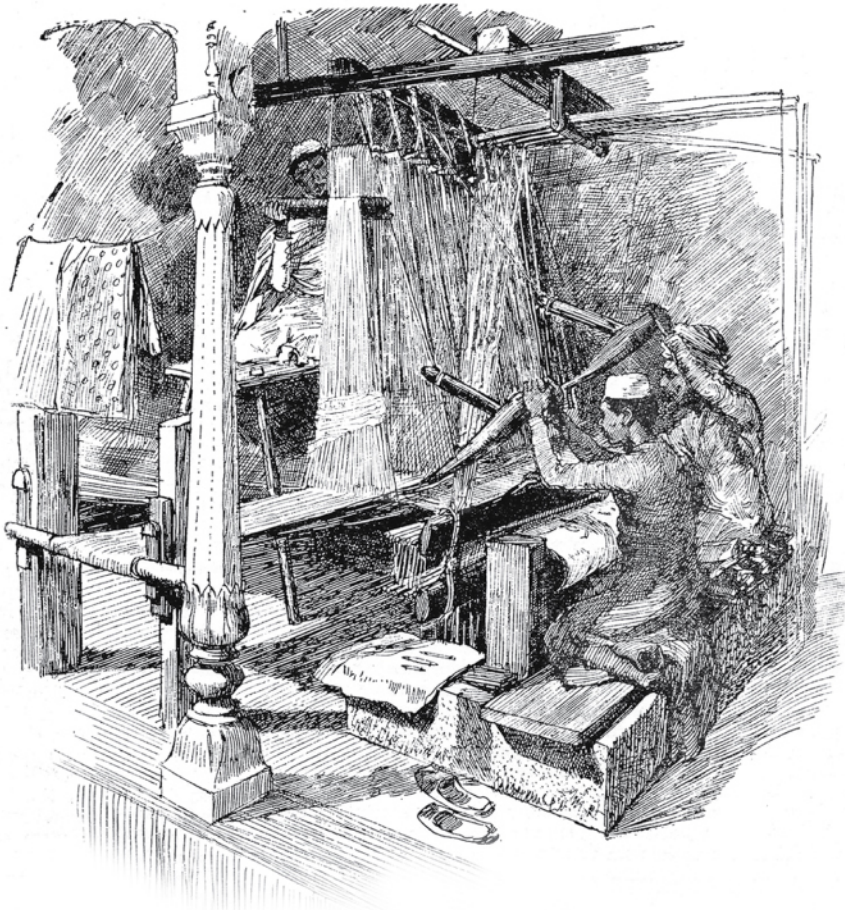


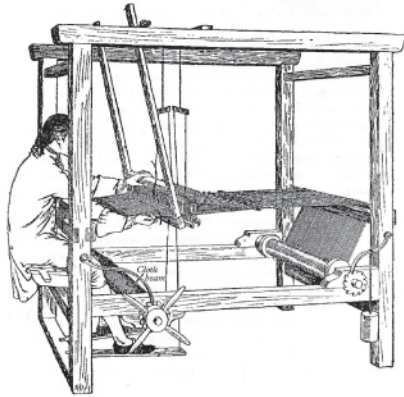
KTM

A CLASSIC VISTA



FIRST QUARTERLY REPORT
SEPTEMBER 30, 2014

Kohinoor Textile Mills Limited
A Kohinoor Maple Leaf Group Company



A CLASSIC VISTA

Kohinoor Textile Mills Limited represents a revolutionary break with precedent ways of merging classic vista with the height of modern achievements.

For Centuries the role of humanistic skill of the traditional heritage has been regarded as central and irreplaceable; but our century has witnessed that the heritage that has come down to us from ancient high civilization still play its conventional role. Journeys from golden ages to the value of modern achievements have nevertheless alarmed the technical skills to gain the total control in capacity building. Human skills along with the advanced technology have relatively increased the error free and speedy performances hence gained the opportunity for unification and developed the business ethics.

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Company Information

BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL	CHAIRMAN
MR. TAUFIQUE SAYEED SAIGOL	CHIEF EXECUTIVE
MR. SAYEED TARIQ SAIGOL	
MR. WALEED TARIQ SAIGOL	
MR. DANIAL TAUFIQUE SAIGOL	
MR. SHAFIQ AHMED KHAN	
MR. ARIF IJAZ	
SYED MOHSIN RAZA NAQVI	

AUDIT COMMITTEE

MR. SHAFIQ AHMED KHAN	CHAIRMAN
MR. ARIF IJAZ	MEMBER
MR. SAYEED TARIQ SAIGOL	MEMBER
MR. WALEED TARIQ SAIGOL	MEMBER

HUMAN RESOURCE & REMUNERATION COMMITTEE

MR. ARIF IJAZ	CHAIRMAN
MR. SAYEED TARIQ SAIGOL	MEMBER
MR. DANIAL TAUFIQUE SAIGOL	MEMBER
SYED MOHSIN RAZA NAQVI	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

