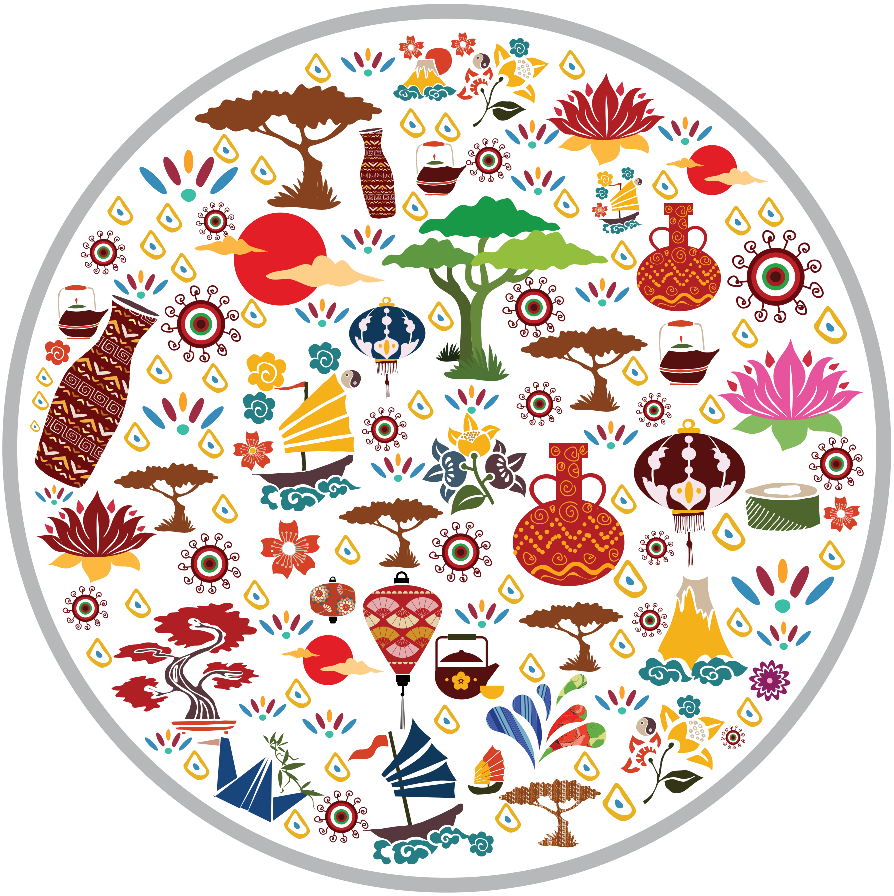
Kohinoor Textile Mills Limited

Half yearly Report
December 31, 2018



DELIVERING QUALITY THROUGH EXCELLENCE

DELIVERING QUALITY THROUGH EXCELLENCE

Entering in the era of third generation with expertise acquired over a period of more than half-century, our people have achieved excellence in production processes, product development and delivering unmatchable quality products to our valued customers. Our commitment is to continue strengthening the value proposition by striving for operational excellence and efficiency across the organization. Innovative production technologies lead us to deliver the high-quality products while remaining cost effective.

CONTENTS

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. Shafiq Ahmed Khan	Chairman
Mr. Arif Ijaz	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Ashraf

Chief Internal Auditor

Mr. Zeeshan Malik Bhutta

Auditors

M/s. Riaz Ahmad & Company
Chartered Accountants

Legal Adviser

Mr. Muhammad Salman Masood
Advocate High Court

Registered Office

42-Lawrence Road, Lahore.
Tel: (00-92-42) 36302261-62
Fax: (00-92-42) 36368721

Share Registrar

Vision Consulting Limited
1st Floor, 3-C, LDA Flats,
Lawrence Road, Lahore
Tel: (00-92-42) 36283096-97
Fax: (00-92-42) 36312550
E-Mail: shares@vcl.com.pk

Bankers of the Company

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
The Bank of Punjab
United Bank Limited

Mills

- Peshawar Road, Rawalpindi
  Tel: (00-92-51) 5495328-32
  Fax: (00-92-51) 5495304
- 8 K.M., Manga Raiwind Road, District Kasur
  Tel: (00-92-42) 32560683-85
  Fax: (00-92-42) 32560686-87
- Gulyana Road, Gujar Khan, District Rawalpindi
  Tel: (00-92-51) 3564472-74

Website

www.kmlg.com

Note: KTML's Financial Statements are also available at the above website.

Directors' Review

The Directors present un-audited accounts of the Company for the half year ended 31 December 2018, duly reviewed by the Auditors, in compliance with requirements of Section 237 of the Companies Act, 2017.

REVIEW OF OPERATIONS

In the period under review, the results of all divisions of the Company have shown improvement; in particular, the second quarter was substantially better than the first.

The results of the Spinning division were improved largely due to the investments made in modernization which drove substantial productivity and quality improvements. The Company has covered its raw material requirements for the balance of the year. We expect results of the Spinning division to be consistent in the coming quarter.

The Weaving and Cut & Sew divisions have shown favourable results, mainly due to timely actions taken by the new government in adjusting energy prices and making exchange rates more realistic. We are hopeful of improved sales and profitability in the coming quarter. The Company continues to invest in higher value added products going forward.

Work on the second phase of Company's solar power generation project has begun and should be completed before the end of the current financial year.

FINANCIAL REVIEW

During the period under review, Company's sales increased by 18.12% to Rs. 10,380 million (2017: Rs. 8,788 million), while cost of sales increased by 13.23% to Rs. 8,608 million (2017: Rs. 7,602 million). This resulted in gross profit of Rs. 1,772 million (2017: Rs. 1,186 million).

Operating profit for the period under review stood at Rs. 1,578 million (2017: Rs. 1,214 million). The Company recorded after tax profit of Rs. 1,095 million (2017: Rs. 760 million). Earnings per share for the half year ended 31 December 2018 stood at Rs. 3.66 against Rs. 2.61 for the corresponding period last year.

