

3rd quarterly report
march 31
2023



COVER STORY

The inspiringly innovative journey of fibre to fabric – where cotton staples are tangled, weaved, and processed to perfection with multitudes of colours paving their way through stupendous designs – has always been envisioned at KTML to bring vibrancy and delight to the lives of its stakeholders. Our people are committed to the organisation's sustainable growth, ensuring our contribution to Pakistan's economy by empowering connected communities and socioeconomic segments in realising their dreams for a better tomorrow!

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COMPANY INFORMATION

Board of Directors

Mr. Tariq Sayeed Saigol	Chairman
Mr. Taufique Sayeed Saigol	Chief Executive
Mr. Sayeed Tariq Saigol	
Mr. Waleed Tariq Saigol	
Mr. Danial Taufique Saigol	
Ms. Jahanara Saigol	
Mr. Shafiq Ahmed Khan	
Mr. Zulfikar Monnoo	
Syed Mohsin Raza Naqvi	

Audit Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Zulfikar Monnoo	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Waleed Tariq Saigol	Member

Human Resource & Remuneration Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Zulfikar Monnoo	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 Younus
Advocate High Court

Registered Office

42-Lawrence Road, Lahore.
Tel: (0092-42) 36302261-62
Fax: (0092-42) 36368721

Share Registrar

Vision Consulting Limited
2nd Floor, 5-C, LDA Flats,
Lawrence Road, Lahore
Tel: (0092-42) 36283096-97
Fax: (0092-42) 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
Samba Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

Mills

- Peshawar Road, Rawalpindi
Tel: (0092-51) 5495328-32
Fax: (0092-51) 5495304
- 8 K.M., Manga Raiwind Road, District Kasur
Tel: (0092-42) 32560683-85
Fax: (0092-42) 32560686-87
- Gulyana Road, Gujjar Khan, District Rawalpindi
Tel: (0092-51) 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 nine months ended 31 March 2023, in compliance with requirements of Section 237 of the Companies Act, 2017.

Review of Operations

The performance of the Company in the period under review improved significantly – in rupee terms – over that of the previous quarter. Driven in part by rapid devaluation combined with a lag in the increase of prices as old contracts were fulfilled, the one-cycle increase in profitability continues but will likely be completed by the end of the financial year as input costs increase.

The results of the Spinning division have improved over the previous period, driven by a slow increase in yarn demand and prices. As we move forward, increased prices of raw materials and dramatic increase in energy prices will erode profitability in the spinning industry unless offset by further increased yarn rates. The Company's next series of expansions in the Spinning divisions is well underway, with construction nearing completion and new machinery expected to arrive near the end of the coming quarter; we expect the additional revenues from this to offset the impact of decreased profit margins due to higher input costs. We continue to maintain a conservative raw material procurement policy, avoiding overly speculative decisions, especially considering extremely high holding costs.

The Company's Weaving division fared poorly in the quarter under review, with losses driven by poor demand across the industry, and high interest rates driving financial costs to new heights. Increased energy costs with the withdrawal of regionally competitive energy rates and the failure to convert approved LTFF lines over to their preapproved rates has resulted in dramatic increases in cost relative to those foreseen. In spite of this, the results have been improving over the quarter and we expect a return to profitability in the beginning of the next financial year. The diversification in product offerings from the expansion at the Raiwind site has been effective, with strong demand across the board. The Company has made moves to reduce its unit cost of energy by expanding fuel sources, and speeding up its move towards sustainable power.

The Company's Cut & Sew division showed strong results compared to those of the previous quarter, driven in large part by devaluation, the use of inputs purchased at relatively cheap rates in the past and a focus on higher value products. Additional capacity has recently been added – with more on the way– resulting in sizeable output and demand increases for high value-added goods. Going forward, we expect profit margins to be squeezed as new prices for inputs take the devaluation of the rupee into account; hopefully, this will be offset in the industry by renewed global demand as old retail stocks dry up.