LEGAL ADVISER

MR. MUHAMMAD SALMAN MASOOD
ADVOCATE HIGH COURT

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) 36283096-97
FAX: (92-042) 36312550
E-MAIL: shares@vcl.com.pk
WEBSITE: www.vcl.com.pk

BANKERS

AL BARAKA BANK (PAKISTAN) LIMITED
ALLIED BANK LIMITED
ASKARI BANK LIMITED
BANK ALFALAH LIMITED
BANK AL-HABIB LIMITED
FAYSAL BANK LIMITED
MCB BANK LIMITED

MEEZAN BANK LIMITED
NATIONAL BANK OF PAKISTAN
NIB BANK LIMITED
SILK BANK LIMITED
STANDARD CHARTERED BANK (PAKISTAN) LIMITED
THE BANK OF PUNJAB
UNITED BANK LIMITED

GEOGRAPHICAL PRESENCE

MILLS

- PESHAWAR ROAD, RAWALPINDI
TEL: (92-051) 5495328-32 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

NOTE: KTM's Financial Statements are also available at the above website.

Directors' Review

The Directors present un-audited accounts of the Company for the quarter ended September 30, 2014, in compliance with requirements of Section 245 of the Companies Ordinance, 1984.

OPERATING AND FINANCIAL RESULTS

The Company recorded after-tax profit of Rs. 207 million compared to profit after tax of Rs. 189 million during the corresponding period last year.

Sales turnover for the period amounted to Rs. 3,905 million against Rs. 3,619 million, showing increase of 7.90% over the same period last year. The Company earned gross profit of Rs. 597 million (15.30%) relative to gross profit of Rs. 566 million (15.63%) during the corresponding period last year. Operating profit for the period before adjustment for financial charges amounted to Rs. 411 million for the period, against Rs.383 million in the previous year.

The period under review witnessed the expected decline in raw cotton prices, both in domestic and imported markets, resulting in improved performance of the Spinning divisions of the Company as compared to last quarter of the previous financial year. The Company continues to pursue its diversification policy in regard to raw materials, reducing dependence on pure cotton yarns and increased reliance on synthetics. This policy appears to be paying dividends. Due to the imposition of anti-dumping duties on Indian yarns coupled with price increases, the import of Indian yarns has declined, giving a boost to the Pakistani spinning sector. Energy supplies continue to be problematic, with inconsistent and continued load-shedding of electricity and issues of low-pressure affecting the gas sector. Going forward, trend in raw material prices appears to be even more bearish than previously envisaged. Extreme caution is being exercised in the procurement of cotton. The bearish sentiments are resulting in significantly lower yarn prices with further declines a real possibility, which may have an adverse effect on the performance of the Spinning divisions in the months to come.

The results of the Weaving division have improved over the last quarter, mainly due to the weakening of the Pakistani Rupee against the US Dollar. We expect the results to be better going forward due to expected lowering of yarn prices and the coming on stream of new looms which is already in progress.

The Company's Processing and Cut & Sew divisions have performed better in this quarter than in the previous. This improvement can be attributed to a change in the structure of supply of natural gas to a consistent supply of 33% of the allocated amount, providing a welcome respite from the previous outages gas load-shedding. Further, the depreciation of the Rupee against the US Dollar has had a positive effect on the bottom line. Future prospects for Processing and Cut & Sew divisions are bright, as we expect the exchange rate to remain under pressure. This could result in decline in the prices of greige fabric as yarn rates may remain under pressure.

The results of the Power division are similar to those of the previous quarter, and we expect these to remain constant in the coming quarter as the energy mix will remain unchanged.

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 23, 2014

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2014

	Note	Un-audited 30 September 2014	Audited 30 June 2014
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (30 June 2014: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (30 June 2014: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid up share capital			
245,526,216 (30 June 2014: 245,526,216) ordinary shares of Rupees 10 each		2,455,262	2,455,262
Reserves		3,920,228	3,713,659
Total equity		6,375,490	6,168,921
Surplus on revaluation of land and investment properties		3,673,825	3,673,825
NON-CURRENT LIABILITIES			
Long term financing	5	370,611	86,399
Liabilities against assets subject to finance lease		22,639	8,037
Deferred income tax liability		337,705	315,960
		730,955	410,396
CURRENT LIABILITIES			
Trade and other payables		1,278,610	1,132,586
Accrued mark-up		88,874	93,615
Short term borrowings		4,583,427	4,575,316
Current portion of non-current liabilities		50,943	67,049
		6,001,854	5,868,566
Total liabilities		6,732,809	6,278,962
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		16,782,124	16,121,708