DIVIDEND

The Board of Directors has recommended payment of interim cash dividend at Re. 1/- per share of Rs. 10/- each (10%) for the half year ended December 31, 2018.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at the various divisions.

For and on behalf of the Board

Lahore	Syed Mohsin Raza Naqvi	Taufique Sayeed Saigol
20 February 2019	Director	Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohinoor Textile Mills Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of KOHINOOR TEXTILE MILLS LIMITED as at 31 December 2018 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed 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 unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2018.

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 unconsolidated condensed 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 unconsolidated condensed 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.

The engagement partner on the review resulting in this independent auditor's review report is Raheel Arshad.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: 20 February 2019

ISLAMABAD

Unconsolidated Condensed Interim Statement of Financial Position

As at 31 December 2018

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (30 June 2018: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (30 June 2018: 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			
299,296,456 (30 June 2018: 299,296,456) ordinary shares of Rupees 10 each		2,992,964	2,992,964
Reserves			
Capital reserves			
Share premium		986,077	986,077
Surplus on revaluation of freehold land and investment properties		3,843,044	3,843,044
		4,829,121	4,829,121
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		7,344,042	6,548,050
		8,794,533	7,998,541
Total equity		16,616,618	15,820,626
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	1,388,354	1,335,099
Deferred income tax liability		500,047	515,577
		1,888,401	1,850,676
CURRENT LIABILITIES			
Trade and other payables		2,375,777	1,797,734
Accrued mark-up		80,374	63,351
Short term borrowings		4,706,951	4,635,384
Current portion of non-current liabilities	4	405,895	388,301
Unclaimed dividend		22,009	20,757
Taxation - net		510,068	295,127
		8,101,074	7,200,654
Total liabilities		9,989,475	9,051,330
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		26,606,093	24,871,956

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,705,656	8,578,713
Investment properties		1,792,755	1,792,755
Long term investments		7,734,799	7,734,799
Long term deposits		51,089	49,624
		18,284,299	18,155,891
CURRENT ASSETS			
Stores, spare parts and loose tools		711,871	530,567
Stock-in-trade		4,741,607	2,574,838
Trade debts		1,588,434	1,699,015
Advances		262,459	718,354
Security deposits and short term prepayments		32,066	9,564
Accrued interest		1,489	725
Other receivables		777,318	1,013,055
Short term investments		-	8,042
Cash and bank balances		206,550	161,905
		8,321,794	6,716,065
TOTAL ASSETS		26,606,093	24,871,956

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-Audited)
For the half year ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31December 2017
	.... (Rupees in thousand)			
REVENUE	10,380,045	8,787,874	5,470,120	4,470,481
COST OF SALES	(8,607,991)	(7,602,316)	(4,499,563)	(3,856,769)
GROSS PROFIT	1,772,054	1,185,558	970,557	613,712
DISTRIBUTION COST	(256,664)	(246,656)	(132,758)	(133,659)
ADMINISTRATIVE EXPENSES	(274,221)	(246,598)	(141,037)	(127,942)
OTHER EXPENSES	(98,701)	(68,961)	(66,484)	(52,608)
	(629,586)	(562,215)	(340,279)	(314,209)
	1,142,468	623,343	630,278	299,503
OTHER INCOME	435,664	590,879	400,577	578,591
PROFIT FROM OPERATIONS	1,578,132	1,214,222	1,030,855	878,094
FINANCE COST	(202,452)	(157,969)	(114,587)	(91,816)
PROFIT BEFORE TAXATION	1,375,680	1,056,253	916,268	786,278
TAXATION				
- Current	(295,922)	(229,509)	(183,655)	(159,657)
- Deferred	15,530	(66,668)	16,943	(53,636)
	(280,392)	(296,177)	(166,712)	(213,293)
PROFIT AFTER TAXATION	1,095,288	760,076	749,556	572,985
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	3.66	2.61	2.50	1.93

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	.... (Rupees in thousand)			
PROFIT AFTER TAXATION	1,095,288	760,076	749,556	572,985
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	1,095,288	760,076	749,556	572,985

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Cash Flow (Un-Audited)
For the half year ended 31 December 2018

	Note	31 December 2018	31 December 2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	520,258	80,339
Finance cost paid		(185,429)	(130,401)
Income tax paid		(80,981)	(69,290)
Net increase in long term deposits		(1,465)	7,056
Net cash generated from / (used in) operating activities		252,383	(112,296)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(387,450)	(194,848)
Proceeds from sale of property, plant and equipment		2,353	3,843
Intangible asset under development		-	(12,468)
Long term investment made		-	(2,367,710)
Short term investments made		(1,051,677)	(673,195)
Proceeds from disposal of investments		1,051,322	668,769
Interest received		5,467	5,940
Dividends received		327,875	278
Net cash used in investing activities		(52,110)	(2,569,391)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of right shares		-	1,016,478
Proceeds from long term financing		255,594	203,246
Repayment of long term financing		(184,745)	(120,642)
Repayment of liabilities against assets subject to finance lease		-	(18,698)
Short term borrowings - net		71,567	2,124,471
Dividend paid		(298,044)	(421,832)
Net cash (used in) / generated from financing activities		(155,628)	2,783,023
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,645	101,336
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD		161,905	154,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		206,550	256,271