The Company continues to remain committed to renewable energy and sustainability. The completion of our grid substation is foreseen for the beginning of the new financial year – slightly behind schedule due to some suppliers' inability to establish L/Cs – and with it an addition of a planned 6 MWs of solar power at the Rawalpindi site, as well as another 6 MWs at the Raiwind site, which should dramatically reduce the Company's energy cost – a necessity in the face of a near doubling of WAPDA rates, and expected, if unconfirmed, increases in natural gas costs - as well as its carbon footprint. Further, the Company's water treatment and recycling experiments have paid large dividends, reducing the amount of fresh water required for operations; more work on this front is ongoing as the company races towards its goal of zero water discharge, with new investments only awaiting the establishment of L/Cs.

The business environment in Pakistan remains difficult due to economic and political uncertainty at all levels, and unclear policies and implementation schedules further add to the complexity of the situation; however, we believe that those companies with an export-orientation will continue to do well in the future.

Financial Review

During the period under review, Company's sales increased by 3.90% to Rs. 30,063 million (2022: Rs. 28,935 million), while cost of sales increased by 17.64% to Rs. 24,772 million (2022: Rs. 21,058 million). This resulted in gross profit of Rs. 5,291 million (2022: Rs. 7,877 million). Operating profit for the period under review stood at Rs. 3,637 million (2022: Rs. 6,040 million). The Company made an after-tax profit of Rs. 1,807 million (2022: Rs. 4,311 million). Earnings per share for the nine months ended 31 March 2023 were at Rs. 6.04 against Rs. 14.40 for the corresponding period last year.

Acknowledgement

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

Lahore
April 17, 2023


Taufique Sayeed Saigol
Chief Executive Officer

For and on behalf of the Board


Syed Mohsin Raza Naqvi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (30 June 2022: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (30 June 2022: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up share capital			
299,296,456 (30 June 2022: 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		3,861,708	3,871,774
		<u>4,847,785</u>	<u>4,857,851</u>
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		16,815,936	14,998,382
		<u>18,266,427</u>	<u>16,448,873</u>
		<u>23,114,212</u>	<u>21,306,724</u>
Total equity		<u>26,107,176</u>	<u>24,299,688</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	6,341,906	4,303,554
Deferred government grants		14,382	17,400
Deferred income tax liability		1,231,698	860,560
		<u>7,587,986</u>	<u>5,181,514</u>
CURRENT LIABILITIES			
Trade and other payables		3,289,608	2,962,356
Accrued mark-up		363,483	108,158
Short term borrowings		7,054,811	5,234,795
Current portion of non-current liabilities		1,177,122	1,180,230
Unclaimed dividend		32,273	32,634
Taxation - net		859,917	923,139
		<u>12,777,214</u>	<u>10,441,312</u>
Total liabilities		<u>20,365,200</u>	<u>15,622,826</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>46,472,376</u>	<u>39,922,514</u>

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 March 2023 (Rupees in thousand)	Audited 30 June 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	18,464,897	13,112,163
Investment properties	8	-	1,824,360
Long term investments		11,085,732	11,106,754
Long term deposits		54,924	54,473
		<u>29,605,553</u>	<u>26,097,750</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		1,210,719	985,823
Stock-in-trade		9,418,907	5,967,667
Trade debts		3,724,211	4,413,988
Advances		673,618	705,247
Short term prepayments		41,961	31,506
Other receivables		1,187,427	998,782
Short term investments		357,500	412,122
Cash and bank balances		252,480	309,629
		<u>16,866,823</u>	<u>13,824,764</u>
TOTAL ASSETS		<u><u>46,472,376</u></u>	<u><u>39,922,514</u></u>



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF PROFIT OR LOSS (Un-audited)**
For the nine months ended 31 March 2023