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	6,241,718	5,919,751
Investment properties		1,781,133	1,781,133
Long term investment		3,014,669	3,014,669
Long term deposits		51,191	46,637
		11,088,711	10,762,190
CURRENT ASSETS			
Stores, spare parts and loose tools		517,432	424,755
Stock-in-trade		1,903,014	1,888,177
Trade debts		986,546	903,312
Advances		241,062	158,518
Security deposits and prepayments		28,629	17,237
Other receivables		593,903	761,997
Taxation recoverable		122,106	129,346
Short term investments		1,034,997	975,239
Cash and bank balances		265,724	100,937
		5,693,413	5,359,518
TOTAL ASSETS		16,782,124	16,121,708


 DIRECTOR

Unconsolidated Condensed Interim Profit and Loss Account (Un-Audited) For the quarter ended 30 September 2014

	Quarter Ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
SALES	3,904,623	3,618,591
COST OF SALES	(3,307,191)	(3,053,050)
GROSS PROFIT	597,432	565,541
DISTRIBUTION COST	(133,449)	(125,134)
ADMINISTRATIVE EXPENSES	(82,727)	(64,054)
OTHER EXPENSES	(14,314)	(11,883)
	(230,490)	(201,071)
OTHER INCOME	366,942	364,470
	43,668	18,209
PROFIT FROM OPERATIONS	410,610	382,679
FINANCE COST	(143,401)	(136,274)
PROFIT BEFORE TAXATION	267,209	246,405
PROVISION FOR TAXATION	(60,640)	(57,359)
PROFIT AFTER TAXATION	206,569	189,046
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	0.84	0.77

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 2014

	Quarter Ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
PROFIT AFTER TAXATION	206,569	189,046
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	206,569	189,046

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 2014

	Note	Quarter Ended	
		30 September 2014	30 September 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	492,138	497,622
Finance cost paid		(148,142)	(121,326)
Income tax paid		(31,655)	(20,143)
Net (increase) / decrease in long term deposits		(4,554)	5,065
Net cash generated from operating activities		307,787	361,218
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(379,111)	(107,529)
Proceeds from sale of property, plant and equipment		1,720	9,180
Purchase of Investments		(211,433)	-
Proceeds from sale of investment		175,099	-
Interest received		344	6,774
Net cash used in investing activities		(413,381)	(91,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		295,188	43,423
Repayment of long term financing		(31,908)	(149,200)
Repayment of liabilities against assets subject to finance lease		(1,010)	(10,456)
Short term borrowings - net		8,111	(178,404)
Net cash generated from / (used in) financing activities		270,381	(294,637)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		164,787	(24,994)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		100,937	320,852
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		265,724	295,858

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 2014

	Reserves						Total Equity
	Share Capital	Capital Reserve		Revenue Reserves		Total Reserves	
		Share Premium	General Reserve	Accumulated Profit	Sub Total		
Balance as at 30 June 2013 - (Audited)	2,455,262	144,919	1,450,491	948,597	2,399,088	2,544,007	4,999,269
Profit for the quarter ended 30 September 2013	-	-	-	189,046	189,046	189,046	189,046
Other comprehensive income for the quarter ended 30 September 2013	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2013	-	-	-	189,046	189,046	189,046	189,046
Balance as at 30 September 2013 - (Un-Audited)	2,455,262	144,919	1,450,491	1,137,643	2,588,134	2,733,053	5,188,315
Profit for the period ended 30 June 2014	-	-	-	980,606	980,606	980,606	980,606
Other comprehensive income for the period ended 30 June 2014	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2014	-	-	-	980,606	980,606	980,606	980,606
Balance as at 30 June 2014 - (Audited)	2,455,262	144,919	1,450,491	2,118,249	3,568,740	3,713,659	6,168,921
Profit for the quarter ended 30 September 2014	-	-	-	206,569	206,569	206,569	206,569
Other comprehensive income for the quarter ended 30 September 2014	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2014	-	-	-	206,569	206,569	206,569	206,569
Balance as at 30 September 2014 - (Un-Audited)	2,455,262	144,919	1,450,491	2,324,818	3,775,309	3,920,228	6,375,490

(Rupees in thousand)

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 2014

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 stitching the cloth and trade textile products.

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2014 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 2014.

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 2014.

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 2014.

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
5. LONG TERM FINANCING		
Secured		
Opening balance	150,707	594,723
Add : Additions during the period / year	295,188	-
	445,895	594,723
Less: Repayment during the period / year	31,908	444,016
	413,987	150,707
Less: Current portion shown under current liabilities	43,376	64,308
Closing balance	370,611	86,399

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

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 2014.