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year ended 31 December 2018

	SHARE CAPITAL	RESERVES								TOTAL EQUITY
		CAPITAL RESERVES			REVENUE RESERVES			Total reserves		
		Share premium	Surplus on revaluation of freehold land and investment properties	Sub-total	General reserve	Unappropriated profit	Sub-total			
	(Rupees in thousand)									
Balance as at 30 June 2017 - Audited	2,823,551	144,919	3,822,453	3,967,372	1,450,491	5,681,382	7,131,873	11,099,245		13,922,796
Profit for the half year ended 31 December 2017	-	-	-	-	-	760,076	760,076	760,076		760,076
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	-	-	-		-
Total comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	760,076	760,076	760,076		760,076
Transactions with owners:										
- final dividend for the year ended 30 June 2017 @ Rupees 1.50 per share	-	-	-	-	-	(423,533)	(423,533)	(423,533)		(423,533)
- issuance of right shares	169,413	841,158	-	841,158	-	-	-	841,158		1,010,571
	169,413	841,158	-	841,158	-	(423,533)	(423,533)	417,625		587,038
Balance as at 31 December 2017 - Unaudited	2,992,964	986,077	3,822,453	4,808,530	1,450,491	6,017,925	7,468,416	12,276,946		15,269,910
Transaction with owners:										
- interim dividend for the year ended 30 June 2018 @ Rupees 1.25 per share	-	-	-	-	-	(374,121)	(374,121)	(374,121)		(374,121)
	-	-	-	-	-	(374,121)	(374,121)	(374,121)		(374,121)
Profit for the half year ended 30 June 2018	-	-	-	-	-	904,246	904,246	904,246		904,246
Other comprehensive income for the half year ended 30 June 2018	-	-	20,591	20,591	-	-	-	20,591		20,591
Total comprehensive income for the half year ended 30 June 2018	-	-	20,591	20,591	-	904,246	904,246	924,837		924,837
Balance as at 30 June 2018 - (Audited)	2,992,964	986,077	3,843,044	4,829,121	1,450,491	6,548,050	7,998,541	12,827,662		15,820,626
Transaction with owners:										
- Final dividend for the year ended 30 June 2018 @ Rupees 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)		(299,296)
	-	-	-	-	-	(299,296)	(299,296)	(299,296)		(299,296)
Profit for the half year ended 31 December 2018	-	-	-	-	-	1,095,288	1,095,288	1,095,288		1,095,288
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	-		-
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	1,095,288	1,095,288	1,095,288		1,095,288
Balance as at 31 December 2018 - (Un-audited)	2,992,964	986,077	3,843,044	4,829,121	1,450,491	7,344,042	8,794,533	13,623,654		16,616,618

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended 31 December 2018

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. 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 of textile products.

2. BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the 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 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these unconsolidated condensed interim financial statements 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 2018 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements, 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 2018.

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018.

3.2.1 IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or

- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Impact of adoption of IFRS 15 on these unconsolidated condensed interim financial statements:

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

3.2.2 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

3.2.3 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by generally without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these unconsolidated condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018). The main effect resulting from this reclassification is as follows:

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification of financial instruments of the Company were as follows:

	Measurement category	
	Original (IAS 39)	New (IFRS 9)
Non-current financial assets		
Long term deposits	Loans and receivables	Amortized Cost
Current financial assets		
Trade debts	Loans and receivables	Amortized Cost
Advances	Loans and receivables	Amortized Cost
Security deposits	Loans and receivables	Amortized Cost
Accrued interest	Loans and receivables	Amortized Cost
Other receivables	Loans and receivables	Amortized Cost
Cash and bank balances	Loans and receivables	Amortized Cost
Non-current financial liabilities		
Long term financing	Amortized Cost	Amortized Cost
Current financial liabilities		
Trade and other payables	Amortized Cost	Amortized Cost
Accrued mark-up	Amortized Cost	Amortized Cost
Short term borrowings	Amortized Cost	Amortized Cost
Current portion of long term financing	Amortized Cost	Amortized Cost
Unclaimed dividend	Amortized Cost	Amortized Cost

However, due to adoption of IFRS 9 there is no change in the carrying values of the financial assets and liabilities.

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
4. LONG TERM FINANCING		
Secured		
Opening balance	1,723,400	1,553,740
Add : Obtained during the period / year	255,594	441,988
	1,978,994	1,995,728
Less: Repaid during the period / year	184,745	272,328
	1,794,249	1,723,400
Less: Current portion shown under current liabilities	405,895	388,301
Closing balance	1,388,354	1,335,099

5. CONTINGENCIES AND COMMITMENTS

5.1 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 2018.

5.2 Commitments in respect of letters of credit

a) Letters of credit for capital expenditure amounting to Rupees 11.969 million (30 June 2018: Rupees 111.231 million).
b) Letters of credit other than for capital expenditure amounting to Rupees 211.427 million (30 June 2018: Rupees 156.753 million).
c) Contracts for capital expenditure amounting to Rupees Nil (30 June 2018: Rupees 6.661 million).

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets :		
Owned (Note 6.1)	8,534,153	8,367,262
Capital work-in-progress (Note 6.2)	171,503	211,451
	8,705,656	8,578,713
6.1 Operating fixed assets - owned		
Opening book value	8,367,262	8,050,453
Add : Cost of additions during the period / year (Note 6.1.1)	427,398	753,051
Add : Revaluation of freehold land during the period / year	-	20,591
Add : Transfer from leased assets	-	56,730
	8,794,660	8,880,825
Less : Book value of deletions during the period / year (Note 6.1.2)	1,014	14,913
	8,793,646	8,865,912
Less : Depreciation charged during the period / year	259,493	498,650
Closing book value	8,534,153	8,367,262

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
6.1.1 Cost of additions		
Buildings	78,398	43,932
Plant and machinery	321,829	683,778
Services and other equipment	-	509
Computers	4,391	3,849
Furniture and fixture	20	1,409
Office equipment	2,511	2,867
Vehicles	20,249	16,707
	427,398	753,051
6.1.2 Book value of deletions		
Plant and machinery	-	8,428
Computer and IT installations	82	317
Vehicles	932	6,087
Office equipment	-	81
	1,014	14,913
6.2 Capital work-in-progress		
Civil works and buildings	39,876	14,309
Plant and machinery	109,381	98,519
Advances for capital expenditure	22,246	29,067
Letters of credit	-	69,556
	171,503	211,451