	Nine months ended		Quarter ended	
	March 2023	March 2022	March 2023	March 2022
 (Rupees in thousand)			
Revenue	30,062,559	28,934,647	10,744,521	10,351,159
Cost Of Sales	(24,771,690)	(21,057,847)	(8,781,493)	(7,646,379)
Gross Profit	5,290,869	7,876,800	1,963,028	2,704,780
Distribution Cost	(959,698)	(1,121,999)	(320,857)	(399,152)
Administrative Expenses	(766,615)	(540,564)	(217,687)	(178,531)
Other Expenses	(244,837)	(438,288)	(39,292)	(136,301)
	(1,971,150)	(2,100,851)	(577,836)	(713,984)
Other Income	3,319,719	5,775,949	1,385,192	1,990,796
	316,875	263,889	192,157	48,453
Profit From Operations	3,636,594	6,039,838	1,577,349	2,039,249
Finance Cost	(1,010,671)	(603,794)	(423,619)	(194,071)
Profit Before Taxation	2,625,923	5,436,044	1,153,730	1,845,178
Taxation				
- Current	(447,297)	(1,024,879)	(176,138)	(376,212)
- Deferred	(371,138)	(100,288)	(148,436)	4,786
	(818,435)	(1,125,167)	(324,574)	(371,426)
Profit after taxation	1,807,488	4,310,877	829,156	1,473,752
Earnings per share - basic and diluted (Rupees)	6.04	14.40	2.77	4.92

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 nine months ended 31 March 2023

	Nine months ended		Quarter ended	
	March 2023	March 2022	March 2023	March 2022
 (Rupees in thousand)			
Profit after taxation	1,807,488	4,310,877	829,156	1,473,752
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	1,807,488	4,310,877	829,156	1,473,752

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

For the nine months ended 31 March 2023

	RESERVES						TOTAL EQUITY		
	SHARE CAPITAL		CAPITAL RESERVES		REVENUE RESERVES				
	Share premium	Surplus on reevaluation of freehold land	Sub-total	General reserve	Unappropriated profit	Sub-total		Total reserves	
Balance as at 30 June 2021 - (audited)	2,982,964	986,077	3,871,774	4,857,851	1,450,491	10,856,251	12,306,742	17,164,593	20,157,557
Transaction with owners:	-	-	-	-	-	-	-	-	-
- Final dividend for the year ended 30 June 2021 @ Rupee 1 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
- Interim dividend for the year ended 30 June 2022 @ Rupee 1 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
Profit for the period	-	-	-	-	-	(598,592)	(598,592)	(598,592)	(598,592)
Other comprehensive income for the period	-	-	-	-	-	4,310,877	4,310,877	4,310,877	4,310,877
Total comprehensive income for the period	-	-	-	-	-	4,310,877	4,310,877	4,310,877	4,310,877
Balance as at 31 March 2022 - (un-audited)	2,982,964	986,077	3,871,774	4,857,851	1,450,491	14,566,536	16,019,027	20,876,878	23,869,842
Profit for the period	-	-	-	-	-	429,846	429,846	429,846	429,846
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	429,846	429,846	429,846	429,846
Balance as at 30 June 2022 - (audited)	2,982,964	986,077	3,871,774	4,857,851	1,450,491	14,998,382	16,448,873	21,306,724	24,239,688
Surplus on revaluation of investment property	-	-	(10,066)	(10,066)	-	10,066	10,066	-	-
Profit for the period	-	-	-	-	-	1,807,488	1,807,488	1,807,488	1,807,488
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	1,807,488	1,807,488	1,807,488	1,807,488
Balance as at 31 March 2023 - (un-audited)	2,982,964	986,077	3,861,708	4,847,785	1,450,491	16,815,936	18,266,427	23,114,212	26,107,176

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 FLOWS (Un-audited)