6.2 Commitments in respect of letters of credit

- a) Letters of credit for capital expenditure amount to Rupees 77.030 million (30 June 2014: Rupees 401.752 million).
- b) Letters of credit other than for capital expenditure amount to Rupees 358.349 million (30 June 2014: Rupees 432.370 million).

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned (Note 7.1)	5,832,461	5,896,546
Leased (Note 7.2)	31,948	11,836
Capital work-in-progress (Note 7.3)	377,309	11,369
	6,241,718	5,919,751
7.1 Operating fixed assets - owned		
Opening book value	5,896,546	5,851,284
Add: Cost of additions/ transfers during the period / year (Note 7.1.1)	13,171	367,106
	5,909,717	6,218,390
Less: Book value of deletions during the period / year (Note 7.1.2)	270	4,730
	5,909,447	6,213,660
Less: Depreciation charged during the period / year	76,986	317,114
Closing book value	5,832,461	5,896,546

	Un-audited 30 September 2014	Audited 30 June 2014
	(Rupees in thousand)	
7.1.1 Cost of additions / transfers		
Buildings	-	9,593
Plant and machinery	5,742	307,031
Service and other equipment	171	293
Computers	654	2,118
Furniture and fixture	68	790
Office equipment	1,305	2,957
Vehicles	5,231	44,324
	13,171	367,106
7.1.2 Book value of deletions / transfers		
Plant and machinery	201	3,944
Furniture	-	5
Office Equipment	69	21
Vehicles	-	760
	270	4,730
7.2 Operating fixed assets - leased		
Opening book value	11,836	68,477
Add: Cost of additions/ transfers during the period / year (Note 7.2.1)	20,438	12,060
Less: Book value of deletions during the period / year (Note 7.2.2)	-	66,519
	32,274	14,018
Less: Depreciation charged during the period / year	326	2,182
Closing book value	31,948	11,836
7.2.1 Cost of additions / transfers		
Plant and machinery	20,438	9,471
Vehicles	-	2,589
	20,438	12,060
7.2.2 Book value of deletions / transfers		
Plant and machinery	-	66,519

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
7.3 CAPITAL WORK-IN-PROGRESS		
Civil works and buildings	5,549	5,154
Plant and machinery	371,760	6,215
	<u>377,309</u>	<u>11,369</u>
	Un-audited 30 September 2014 (Rupees in thousand)	Un-audited 30 September 2013
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	267,209	246,405
Adjustments for non-cash charges and other items:		
Depreciation	77,312	78,665
Amortization	-	819
Finance cost	143,401	133,974
Gain on sale of property, plant and equipment	(1,450)	(6,262)
(Gain) / Loss on remeasurement of fair value of investments at fair value	(19,029)	21
Gain on sale of investments	(4,395)	-
Return on bank deposits	(344)	(4,339)
Working capital changes (Note 8.1)	29,434	48,339
	<u>492,138</u>	<u>497,622</u>
8.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(92,677)	(11,612)
Stock-in-trade	(14,837)	(136,088)
Trade debts	(83,234)	7,389
Advances	(82,544)	37,387
Security deposits and prepayments	(11,392)	(6,908)
Other receivables	168,094	(72,250)
	<u>(116,590)</u>	<u>(182,082)</u>
Increase in current liabilities:		
Trade and other payables	146,024	230,421
	<u>29,434</u>	<u>48,339</u>

9. SEGMENT INFORMATION

9.1

	Spinning		Weaving		Processing and home textile		Elimination of inter-segment transactions		Company	
	Un-Audited		Un-Audited		Un-Audited		Un-Audited		Un-Audited	
	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013
SALES :										
EXTERNAL INTER-SEGMENT	1,463,178	1,342,989	577,789	670,474	1,863,656	1,605,128	-	-	3,904,623	3,618,591
	154,317	337,397	197,880	183,272	-	-	(352,197)	(520,669)	-	-
COST OF SALES	1,617,495	1,680,386	775,669	853,746	1,863,656	1,605,128	(352,197)	(520,669)	3,904,623	3,618,591
	(1,418,829)	(1,439,898)	(691,994)	(764,159)	(1,548,565)	(1,369,662)	352,197	520,669	(3,307,191)	(3,053,050)
GROSS PROFIT	198,666	240,488	83,675	89,587	315,091	235,466	-	-	597,432	565,541
DISTRIBUTION COST	(3,735)	(2,603)	(15,380)	(23,117)	(114,334)	(99,414)	-	-	(133,449)	(125,134)
ADMINISTRATIVE EXPENSES	(27,463)	(17,477)	(26,652)	(22,476)	(28,612)	(24,101)	-	-	(82,727)	(64,054)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	(31,198)	(20,080)	(42,032)	(45,593)	(142,946)	(123,515)	-	-	(216,176)	(189,188)
UNALLOCATED INCOME AND EXPENSES	167,468	220,408	41,643	43,994	172,145	111,951	-	-	381,256	376,353
OTHER EXPENSES										
OTHER INCOME									(14,314)	(11,883)
FINANCE COST									43,668	18,209
TAXATION									(143,401)	(136,274)
PROFIT AFTER TAXATION									(60,640)	(57,359)
									(174,687)	(187,307)
									206,569	189,046