	Un-audited 31 December 2018	Un-audited 31 December 2017
	(Rupees in thousand)	
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,375,680	1,056,253
Adjustments for non-cash charges and other items:		
Depreciation	259,493	246,634
Finance cost	202,452	157,969
Gain on sale of property, plant and equipment	(1,339)	(1,138)
Loss on remeasurement of investments at fair value through profit or loss	-	804
Loss / (gain) on sale of investments at fair value through profit or loss	8,397	(17,394)
Dividend income	(327,875)	(510,246)
Return on bank deposits	(6,231)	(5,940)
Working capital changes (Note 7.1)	(990,319)	(846,603)
	520,258	80,339
7.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(181,304)	(119,952)
Stock-in-trade	(2,166,769)	(906,834)
Trade debts	110,581	(211,295)
Advances	455,895	(136,287)
Security deposits and short term prepayments	(22,502)	1,232
Other receivables	235,737	149,666
	(1,568,362)	(1,223,470)
Increase in trade and other payables	578,043	376,867
	(990,319)	(846,603)

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated undertakings, directors of the Company 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 unconsolidated condensed interim financial statements are as follows:

	Un-audited Half year ended		Un-audited Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	.... (Rupees in thousand)			
i) Transactions				
Subsidiary companies				
Maple Leaf Cement Factory Limited				
Purchase of goods and services	39,663	9,480	36,997	3,564
Purchase of fixed assets	-	1,785	-	-
Mark up paid	2,156	1,763	-	-
Mark up received	5,215	-	-	-
Dividend received	327,837	-	-	-
Investment made	-	2,367,710	-	-
Maple Leaf Capital Limited				
Loan obtained	-	1,250,000	-	-
Loan repaid	371,530	740,000	-	-
Mark-up on loan	11,878	17,978	4,143	-
Other related parties				
Company's contribution to provident fund trust	25,268	23,988	13,216	12,642
Remuneration of Chief Executive Officer, Directors and Executives	95,939	75,443	52,923	45,566

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
ii) Period / year end balances		
Maple Leaf Cement Factory Limited		
Other receivables	-	259,192
Trade and other payables	170	-
Maple Leaf Capital Limited		
Short term borrowing	60,000	431,530
Other receivables	695	695

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	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousands)									
REVENUE:										
EXTERNAL	5,311,887	4,384,570	1,959,470	1,748,077	3,108,688	2,655,227	-	-	10,380,045	8,787,874
INTER-SEGMENT	251,221	244,273	710,982	649,214	-	-	(962,203)	(893,487)	-	-
	5,563,108	4,628,843	2,670,452	2,397,291	3,108,688	2,655,227	(962,203)	(893,487)	10,380,045	8,787,874
COST OF SALES	(4,611,016)	(4,010,290)	(2,454,253)	(2,254,317)	(2,504,925)	(2,231,196)	962,203	893,487	(8,607,991)	(7,602,316)
GROSS PROFIT	952,092	618,553	216,199	142,974	603,763	424,031	-	-	1,772,054	1,185,558
SELLING AND DISTRIBUTION EXPENSES	(21,029)	(17,012)	(36,523)	(38,183)	(199,112)	(191,461)	-	-	(256,664)	(246,656)
ADMINISTRATIVE EXPENSES	(106,761)	(88,784)	(70,841)	(73,282)	(96,619)	(84,532)	-	-	(274,221)	(246,598)
	(127,790)	(105,796)	(107,364)	(111,465)	(295,731)	(275,993)	-	-	(530,885)	(493,254)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	824,302	512,757	108,835	31,509	308,032	148,038	-	-	1,241,169	692,304
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(98,701)	(68,961)
OTHER INCOME									435,664	590,879
FINANCE COST									(202,452)	(157,969)
TAXATION									(280,392)	(296,177)
									(145,881)	67,772
PROFIT AFTER TAXATION									1,095,288	760,076

9.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Weaving		Processing and home textile		Company	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Rupees in thousands							
TOTAL ASSETS FOR REPORTABLE SEGMENTS	7,282,595	5,910,038	2,708,056	3,404,394	2,728,124	3,112,506	12,718,775	12,426,938
UNALLOCATED ASSETS							13,887,318	12,445,018
TOTAL ASSETS AS PER UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION							26,606,093	24,871,956

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

TOTAL LIABILITIES FOR REPORTABLE SEGMENT	1,793,725	1,194,478	1,000,480	1,387,908	4,341,994	4,177,132	7,136,199	6,759,518
UNALLOCATED LIABILITIES							2,853,276	2,291,812
TOTAL LIABILITIES AS PER UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION							9,989,475	9,051,330

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

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

10.1 Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1:
The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2:
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3:
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

11. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at 31 December 2018	Level 1	Level 2	Level 3	Total
	(........................ Rupees in thousand			........................)
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,739,557	-	2,739,557
Total non-financial assets	-	4,532,312	-	4,532,312

At 30 June 2018	Level 1	Level 2	Level 3	Total
	(........................ Rupees in thousand			........................)
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,739,557	-	2,739,557
Total non-financial assets	-	4,532,312	-	4,532,312

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually and for its freehold land (classified as property, plant and equipment) at least every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's investment properties at the end of every financial year and for freehold land at least every three years. As at 30 December 2018, the fair values of the investment properties and freehold land have been determined by Anderson Consulting (Private) Limited.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statement of the Company for the year ended 30 June 2018.

13. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 20 February 2019.

14. POST STATEMENT OF FINANCIAL POSITION EVENT

Board of Directors of Kohinoor Textile Mills Limited in their meeting held on 20 February 2019 proposed interim dividend of Re. 1 per share (10%) of Rs. 10 each.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

No significant reclassification / rearrangement of corresponding figures has been made.

16. GENERAL

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

KOHINOOR TEXTILE MILLS LIMITED

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE PERIOD ENDED
31 DECEMBER 2018

Directors' Review on Consolidated Condensed Interim Financial Statements

The Directors are pleased to present the unaudited consolidated condensed interim financial statements of Kohinoor Textile Mills Limited (the Holding Company) and its Subsidiary Companies for the half year ended 31 December 2018.