For the nine months ended 31 March 2023

	Note	March 2023 (Rupees in thousand)	March 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	1,429,949	2,991,082
Finance cost paid		(755,171)	(541,419)
Income tax paid		(510,519)	(619,734)
Worker's welfare fund paid		(58,307)	(29,740)
Payment received from / (made to) Workers' profits participation fund		32,204	(289,629)
Gas Infrastructure Development Cess (GIDC) paid		-	(9,222)
Net increase in long term deposits		(451)	(1,511)
Net cash generated from operating activities		137,705	1,499,827
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(4,236,839)	(1,662,302)
Proceeds from disposal of property, plant and equipment		24,285	58,183
Proceeds from disposal of long term investments		21,022	-
Short term investments - net		54,622	(40,000)
Interest received		71,550	13,224
Dividend received		18,800	-
Net cash used in investing activities		(4,046,560)	(1,630,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,710,644	985,466
Repayment of long term financing		(678,593)	(750,040)
Short term borrowings - net		1,820,016	416,274
Dividend paid		(361)	(594,407)
Net cash from financing activities		3,851,706	57,293
NET DECREASE IN CASH AND CASH EQUIVALENTS		(57,149)	(73,775)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		309,629	249,886
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		252,480	176,111

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 nine months ended 31 March 2023

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 standards 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 from 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 2022. These unconsolidated 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, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations 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 2022.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
5. LONG TERM FINANCING - SECURED		
Balance at beginning of the period / year	5,164,912	4,206,688
Add : Obtained during the period / year	2,710,644	1,946,684
Less: discounting adjustments for recognition at fair value - deferred government grant	-	(2,481)
Add: unwinding of discount on liability	7,989	37,671
	7,883,545	6,188,562
Less: Repaid during the period / year	(678,593)	(1,023,650)
	7,204,952	5,164,912
Less: Current portion shown under current liabilities	(863,046)	(861,358)
	6,341,906	4,303,554

- 5.1** Long term financing includes loans obtained under “SBP Temporary Economic Refinance Facility for import of plant and machinery”. These loans have been measured at their fair value in accordance with IFRS 9 (Financial Instruments) using market rates. The difference between fair value of loans and loan proceeds have been recognised as deferred government grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance).

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies, as disclosed in preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

6.2 Commitments in respect of:

- a) Letters of credit for capital expenditure amounting to Rupees 1,218.020 million (30 June 2022: Rupees 2,994.800 million).
- b) Letters of credit other than for capital expenditure amounting to Rupees 1,748.740 million (30 June 2022: Rupees 2,244.977 million).

	Note	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	16,787,918	11,272,055
Capital work-in-progress	7.2	1,676,979	1,840,108
		<u>18,464,897</u>	<u>13,112,163</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period / year		11,272,055	10,119,371
Add : Cost of additions / transfers during the period / year		4,399,968	1,933,784
Add : Transferred from investment properties	8	1,824,360	-
	7.1.1	<u>6,224,328</u>	<u>1,933,784</u>
		17,496,383	12,053,155
Less : Book value of deletions during the period / year	7.1.2	17,344	26,177
		<u>17,479,039</u>	<u>12,026,978</u>
Less : Depreciation charged during the period / year		691,121	754,923
Net book value at the end of the period / year		<u>16,787,918</u>	<u>11,272,055</u>
7.1.1 Cost of additions / transfers			
Freehold land		1,799,335	-
Buildings		215,703	265,526
Plant and machinery		4,128,902	1,562,904
Services and other equipment		12,884	670
Computers and IT installations		4,574	8,791
Furniture and fixtures		2,801	5,823
Office equipment		4,076	15,210
Vehicles		56,053	74,860
		<u>6,224,328</u>	<u>1,933,784</u>
7.1.2 Book value of deletions			
Plant and machinery		7,763	17,215
Computer and IT installations		217	238
Vehicles		9,364	8,724
		<u>17,344</u>	<u>26,177</u>

	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
7.2 Capital work-in-progress		
Civil works and buildings	885,082	436,236
Plant and machinery	408,840	1,031,236
Advances for capital expenditure	383,057	372,636
	1,676,979	1,840,108

8. INVESTMENT PROPERTIES

Investment properties comprising land and building situated at Rawalpindi and Lahore has been transferred to property, plant and equipment due to change in use. The fair value of investment properties have been determined by an independent valuer, Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) at the date of transfer (i.e. 31 December 2022) on the basis of their professional assessment of the current prices in an active market for similar properties in the same location and condition.