(Rupees in thousands)

(Rupees in thousands)

9.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Weaving		Processing and home textile		Company	
	Un-audited		Un-audited		Un-audited		Un-audited	
	30 September 2014	30 June 2014	30 September 2014	30 June 2014	30 September 2014	30 June 2014	30 September 2014	30 June 2014
TOTAL ASSETS FOR REPORTABLE SEGMENTS	2,984,085	2,925,108	3,284,238	2,781,885	2,990,658	2,971,908	9,258,981	8,678,901
UNALLOCATED ASSETS							7,523,143	7,442,807
TOTAL ASSETS AS PER BALANCE SHEET							16,782,124	16,121,708
TOTAL LIABILITIES FOR REPORTABLE SEGMENTS	673,304	703,393	1,367,872	1,180,739	3,075,318	2,721,802	5,116,494	4,605,934
UNALLOCATED LIABILITIES							1,616,315	1,673,028
							6,732,809	6,278,962

All segment liabilities are allocated to reportable segments other than trade and other payables, corporate borrowings and current and deferred tax liabilities.

10. 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 2014	un-audited 30 September 2013
	(Rupees in thousand)	
Subsidiary company		
Purchase of goods and services	6,404	155
Other related parties		
Company's contribution to provident fund trust	7,118	6,147
Remuneration paid to Chief Executive Officer, Directors and Executives	37,220	31,199

11. 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 2014.

12. AUTHORIZATION

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorised for issue on 23 October 2014.

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



KOHINOOR TEXTILE MILLS LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION**

**FOR THE PERIOD ENDED
30 SEPTEMBER 2014**

Directors' Review

The Directors are pleased to present their report together with un-audited condensed consolidated interim financial information of Kohinoor Textile Mills Limited and its subsidiary, Maple Leaf Cement Factory Limited for the quarter ended 30th September, 2014.

The Group has earned gross profit of Rupees 2,263 million during period under review as compared to Rupees 2,008 million during the corresponding period. The group made pre-tax profit of Rupees 1,144 million during this period as compared to Rupees 908 million during the corresponding period last year.

The subsidiary company has earned after tax profit of Rupees 545 million during current period as compared to Rupees 556 million during corresponding period of previous year.

For and on behalf of the Board



Taufique Sayeed Saigol
Chief Executive

Lahore
23 October 2014

Consolidated Condensed Interim Balance Sheet

As at 30 September 2014

	Note	Un-audited 30 September 2014	Audited 30 June 2014
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (30 June 2014 : 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (30 June 2014 : 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid up share capital			
245,526,216 (30 June 2014: 245,526,216) ordinary shares of Rupees 10 each		2,455,262	2,455,262
Reserves		6,916,012	6,360,441
Equity attributable to equity holders of the Holding Company		9,371,274	8,815,703
Non-controlling interest		4,341,076	4,088,973
Total equity		13,712,350	12,904,676
Surplus on revaluation of land and investment properties		4,044,540	4,044,540
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	1,706,548	1,611,014
Redeemable capital		4,983,000	5,583,000
Liabilities against assets subject to finance lease		754,611	743,127
Long term deposits		6,729	6,879
Retirement benefits		78,627	79,654
Deferred income tax liability		981,078	807,732
		8,510,593	8,831,406
CURRENT LIABILITIES			
Trade and other payables		3,816,679	4,185,715
Accrued mark-up		250,128	268,240
Short term borrowings		7,379,102	7,193,844
Current portion of non-current liabilities		1,107,975	1,100,770
		12,553,884	12,748,569
Total liabilities		21,064,477	21,579,975
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		38,821,367	38,529,191

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 30 September 2014	Audited 30 June 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,533,328	24,387,949
Investment properties		1,781,133	1,781,133
Long term Investments		1,625	1,625
Long term loans to employees		6,476	4,440
Long term deposits		105,204	100,650
		26,427,766	26,275,797
CURRENT ASSETS			
Stores, spare parts and loose tools		4,321,770	4,197,558
Stock -in- trade		2,905,158	3,039,637
Trade debts		1,828,698	1,742,349
Loans and advances		971,135	1,066,027
Security deposits and short term prepayments		160,875	90,917
Accrued interest		385	2,352
Other receivables		648,657	625,193
Taxation recoverable		122,106	199,561
Short term investments		1,042,647	982,019
Cash and bank balances		392,170	307,781
		12,393,601	12,253,394
TOTAL ASSETS		38,821,367	38,529,191