The subsidiary companies of Kohinoor Textile Mills Limited are:

- Maple Leaf Cement Factory Limited (55.22%),
- Maple Leaf Power Limited (55.22%),
- Maple Leaf Capital Limited (82.92%) and
- Kohinoor Capital Limited (82.92%).

GROUP RESULTS

Consolidated financial highlights of the Group are as follows:

	Half year ended	
	Un-audited 31 December 2018	Un-audited 31 December 2017
	(Rupees in million)	
Net sales revenue	22,589	21,057
Gross profit	5,299	5,727
Profit from operations	3,926	4,368
Financial charges	932	470
Net profit after taxation	2,261	2,851
	(Rupees)	
Earnings per share - Basic and diluted	5.36	6.03

SUBSIDIARY COMPANIES

Maple Leaf Cement Factory Limited (MLCFL)

Net sales revenue of MLCFL remained Rupees 12,249 million (31 December 2017: Rupees 12,232 million).

It has earned after tax profit of Rupees 800 million (31 December 2017: Rupees 1,973 million).

Installation of additional cement line having manufacturing capacity of 7,300 tons per day is in full swing. Approximately 95% of civil works, 81% mechanical erection work and 73% of electric work has been completed as of reporting date. Commercial production from new line is expected to commence in the beginning of 4th quarter of current financial year.

Maple Leaf Power Limited (MLPL)

MLPL has earned after tax profit of Rupees 534 million (31 December 2017: Rupees 288 million).

Maple Leaf Capital Limited (MLCL)

MLCL has earned after tax profit of Rupees 43 million (31 December 2017: Rupees 242 million).

Kohinoor Capital Limited (KCL)

Kohinoor Capital Limited (KCL) was incorporated on 28 November 2018 and Subsidiary company (MLCL) holds 100% shares of KCL.

ACKNOWLEDGMENT

The Directors are grateful to the Group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working at various divisions.

For and on behalf of the Board

Lahore	Syed Mohsin Raza Naqvi	Taufique Sayeed Saigol
20 February 2019	Director	Chief Executive

Consolidated Condensed Interim Statement of Financial Position

As at 31 December 2018

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (30 June 2018: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (30 June 2018: 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		2,992,964	2,992,964
299,296,456 (30 June 2018: 299,296,456) ordinary shares of Rupees 10 each			
Reserves			
Capital reserves			
Share premium		986,077	986,077
Surplus on revaluation of land and investment properties		4,036,717	4,036,717
		5,022,794	5,022,794
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		18,784,843	17,480,368
		20,235,334	18,930,859
Equity attributable to equity holders of the Holding Company		28,251,092	26,946,617
Non-controlling interest		13,260,897	12,869,953
Total equity		41,511,989	39,816,570
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	18,185,870	14,277,179
Long term deposits		8,715	8,715
Retirement benefits		196,641	183,764
Retention money payable		368,608	310,735
Deferred income tax liability		2,714,961	2,850,450
		21,474,795	17,630,843
CURRENT LIABILITIES			
Trade and other payables		8,029,043	7,079,339
Accrued mark-up		512,888	339,808
Unclaimed dividend		137,032	131,500
Short term borrowings		9,839,699	9,988,756
Current portion of non-current liabilities	5	1,236,815	1,198,917
		19,755,477	18,738,320
Total liabilities		41,230,272	36,369,163
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		82,742,261	76,185,733

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	53,955,683	50,049,675
Investment properties		1,792,755	1,792,755
Intangibles		16,881	16,811
Long term loans to employees		12,363	9,472
Long term deposits		107,969	106,178
		55,885,651	51,974,891
CURRENT ASSETS			
Stores, spare parts and loose tools		8,765,090	7,554,693
Stock -in- trade		6,417,005	3,768,345
Trade debts		2,669,130	2,977,474
Loans and advances		2,263,517	3,253,082
Security deposits and short term prepayments		212,507	133,919
Accrued interest		3,464	2,454
Other receivables		863,688	970,407
Taxation - net		322,694	564,605
Short term investments		4,163,058	3,881,120
Cash and bank balances		1,176,457	1,104,743
		26,856,610	24,210,842
TOTAL ASSETS		82,742,261	76,185,733

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Profit or Loss (Un-Audited)
For the half year ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31December 2017
	.... (Rupees in thousand)			
REVENUES	22,589,492	21,056,673	12,027,257	10,944,702
COST OF SALES	(17,290,010)	(15,329,534)	(9,262,151)	(8,015,866)
GROSS PROFIT	5,299,482	5,727,139	2,765,106	2,928,836
DISTRIBUTION COST	(646,268)	(855,765)	(140,283)	(476,618)
ADMINISTRATIVE EXPENSES	(678,043)	(585,219)	(333,620)	(287,536)
OTHER EXPENSES	(277,446)	(337,047)	(166,561)	(196,501)
	(1,601,757)	(1,778,031)	(640,464)	(960,655)
	3,697,725	3,949,108	2,124,642	1,968,181
OTHER INCOME	228,091	418,711	85,162	252,593
PROFIT FROM OPERATIONS	3,925,816	4,367,819	2,209,804	2,220,774
FINANCE COST	(932,033)	(470,499)	(514,093)	(261,152)
PROFIT BEFORE TAXATION	2,993,783	3,897,320	1,695,711	1,959,622
PROVISION FOR TAXATION	(733,209)	(1,045,935)	(491,887)	(520,871)
PROFIT AFTER TAXATION	2,260,574	2,851,385	1,203,824	1,438,751
SHARE OF PROFIT ATTRIBUTABLE TO :				
EQUITY HOLDERS OF HOLDING COMPANY	1,603,771	1,753,699	846,337	863,122
NON CONTROLLING INTEREST	656,803	1,097,686	357,487	575,629
	2,260,574	2,851,385	1,203,824	1,438,751
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	5.36	6.03	2.83	2.90

