	100,000
Dividend received		-	83
<b>Net cash generated from/ (used in) investing activities</b>		<b>767,499</b>	<b>(86,228)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings (net)		(1,020,164)	97,537
Repayment of long term financing - secured		(173,270)	(193,804)
Repayment of redeemable capital		(1,700)	(1,700)
Repayment of liabilities against assets subject to finance lease		(4,662)	(10,321)
<b>Net cash used in financing activities</b>		<b>(1,199,796)</b>	<b>(108,288)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(484,946)</b>	<b>112,251</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>709,476</b>	<b>152,453</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>224,530</b>	<b>264,704</b>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

# Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)

## For the quarter ended 30 September 2011



Attributable to equity holders of the holding company										
Share Capital	Capital Reserves				Revenue Reserves			Total Reserves	Total controlling interest	Total Equity
	Share premium	Fair value reserve	Sub Total	General Reserve	Accumulated loss	Sub Total				
1,455,262	144,919	628,077	772,996	1,450,491	(760,559)	689,932	1,462,928	2,918,190	2,405,263	5,323,453
1,000,000	-	-	-	-	-	-	-	1,000,000	-	1,000,000
-	-	48,625	48,625	-	(254,938)	(254,938)	(206,313)	(206,313)	(289,239)	(495,552)
<b>Balance as at 30 June 2010</b>	144,919	676,702	821,621	1,450,491	(1,015,497)	434,994	1,256,615	3,711,877	2,116,024	5,827,901
Issue of ordinary shares to non controlling interest holders	-	-	-	-	-	-	-	-	290	290
Transferred from surplus on revaluation of property, plant and equipment (net of tax)	-	-	-	-	89,643	89,643	89,643	89,643	49,059	138,702
Reversal of surplus on revaluation of disposal of property, plant and equipment (net of tax)	-	-	-	-	7,463	7,463	7,463	7,463	4,085	11,548
Total comprehensive income/ (loss) for the quarter ended 30 June 2011	-	(152,775)	(152,775)	-	(1,119,271)	(1,119,271)	(1,272,046)	(1,272,046)	(545,209)	(1,817,255)
Increase in interest of equity holders of the Holding Company	-	-	-	-	578,015	578,015	578,015	578,015	(578,015)	-
<b>Balance as at 30 June 2011</b>	144,919	523,927	668,846	1,450,491	(1,459,647)	(9,156)	659,690	3,114,952	1,046,234	4,161,186
Transferred from surplus on revaluation of property, plant and equipment (net of tax)	-	-	-	-	40,561	40,561	40,561	40,561	22,198	62,759
Total comprehensive income/ (loss) for the quarter ended 30 September 2011	-	(523,927)	(523,927)	-	574,724	574,724	50,797	50,797	(84,948)	(34,152)
<b>Balance as at 30 September 2011</b>	144,919	-	144,919	1,450,491	(844,362)	606,129	751,048	3,206,310	983,483	4,189,793

(Rupees in thousand)

Balance as at 30 June 2010

Ordinary shares issued through other than a right issue during the period ended 30 September 2010  
Total comprehensive income/ (loss) for the quarter ended 30 September 2010

Balance as at 30 September 2010

Issue of ordinary shares to non controlling interest holders  
Transferred from surplus on revaluation of property, plant and equipment (net of tax)  
Reversal of surplus on revaluation of disposal of property, plant and equipment (net of tax)  
Total comprehensive income/ (loss) for the period ended 30 June 2011  
Increase in interest of equity holders of the Holding Company

Balance as at 30 June 2011

Transferred from surplus on revaluation of property, plant and equipment (net of tax)  
Total comprehensive income/ (loss) for the quarter ended 30 September 2011

Balance as at 30 September 2011

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



# Selected Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)

## For the quarter ended 30 September 2011

### 1. THE GROUP AND ITS OPERATIONS

#### 1.1 Holding Company

Kohinoor Textile Mills Limited (“the Holding Company”) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The Holding Company holds 64.63% (2011: 64.63%) shares of Maple Leaf Cement Factory Limited. The principal activity of the Holding Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

#### 1.2 Subsidiary Company

Maple Leaf Cement Factory Limited (“the Subsidiary”) was incorporated in Pakistan on 13 April, 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares and was listed on stock exchanges in Pakistan on 17 August, 1994. The registered office of the Subsidiary is situated at 42-Lawrence Road, Lahore. The Subsidiary is engaged in production and sale of cement.

### 2. BASIS OF PREPARATION

This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2011.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the preceding annual published financial statements of the Group for the year ended 30 June 2011.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2011.

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>5. LONG TERM FINANCING</b>		
<b>Secured</b>		
Opening balance	6,379,805	5,401,463
Add: Received during the period/ year	-	1,750,290
Less: Repayment during the period/ year	173,270	771,948
	6,206,535	6,379,805
<b>Unsecured</b>	<b>7,477</b>	<b>7,477</b>
	6,214,012	6,387,282
Less: Current portion shown under current liabilities	1,145,335	1,014,387
	5,068,677	5,372,895

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

There is no significant change in the status of contingencies, as disclosed in note 17.1 to the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2011 except for the guarantees issued by various commercial banks on behalf of the Group to various institutions, aggregating Rupees 651.487 million (30 June 2011: Rupees 647.487 million).