 DIRECTOR

Consolidated Condensed Interim Profit and Loss Account (Un-Audited) For the quarter ended 30 September 2014

	Quarter Ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
SALES	8,351,525	7,810,384
COST OF SALES	(6,088,236)	(5,802,516)
GROSS PROFIT	2,263,289	2,007,868
DISTRIBUTION COST	(433,557)	(356,871)
ADMINISTRATIVE EXPENSES	(172,929)	(130,817)
OTHER EXPENSES	(59,205)	(36,053)
	(665,691)	(523,741)
OTHER INCOME	1,597,598	1,484,127
	55,921	32,436
PROFIT FROM OPERATIONS	1,653,519	1,516,563
FINANCE COST	(509,887)	(608,523)
PROFIT BEFORE TAXATION	1,143,632	908,040
PROVISION FOR TAXATION	(335,958)	(99,510)
PROFIT AFTER TAXATION	807,674	808,530
SHARE OF PROFIT ATTRIBUTABLE TO: EQUITY HOLDERS OF HOLDING COMPANY	555,571	588,613
NON CONTROLLING INTEREST	252,103	219,917
	807,674	808,530
EARNING PER SHARE - BASIC AND DILUTED (RUPEES)	2.26	2.40

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 2014**

	Quarter Ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
PROFIT AFTER TAXATION	807,674	808,530
OTHER COMPREHENSIVE INCOME		
Items that will not be classified to profit or loss	-	-
Items that may be classified subsequently to profit or loss	-	-
Other comprehensive income for the period - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	807,674	808,530
Share of total comprehensive income attributable to :		
Equity holders of Holding Company	555,571	588,613
Non-controlling interest	252,103	219,917
	807,674	808,530

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 2014

	Note	Quarter Ended	
		30 September 2014	30 September 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	1,610,797	1,778,771
Finance cost paid		(493,621)	(650,337)
Compensated absences paid		(4,139)	(4,976)
Income tax paid		(85,157)	(79,752)
Net decrease in long term deposits		(6,741)	4,375
Net cash generated from operating activities		1,021,139	1,048,081
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(549,113)	(280,114)
Interest received		2,311	6,774
Proceeds from sale of property, plant and equipment		1,720	10,895
Purchase of investment		(211,433)	-
Proceeds from sale of investments		175,099	-
Net cash used in investing activities		(581,416)	(262,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from long term financing		295,188	43,423
Short term borrowings (net)		185,258	(87,400)
Repayment of long term financing		(207,570)	(424,392)
Repayment of redeemable capital		(600,000)	(232,869)
Repayment of liabilities against assets subject to finance lease		(28,209)	(52,131)
Redemption of preference shares		-	(89,380)
Dividend paid		(1)	(1)
Net cash used in financing activities		(355,334)	(842,750)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		84,389	(57,114)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		307,781	844,392
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		392,170	787,278

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 2014

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY							NON CONTROLLING INTEREST	TOTAL EQUITY	
	SHARE CAPITAL		RESERVE			Total Reserves				TOTAL
			CAPITAL RESERVE	REVENUE RESERVES						
	Share premium	General Reserve	Accumulated profit	Sub Total						
Balance as at 30 June 2013 - (Audited)	2,455,262	144,919	1,450,491	2,068,022	3,518,513	3,663,432	6,118,694	2,403,674	8,522,368	
Profit for the quarter ended 30 September 2013	-	-	-	588,613	588,613	588,613	588,613	219,917	808,530	
Other comprehensive income for the quarter ended 30 September 2013	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the quarter ended 30 September 2013	-	-	-	588,613	588,613	588,613	588,613	219,917	808,530	
Balance as at 30 September 2013 - (Un-Audited)	2,455,262	144,919	1,450,491	2,656,635	4,107,126	4,252,045	6,707,307	2,623,591	9,330,898	
Disposal of interest to non-controlling interest holders	-	-	-	374,313	374,313	374,313	374,313	596,558	970,871	
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(20)	(20)	
Profit for the period ended 30 June 2014	-	-	-	1,740,952	(6,869)	1,740,952	1,740,952	873,806	2,614,758	
Other comprehensive income for the period ended 30 June 2014	-	-	-	(6,869)	(6,869)	(6,869)	(6,869)	(4,962)	(11,831)	
Total comprehensive income for the period ended 30 June 2014	-	-	-	1,734,083	1,734,083	1,734,083	1,734,083	868,844	2,602,927	
Balance as at 30 June 2014 - (Audited)	2,455,262	144,919	1,450,491	4,765,031	6,215,522	6,360,441	8,815,703	4,088,973	12,904,676	
Profit for the quarter ended 30 September 2014	-	-	-	555,571	555,571	555,571	555,571	252,103	807,674	
Other comprehensive income for the quarter ended 30 September 2014	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the quarter ended 30 September 2014	-	-	-	555,571	555,571	555,571	555,571	252,103	807,674	
Balance as at 30 September 2014 - (Un-Audited)	2,455,262	144,919	1,450,491	5,320,602	6,771,093	6,916,012	9,371,274	4,341,076	13,712,350	