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	.... (Rupees in thousand)			....
PROFIT AFTER TAXATION	2,260,574	2,851,385	1,203,824	1,438,751
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	2,260,574	2,851,385	1,203,824	1,438,751
Share of total comprehensive income attributable to :				
Equity holders of Holding Company	1,603,771	1,753,699	846,337	863,122
Non-controlling interest	656,803	1,097,686	357,487	575,629
	2,260,574	2,851,385	1,203,824	1,438,751

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Cash Flow (Un-Audited)

For the half year ended 31 December 2018

	Note	31 December 2018	31 December 2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	3,998,805	5,473,267
Finance cost paid		(758,953)	(452,038)
Employees benefits paid		(15,937)	(10,875)
Net increase in retention money		(57,873)	-
Income tax paid		(621,867)	(924,059)
Net increase in long term loans to employees		(3,217)	-
Net (increase) / decrease in long term deposits		(1,791)	3,940
Net cash generated from operating activities		2,539,167	4,090,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(5,343,237)	(9,603,448)
Intangible assets under development		-	(12,468)
Interest received		14,629	14,555
Proceeds from sale of property, plant and equipment		40,741	15,813
Short term investments made		(1,468,837)	(880,193)
Proceeds from disposal of investments		1,051,322	668,769
Dividend received		38	278
Net cash used in investing activities		(5,705,344)	(9,796,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from long term financing		4,131,334	1,482,531
Short term borrowings (net)		(149,057)	2,240,932
Repayment of long term financing		(184,745)	(120,642)
Proceeds from right shares		-	2,890,598
Repayment of liabilities against assets subject to finance lease		-	(499,313)
Redemption of preference shares		(18)	(15)
Dividend paid		(559,623)	(818,750)
Net cash generated from financing activities		3,237,891	5,175,341
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		71,714	(531,118)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,104,743	1,817,174
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,176,457	1,286,056

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year ended 31 December 2018

	SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY								NON CON-TROLLING INTEREST	TOTAL EQUITY
		CAPITAL RESERVES			REVENUE RESERVES			Total reserves	Total		
		Share premium	Surplus on revaluation of freehold land and investment properties	Sub-total	General reserve	Unappropriated profit	Sub-total				
	(Rupees in thousand)										
Balance as at 30 June 2017 - Audited	2,823,551	144,919	4,016,126	4,161,045	1,450,491	14,743,113	16,193,604	20,354,649	23,178,200	9,600,270	32,778,470
Transactions with owners:											
- Final dividend for the year ended 30 June 2017 @ Rupees 1.50 per share	-	-	-	-	-	(423,533)	(423,533)	(423,533)	(423,533)	-	(423,533)
- Issuance of right shares	169,413	841,158	-	841,158	-	-	-	841,158	1,010,571	1,899,522	2,910,093
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	-	-	(413,541)	(413,541)
	169,413	841,158	-	841,158	-	(423,533)	(423,533)	417,625	587,038	1,485,981	2,073,019
Profit for the half year ended 31 December 2017	-	-	-	-	-	1,753,699	1,753,699	1,753,699	1,753,699	1,097,686	2,851,385
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	1,753,699	1,753,699	1,753,699	1,753,699	1,097,686	2,851,385
Balance as at 31 December 2017 - Unaudited	2,992,964	986,077	4,016,126	5,002,203	1,450,491	16,073,279	17,523,770	22,525,973	25,518,937	12,183,937	37,702,874
Transactions with owners:											
- Interim dividend for the year ended 30 June 2018 @ Rupees 1.25 per share	-	-	-	-	-	(352,944)	(352,944)	(352,944)	(352,944)	-	(352,944)
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	-	-	(398,800)	(398,800)
	-	-	-	-	-	(352,944)	(352,944)	(352,944)	(352,944)	(398,800)	(751,744)
Profit for the half year ended 30 June 2018	-	-	-	-	-	1,771,229	1,771,229	1,771,229	1,771,229	1,093,895	2,865,124
Other comprehensive income for the half year ended ended 30 June 2018	-	-	20,591	20,591	-	(11,196)	(11,196)	9,395	9,395	(9,079)	316
Total comprehensive income for the half year 30 June 2018	-	-	20,591	20,591	-	1,760,033	1,760,033	1,780,624	1,780,624	1,084,816	2,865,440
Balance as at 30 June 2018 - (Audited)	2,992,964	986,077	4,036,717	5,022,794	1,450,491	17,480,368	18,930,859	23,953,653	26,946,617	12,869,953	39,816,570
Transactions with owners:											
- Final dividend for the year ended 30 June 2018 @ Rupees 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
- Dividend paid to non-controlling interest holder	-	-	-	-	-	-	-	-	-	(265,859)	(265,859)
	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	(265,859)	(565,155)
Profit for the half year ended 31 December 2018	-	-	-	-	-	1,603,771	1,603,771	1,603,771	1,603,771	656,803	2,260,574
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	1,603,771	1,603,771	1,603,771	1,603,771	656,803	2,260,574
Balance as at 31 December 2018 - (Unaudited)	2,992,964	986,077	4,036,717	5,022,794	1,450,491	18,784,843	20,235,334	25,258,128	28,251,092	13,260,897	41,511,989

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Kohinoor Textile Mills Limited

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended 31 December 2018

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 Act 2017) and listed on Pakistan Stock Exchange (PSX). The registered office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Holding Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

The Holding Company holds 55.22% (30 June 2018: 55.22%) shares of Maple Leaf Cement Factory Limited and 82.93% (30 June 2018: 82.93%) shares of Maple Leaf Capital Limited, 55.22% (30 June 2018: 55.22%) shares of Maple Leaf Power Limited and 82.93% (30June 2018: Nil) shares of Kohinoor Capital Limited.