	Un-audited Nine months ended	
	March 2023	March 2022 (Rupees in thousand)
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,625,923	5,436,044
Adjustments for non-cash charges and other items:		
Depreciation	691,121	555,555
Finance cost	1,010,671	603,794
Gain on disposal of property, plant and equipment	(6,941)	(36,682)
Gain on remeasurement of GIDC payable	-	(5,424)
Allowance for expected credit losses	49,910	31,045
Dividend income	(18,800)	-
Return on bank deposits	(71,550)	(18,218)
Provision for Workers' profits participation fund	137,008	288,911
Provision for Workers' welfare fund	53,591	110,940
Working capital changes (Note 9.1)	(3,040,984)	(3,974,883)
	1,429,949	2,991,082

	Un-audited	
	March 2023	March 2022
9.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(224,896)	(156,367)
Stock-in-trade	(3,451,240)	(2,944,295)
Trade debts	639,867	(1,198,137)
Advances	31,629	(597,402)
Short term prepayments	(10,455)	(11,776)
Other receivables	(188,645)	(43,578)
	(3,203,740)	(4,951,555)
Increase in trade and other payables	162,756	976,672
	(3,040,984)	(3,974,883)

10. TRANSACTIONS WITH RELATED PARTIES

	Un-audited		Un-audited	
	Nine months ended		Quarter ended	
	March 2023	March 2022	March 2023	March 2022
..... (Rupees in thousand)				
i) Transactions				
Subsidiary companies				
Maple Leaf Cement Factory Limited				
Purchase of goods and services	1,407	92,037	707	3,862
Common expenses	27,238	17,486	5,422	6,421
Maple Leaf Capital Limited				
Expenses on behalf of the Maple Leaf Capital Limited	3,225	-	-	-
Payment received against expenses	4,613	-	-	-
Payment received against markup on funds transferred	1,235	-	-	-
Funds transferred	-	500,000	-	-
Receipts	-	300,000	-	-
Markup charged	-	5,853	-	584
Key management personnel				
Remuneration and other benefits	370,737	180,790	100,269	61,372
Post employment benefit plan				
Company's contribution to provident fund trust	69,740	55,034	23,839	18,448

- ii) The Saim Family Trust, British Virgin Islands (BVI) through Mercury Management Inc., BVI and Hutton Properties Limited, BVI (related parties) holds 73,390,896 [24.52%] (30 June 2022: 73,390,896) and 55,256,992 [18.46%] (30 June 2022: 55,256,992) ordinary shares respectively of the Company on which dividend amounting to Rupees Nil (30 June 2022: Rupees 146,781,792) and Rupees Nil (30 June 2022: Rupees 102,054,984) respectively was paid during the period.
- iii) TRG Pakistan Limited is the associated company of the Company due to common director ship. The Company has not entered into any transaction with TRG Pakistan Limited during the period.

Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
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iv) **Period / year end balances**

Maple Leaf Cement Factory Limited

Trade and other payables	(8,088)	(38,402)
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Maple Leaf Capital Limited

Other receivables	-	4,240
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12. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the 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 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.

13. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

Fair value hierarchy

Judgments and estimates are made in determining the fair value of non-financial assets that are recognized and measured at fair value in these 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.

At 31 March 2023	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Freehold land	-	4,567,622	-	4,567,622
Total non-financial assets	-	4,567,622	-	4,567,622

At 30 June 2022	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Investment properties - land and building	-	1,824,360	-	1,824,360
Freehold land	-	2,768,287	-	2,768,287
Total non-financial assets	-	4,592,647	-	4,592,647

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 and freehold land (classified as property, plant and equipment) at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines 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 and freehold land at the end of every financial year. The fair values of the investment properties and freehold land have been determined by Anderson Consulting (Private) Limited (an approved valuer) at 31 December 2022.

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.

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

15. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 17 April 2023.

16. 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.