### 6.2 Commitments

Commitments in respect of:

- (i) Contracts for capital expenditure are Rupees 232.691 million (30 June 2011: Rupees 235.014 million).
- (ii) Letters of credit other than for capital expenditure amount to Rupees 84.635 million (30 June 2011: Rupees 86.583 million).

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets:		
Owned (Note 7.1)	33,494,310	30,192,678
Leased (Note 7.2)	947,228	962,220
Capital work-in-progress (Note 7.3)	192,105	3,796,034
	34,633,643	34,950,932



	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>7.1 OPERATING FIXED ASSETS - OWNED</b>		
Opening book value	30,192,678	23,133,737
Add: Cost of additions/ transfers during the period / year (Note 7.1.1)	3,774,193	832,200
Add: Revaluation of freehold land during the period / year (Note 7.1.3)	-	7,885,493
	<u>33,966,871</u>	<u>31,851,430</u>
Less: Book value of deletions during the period / year (7.1.2)	237	108,569
	<u>33,966,634</u>	<u>31,742,861</u>
Less : Depreciation charged during the period / year	472,324	1,550,183
Closing book value	<u><u>33,494,310</u></u>	<u><u>30,192,678</u></u>
<b>7.1.1 Cost of additions/ transfers</b>		
Land	-	399,673
Buildings	415,550	78,385
Plant and machinery	3,352,742	325,760
Service and other equipment	-	101
Computers	-	3,594
Furniture and fixture	1,615	4,985
Office equipment	198	1,910
Vehicles	4,088	17,791
Share of joint assets	-	1
	<u><u>3,774,193</u></u>	<u><u>832,200</u></u>
<b>7.1.2 Book value of deletions</b>		
Plant and machinery	-	105,013
Vehicles	237	3,556
	<u><u>237</u></u>	<u><u>108,569</u></u>
<b>7.2 OPERATING FIXED ASSETS - LEASED</b>		
Opening book value	962,220	1,113,114
Add: Cost of additions during the period / year (Note 7.2.1)	-	27,212
	<u>962,220</u>	<u>1,140,326</u>
Less: Book value of deletions during the period / year (Note 7.2.2)	-	117,277
	<u>962,220</u>	<u>1,023,049</u>
Less: Depreciation charged during the period / year	14,992	60,829
Closing book value	<u><u>947,228</u></u>	<u><u>962,220</u></u>
<b>7.2.1 Cost of additions</b>		
Plant and machinery	-	27,212



	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
<b>7.2.2 Book value of deletions/ transfers</b>		
Plant and machinery	-	116,560
Vehicles	-	717
	-	117,277
<b>7.3 CAPITAL WORK-IN-PROGRESS</b>		
Civil works and buildings	306	105
Plant and machinery	74,412	3,203,712
Un-allocated capital expenditure	1,001	477,163
Stores held for capital expenditure	280	-
Advances to suppliers against:		
- purchase of land	2,000	2,000
- civil works	1,505	3,505
- plant and machinery	105,635	104,999
- vehicles	6,966	4,550
	192,105	3,796,034
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit / (Loss) before taxation	666,792	(520,780)
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	487,316	345,443
Amortization of intangible assets	2,286	1,758
Finance cost	844,697	778,502
Provision for doubtful debts	-	26,309
Provision for slow moving stores	-	5,000
Employees' compensated absences	1,892	2,379
Gain on sale of property, plant and equipment	(12)	-
Gain on remeasurement of investment	14	319
Gain on sale of investment	(920,359)	-
Dividend income	-	(6,482)
Return on bank deposits	(4,053)	(478)
Working capital changes (Note 8.1)	(557,470)	133,379
	521,103	765,349
<b>8.1 Working capital changes</b>		
<b>(Increase)/ decrease in current assets</b>		
Stores, spare parts and loose tools	266,308	(275,408)
Stock-in-trade	254,736	452,725
Trade debts	(378,046)	(211,122)
Loans and advances	(244,725)	(142,121)
Security deposits and short term prepayments	(6,520)	(126,978)
Other receivables	60,198	(23,315)
	(48,049)	(326,219)
<b>Increase in current liabilities</b>		
Trade and other payables	(509,421)	459,598
	(557,470)	133,379





## 10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries, associated undertakings, directors of the Group and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	30 September 2011	30 September 2010
	(Rupees in thousand)	
<b>Associated company</b>		
Dividend income	-	6,399
<b>Other related parties</b>		
Group's contribution to employee's benefits	6,238	5,181
Remuneration paid to Chief Executive Officers, Directors and Executives	48,640	40,843

## 11. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the preceding audited annual published financial statements of the Group for the year ended 30 June 2011.

## 12. AUTHORIZATION

This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Company on October 26, 2011.

## 13. CORRESPONDING FIGURES

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

## 14. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

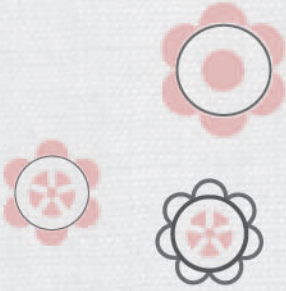


CHIEF EXECUTIVE OFFICER


  
 DIRECTOR





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