1.2 Subsidiary Companies

1.2.1 Maple Leaf Cement Factory Limited (MLCFL)

Maple Leaf Cement Factory Limited (MLCFL) was incorporated in Pakistan on 13 April, 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares and was listed on stock exchange 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.

1.2.2 Maple Leaf Capital Limited (MLCL)

Maple Leaf Capital Limited (MLCL) was incorporated in Pakistan on 25 April, 2014 under the Companies Ordinance, 1984 (Now Companies Act 2017) as a public company. The registered office of the Subsidiary is situated at 42-Lawrence Road, Lahore. The principal objects of the Subsidiary are to buy, sell, hold, or otherwise acquire or invest the capital in any sort of financial instruments.

1.2.3 Maple Leaf Power Limited (MLPL)

Maple Leaf Power Limited ("the Subsidiary") was incorporated in Pakistan on 15 October 2015 as a public limited company under the Companies Ordinance, 1984 (Now the Companies Act 2017). The registered office of MLPL is located at 42-Lawrence Road, Lahore. The principal objective of MLPL is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity to MLCFL.

1.2.4 Kohinoor Capital Limited (KCL)

Kohinoor Capital Limited ("the Subsidiary") was incorporated in Pakistan on 28 November 2018 as a public limited company under the Companies Act 2017. The registered office of KCL is located at 42-Lawrence Road, Lahore. The principal objects of the Subsidiary are to buy, sell, hold, or otherwise acquire or invest the capital in any sort of financial instruments.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the 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.

These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2018. These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these consolidated condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements 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 Group'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 these consolidated condensed interim financial statements, 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 Group for the year ended 30 June 2018.

3.2 Changes in accounting policies due to applicability of certain International Financial Reporting Standards (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018.

3.2.1 IFRS 15 - Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an Group's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results.

Key changes in accounting policies resulting from application of IFRS 15

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Impact of adoption of IFRS 15 on these consolidated condensed interim finanacial statements:

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

3.2.2 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

3.2.3 IFRS 9 "Financial Instruments"

The Group has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Group. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 by generally without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated condensed interim financial statements as there is no hedge activity carried on by the Group during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these consolidated condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (01 July 2018). The main effect resulting from this reclassification is as follows:

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the financial instruments of the Group categorized under "loan and receivables" as per IAS 39 have been re-categorized under "amortized cost" as required by IFRS 9.

However, due to adoption of IFRS 9 there is no change in the carrying values of the financial assets and liabilities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements 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 Group'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 these consolidated condensed interim financial statements, 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 Group for the year ended 30 June 2018.

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
5. LONG TERM FINANCING		
Secured		
Opening balance	15,476,096	4,657,500
Add : Obtained during the period / year	4,131,334	11,090,924
Less: Repaid during the period/ year	184,745	272,328
	19,422,685	15,476,096
Less: Current portion shown under current liabilities	1,236,815	1,198,917
	18,185,870	14,277,179

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 2018.

6.2 Commitments in respect of letters of credit

(i) Letter of credit for capital expenditure are Rupees 3,580.453 million (30 June 2018: Rupees 5,284.011 million).

(ii) Letters of credit other than for capital expenditure amount to Rupees 989.446 million (30 June 2018: Rupees 1,549.443 million).

(iii) Contracts for capital expenditure amounting to Rupees Nil (30 June 2018: Rupees 747.312 million).

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned (Note 7.1)	31,073,800	31,760,197
Capital work-in-progress (Note 7.2)	22,881,883	18,289,478
	53,955,683	50,049,675
7.1 Operating fixed assets - Owned		
Opening book value	31,760,197	24,580,786
Add : Cost of additions during the period / year (Note 7.1.1)	750,832	9,373,151
Add : Revaluation of freehold land during the period/year	-	20,591
Add : Transferred from leased assets	-	400,728
	32,511,029	34,375,256
Less : Book value of deletions during the period / year (7.1.2)	61,914	69,217
	32,449,115	34,306,039
Less : Depreciation charged during the period / year	1,375,315	2,545,842
Closing book value	31,073,800	31,760,197

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
7.1.1 Cost of additions		
Buildings	145,277	2,159,520
Plant and machinery	514,252	7,003,992
Service and other equipment	-	509
Computer and IT installations	5,445	4,882
Furniture and fixture	12,569	61,782
Office equipment	3,554	2,867
Quarry equipment	7,080	-
Vehicles	62,655	139,599
	750,832	9,373,151
7.1.2 Book value of deletions		
Buildings	-	400
Plant and machinery	49,866	48,833
Computer and IT installations	109	361
Furniture and fixture	932	35
Office equipment	-	81
Vehicles	11,007	19,305
Quarry equipment	-	202
	61,914	69,217
7.2 Capital work-in-progress		
Tangible assets		
Plant and machinery	13,892,661	11,015,292
Civil Works	6,007,147	4,319,448
Purchase of land	754,224	736,048
Other directly attributable costs		
Letters of credit	-	69,556
Store held for capitalization	581,719	1,204,297
Unallocated capital expenditure	1,083,710	477,072
Advances to suppliers against:		
Plant and machinery	260,927	108,343
Civil works	263,424	322,626
Mechanical items	550	4,615
Furniture and fixture	15,032	-
Vehicles	243	3,114
Others- major spare parts and stand-by equipments	22,246	29,067
	22,881,883	18,289,478

	Un-audited 31 December 2018	Un-audited 31 December 2017
	(Rupees in thousand)	

8. CASH GENERATED FROM OPERATIONS

Profit before taxation	2,993,783	3,897,320
Adjustment for non-cash charges and other items		
Depreciation	1,375,315	1,182,475
Amortization held to maturity investment	-	4,232
Amortization of intangible assets	5,150	-
Finance cost	932,033	470,499
Employees' compensated absences	28,814	4,697
Gain on sale of property, plant and equipment	18,479	2,198
Loss / (gain) on remeasurement of investments at fair values through profit or loss	127,180	(17,394)
Loss / (gain) on disposal of investment at fair values through profit or loss	8,397	(18,953)
Return on bank deposits	(15,639)	(13,217)
Dividend received	(38)	(277)
Working capital changes (Note 8.1)	(1,474,669)	(38,313)
	3,998,805	5,473,267