(Rupees in thousand)

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 2014

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 all Stock Exchanges of Pakistan. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The Holding Company holds 58.06% (2014: 58.06%) 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 consolidated condensed interim financial information is unaudited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim 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 condensed interim financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2014.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim 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 2014.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2014.

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
5. LONG TERM FINANCING		
Secured		
Opening balance	2,003,710	4,304,710
Add : Addition during the period / year	295,188	97,129
Less : Repayments during the period / year	207,570	2,398,129
	<u>2,091,328</u>	<u>2,003,710</u>
Less: Current portion shown under current liabilities	384,780	392,696
	<u>1,706,548</u>	<u>1,611,014</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies, as disclosed in preceding audited annual published financial statements of the Group for the year ended 30 June 2014 except for guarantees issued by banks in respect of financial and operational obligations of the Group amounting to Rupees 641.528 million (30 June 2014: Rupees 641.531 million).

6.2 Commitments in respect of:

- a) Contracts for capital expenditure are Rupees 102.008 million (30 June 2014: Rupees 404.311 million).
- b) Letters of credit other than for capital expenditure amount to Rupees 584.897 million (30 June 2014: Rupees 641.131 million).

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets :		
Owned (Note 7.1)	23,544,084	23,611,710
Leased (Note 7.2)	535,515	720,424
Capital work-in-progress (Note 7.3)	453,729	55,815
	<u>24,533,328</u>	<u>24,387,949</u>
7.1 Operating fixed assets - owned		
Opening book value	23,611,710	24,063,230
Add: Cost of additions during the period / year (Note 7.1.1)	151,197	1,112,374
Add : Transferred from leased assets (Note 7.2)	198,935	66,519
	<u>23,961,842</u>	<u>25,242,123</u>
Less: Book value of deletions during the period / year (7.1.2)	270	7,261
	<u>23,961,572</u>	<u>25,234,862</u>
Less: Depreciation charged during the period / year	417,488	1,623,152
	<u>23,544,084</u>	<u>23,611,710</u>

	Un-audited 30 September 2014	Audited 30 June 2014
	(Rupees in thousand)	
7.1.1 Cost of additions		
Land	-	3,100
Buildings	24,054	80,432
Plant and machinery	100,252	903,851
Service and other equipment	171	293
Computer and IT installations	653	2,118
Furniture and fixture	9,038	60,402
Office equipment	1,305	2,957
Vehicles	15,724	57,342
Quarry equipment	-	1,879
	151,197	1,112,374
7.1.2 Book value of deletions		
Buildings		241
Plant and machinery	201	3,944
Furniture and fixture	-	5
Office equipment	69	21
Vehicles	-	2,581
Quarry equipment	-	469
	270	7,261
7.2 Operating fixed assets - Leased		
Opening book value	720,424	812,950
Add: Cost of additions during the period / year (Note 7.2.1)	20,438	12,060
	740,862	825,010
Less : Transferred to owned assets (Note 7.1)	198,935	66,519
	541,927	758,491
Less : Depreciation charged during the period / year	6,412	38,067
Closing book value	535,515	720,424
7.2.1 Cost of additions		
Plant and machinery	20,438	9,471
Vehicles	-	2,589
	20,438	12,060

	Un-audited 30 September 2014	Audited 30 June 2014
	(Rupees in thousand)	
7.3 Capital work-in-progress		
Civil works and buildings	5,549	5,154
Plant and machinery	428,531	40,071
Un-allocated capital expenditure	1,001	1,001
Advances to suppliers against:		
- purchase of land	2,000	2,000
- plant and machinery	3,199	2,310
- vehicles	13,449	5,279
	453,729	55,815
	453,729	55,815
	Un-audited 30 September 2014	Un-audited 30 September 2013
	(Rupees in thousand)	
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,143,632	908,040
Adjustment for non-cash charges and other items:		
Depreciation	423,901	409,686
Amortization	-	819
Finance cost	509,887	606,223
Employees' compensated absences	3,112	3,404
Gain on sale of property, plant and equipment	(1,450)	(7,612)
(Gain) / loss on remeasurement of investment	(19,899)	1,671
Gain on sale of investment	(4,395)	-
Return on bank deposits	(344)	(4,357)
Working capital changes (Note 8.1)	(443,647)	(139,103)
	1,610,797	1,778,771
	1,610,797	1,778,771
8.1 Working capital changes		
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	(124,212)	158,726
Stock-in-trade	134,480	(127,853)
Trade debts	(86,349)	107,145
Loans and advances	94,894	(123,306)
Security deposits and short term prepayments	(69,958)	(52,877)
Other receivables	228,098	39,609
	176,953	1,444
Decrease in current liabilities		
Trade and other payables	(620,600)	(140,547)
	(443,647)	(139,103)
	(443,647)	(139,103)