8.1 Working capital changes

(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,210,397)	(494,822)
Stock-in-trade	(2,648,660)	(743,056)
Trade debts	308,344	(557,770)
Loans and advances	989,565	(430,948)
Security deposits and short term prepayments	(78,588)	(117,457)
Other receivables	241,911	775,840
	(2,397,825)	(1,568,213)
Increase in trade and other payables	923,156	1,529,900
	(1,474,669)	(38,313)

9. 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 Half year ended		Un-audited Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
Other related parties				
Group's contribution to employee's benefits	105,326	99,305	52,697	45,763
Remuneration paid to Chief Executive Officers, Directors and Executives	295,480	218,111	166,728	121,450

10. SEGMENT INFORMATION

10.1

	Spinning		Weaving		Processing and home textile		Cement		Investments		Power		Elimination of inter-segment transactions		Group	
	Un-Audited		Un-Audited		Un-Audited		Un-Audited		Un-Audited		Un-Audited		Un-Audited		Un-Audited	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)															
REVENUE :																
EXTERNAL	5,311,887	4,384,570	1,959,470	1,748,077	3,108,688	2,655,227	12,209,447	12,268,799	-	-	-	-	-	-	22,589,492	21,056,673
INTER-SEGMENT	251,221	244,273	710,982	649,214	-	-	39,663	9,480	-	-	-	-	(1,001,866)	(902,967)	-	-
	5,563,108	4,628,843	2,670,452	2,397,291	3,108,688	2,655,227	12,249,110	12,278,279	-	-	-	-	(1,001,866)	(902,967)	22,589,492	21,056,673
COST OF SALES	(4,611,016)	(4,010,290)	(2,454,253)	(2,254,317)	(2,504,925)	(2,231,196)	(8,721,682)	(7,736,698)	-	-	-	-	1,001,866	902,967	(17,290,010)	(15,329,534)
GROSS PROFIT	952,092	618,553	216,199	142,974	603,763	424,031	3,527,428	4,541,581	-	-	-	-	-	-	5,299,482	5,727,139
DISTRIBUTION COST	(21,029)	(17,012)	(36,523)	(38,183)	(199,112)	(191,461)	(389,604)	(609,109)	-	-	-	-	-	-	(646,268)	(855,765)
ADMINISTRATIVE EXPENSES	(106,761)	(88,784)	(70,841)	(73,282)	(96,619)	(84,532)	(355,574)	(302,144)	(46,010)	(34,560)	(2,238)	(1,917)	-	-	(678,043)	(585,219)
	(127,790)	(105,796)	(107,364)	(111,465)	(295,731)	(275,993)	(745,178)	(911,253)	(46,010)	(34,560)	(2,238)	(1,917)	-	-	(1,324,311)	(1,440,984)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	824,302	512,757	108,835	31,509	308,032	148,038	2,782,250	3,630,328	(46,010)	(34,560)	(2,238)	(1,917)	-	-	3,975,171	4,286,155
UNALLOCATED INCOME AND EXPENSES																
FINANCE COST															(932,033)	(470,499)
OTHER EXPENSES															(277,446)	(337,047)
OTHER INCOME															228,091	418,711
TAXATION															(733,209)	(1,045,935)
															(1,714,597)	(1,434,770)
PROFIT AFTER TAXATION															2,260,574	2,851,385

10.2 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing and home textile		Cement		Investments		Power		Group	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	(Rupees in thousand)													
TOTAL ASSETS FOR REPORTABLE SEGMENT	7,281,775	5,910,038	2,760,487	3,404,394	2,736,055	3,112,506	53,478,095	48,707,078	4,972,213	4,908,669	7,421,063	6,912,962	78,649,688	72,955,647
UNALLOCATED ASSETS													4,092,573	3,230,086
TOTAL ASSETS AS PER CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS													82,742,261	76,185,733

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and home textile		Cement		Investments		Power		Group	
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	1,793,725	1,194,478	1,000,480	1,387,908	4,341,994	4,177,132	23,133,176	24,535,172	-	-	247,128	-	30,516,503	31,294,690
UNALLOCATED LIABILITIES													10,713,769	5,074,473
TOTAL LIABILITIES AS PER CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS													41,230,272	36,369,163

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

11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

11.1 Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these consolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the following three levels. However, as at reporting date, the Group has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1:

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2:

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

12 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

As at 31 December 2018	Level 1	Level 2	Level 3	Total
	(........................ Rupees in thousand			........................)
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	3,155,405	-	3,155,405
Investment in gold	502,580	-	-	502,580
Total non-financial assets	502,580	4,948,160	-	5,450,740

At 30 June 2018	Level 1	Level 2	Level 3	Total
	(........................ Rupees in thousand			........................)
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	3,155,405	-	3,155,405
Investment in gold	400,294	-	-	400,294
Total non-financial assets	400,294	4,948,160	-	5,348,454

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

Valuation techniques used to determine level 2 fair values

The Group obtains independent valuations for its investment properties at least annually and for its freehold land (classified as property, plant and equipment) at least every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year and for freehold land at least every three years.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

13. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statement of the Group for the year ended 30 June 2018.

14. POST STATEMENT OF FINANCIAL POSITION EVENT

Board of Directors of Kohinoor Textile Mills Limited in their meeting held on 20 February 2019 proposed interim dividend of Re. 1 per share (10%) of Rs. 10 each.

15. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 20 February 2019.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of compareable period of immediately preceding financial year.

No significant reclassification / rearrangement of corresponding figures has been made.

17. GENERAL

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Kohinoor Textile Mills Limited
A Kohinoor Maple Leaf Group Company
42-Lawrence Road,
Lahore, Pakistan