9.1 SEGMENT INFORMATION

	Spinning		Weaving		Processing and home textile		Cement		Elimination of inter-segment transactions		Total	
	Un-audited Quarter ended	Audited Quarter ended	Un-audited Quarter ended	Audited Quarter ended	Un-audited Quarter ended	Audited Quarter ended	Un-audited Quarter ended	Audited Quarter ended	Un-audited Quarter ended	Audited Quarter ended	Un-audited Quarter ended	Audited Quarter ended
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013
SALES :												
EXTERNAL	1,463,178	1,342,989	577,789	670,474	1,863,656	1,605,128	4,446,902	4,191,793	-	-	8,351,525	7,810,384
INTER-SEGMENT	154,317	337,397	197,880	183,272	-	-	6,404	155	(358,601)	(520,824)	-	-
	1,617,495	1,680,386	775,669	853,746	1,863,656	1,605,128	4,453,306	4,191,948	(358,601)	(520,824)	8,351,525	7,810,384
COST OF SALES	(1,418,829)	(1,439,898)	(691,994)	(764,159)	(1,548,565)	(1,369,662)	(2,787,449)	(2,749,621)	338,601	520,824	(6,088,236)	(5,802,516)
GROSS PROFIT	198,666	240,488	83,675	89,587	315,091	235,466	1,665,857	1,442,327	-	-	2,263,289	2,007,868
DISTRIBUTION COST	(3,735)	(2,603)	(15,380)	(23,117)	(114,334)	(99,414)	(300,108)	(231,737)	-	-	(433,557)	(356,871)
ADMINISTRATIVE EXPENSES	(27,463)	(17,477)	(26,652)	(22,476)	(28,612)	(24,101)	(90,202)	(66,763)	-	-	(172,929)	(130,817)
PROFIT BEFORE TAX AND	(31,198)	(20,080)	(42,032)	(45,593)	(142,946)	(123,515)	(390,310)	(298,500)	-	-	(606,486)	(487,688)
UNALLOCATED INCOME AND EXPENSES	167,468	220,408	41,643	43,994	172,145	111,951	1,275,547	1,143,827	-	-	1,656,803	1,520,180
UNALLOCATED INCOME AND EXPENSES												
FINANCE COST											(509,887)	(608,523)
OTHER EXPENSES											(59,205)	(36,053)
OTHER INCOME											55,921	32,436
TAXATION											(849,129)	(99,510)
PROFIT AFTER TAXATION											807,674	808,530

9.2 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing and home textile		Cement		Total	
	Un-audited 30 September 2014	Audited 30 June 2014	Un-audited 30 September 2014	Audited 30 June 2014	Un-audited 30 September 2014	Audited 30 June 2014	Un-audited 30 September 2014	Audited 30 June 2014	Un-audited 30 September 2014	Audited 30 June 2014
TOTAL ASSETS FOR REPORTABLE SEGMENT	2,984,085	2,925,108	3,284,238	2,781,885	2,990,658	2,971,908	25,127,110	25,673,871	34,386,091	34,352,772
UNALLOCATED ASSETS									4,435,276	4,176,419
TOTAL ASSETS AS PER BALANCE SHEET									38,821,367	38,529,191
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	673,304	703,393	1,367,872	1,180,739	3,075,318	2,721,802	13,762,340	15,061,810	18,878,834	19,667,744
UNALLOCATED LIABILITIES									2,185,643	1,912,231
TOTAL LIABILITIES AS PER BALANCE SHEET									21,064,477	21,579,975

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:

	Un-audited 30 September 2014	Un-audited 30 September 2013
	(Rupees in thousand)	
Other related parties		
Group's contribution to provident fund trust	7,118	6,147
Remuneration paid to Chief Executive Officer, Directors and Executives	85,773	60,271

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 2014.

12. AUTHORIZATION

This condensed interim consolidated condensed financial information has been authorized for issue by the Board of Directors of the Company on 23 October 2014.

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



Kohinoor Textile Mills Limited

42 Lawrence Road, Lahore, Pakistan