17. 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 STATEMENTS**

**FOR THE NINE MONTHS ENDED
31 MARCH 2023**

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited consolidated condensed interim financial statements of Kohinoor Textile Mills Limited (the Holding Company) and its Subsidiary Companies Maple Leaf Cement Factory Limited (57.43%), Maple Leaf Power Limited (57.43%) and Maple Leaf Capital Limited (82.92%) (Together referred to as Group) for the nine months ended 31 March 2023.

GROUP RESULTS

The Group has earned gross profit of Rupees 19,729 million as compared to Rupees 17,789 million of corresponding period. The Group has earned pre-tax profit of Rupees 12,651 million this period as compared to Rupees 7,495 million during the previous period. The overall Group financial results are as follows:

	March 2023	March 2022
	(Rupees in million)	
Revenue	77,151	62,934
Gross profit	19,729	17,789
Profit from operations	15,309	9,389
Financial charges	2,658	1,894
Net profit after taxation	9,000	5,265
	----- (Rupees) -----	
Earnings per share - Basic and diluted	20.39	12.82

SUBSIDIARY COMPANIES

Maple Leaf Cement Factory Limited (MLCFL)

It has recorded an increase of 38.13% in its sales over previous period and has earned gross profit of 27.35% (31 Mar 2022: 25.28%) amounting to Rupees 12,879 million (31 Mar 2022: Rupees 8,618 million).

It has earned after tax profit of Rupees 5,056 million (31 Mar 2022: Rupees 3,592 million).

Maple Leaf Power Limited (MLPL)

MLPL has earned after tax profit of Rupees 1,132 million (31 Mar 2022: Rupees 676 million).

Maple Leaf Capital Limited (MLCL)


MLCL has earned after tax profit of Rupees 627 million as compared to after tax loss of Rupees 3,894 million during corresponding period last year.

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
April 17, 2023


Taufique Sayeed Saigol
Chief Executive Officer


Syed Mohsin Raza Naqvi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (30 June 2022: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (30 June 2022: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up share capital			
299,296,456 (30 June 2022: 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		4,060,380	4,070,446
Fair value reserve		21,484	2,978
		<u>5,067,941</u>	<u>5,059,501</u>
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		35,341,365	29,263,044
		<u>36,791,856</u>	<u>30,713,535</u>
Equity attributable to equity holders of the Holding Company			
Non-controlling interest		44,852,761	38,766,000
Total equity		<u>20,883,772</u>	<u>18,114,640</u>
		<u>65,736,533</u>	<u>56,880,640</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	22,561,680	21,051,422
Deferred government grant		663,003	804,158
Long term liability against right of use assets		30,508	27,136
Long term deposits		8,214	8,214
Retirement benefits		259,446	235,329
Retention money payable		1,432,448	-
Deferred income tax liability		7,180,552	5,372,229
		<u>32,135,851</u>	<u>27,498,488</u>
CURRENT LIABILITIES			
Trade and other payables		15,413,066	12,367,040
Accrued mark-up		1,041,682	764,694
Short term borrowings		8,766,259	9,793,373
Current portion of non-current liabilities		4,215,333	4,302,719
Unclaimed dividend		59,684	60,203
Taxation - net		657,437	328,266
		<u>30,153,461</u>	<u>27,616,295</u>
Total liabilities		<u>62,289,312</u>	<u>55,114,783</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>128,025,845</u>	<u>111,995,423</u>

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 March 2023 (Rupees in thousand)	Audited 30 June 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	83,778,195	71,468,745
Investment properties	8	-	1,824,360
Intangibles		7,811	10,415
Long term loans to employees		18,671	19,366
Long term investment		344,741	350,763
Long term deposits		113,022	112,073
		84,262,440	73,785,722
CURRENT ASSETS			
Stores, spare parts and loose tools		13,239,315	14,311,149
Stock -in- trade		13,144,540	8,609,732
Trade debts		6,614,675	6,480,200
Loans and advances		1,197,772	1,311,235
Security deposits and short term prepayments		569,695	592,411
Other receivables		1,370,262	1,063,074
Short term investments		6,440,127	4,680,242
Cash and bank balances		1,187,019	1,161,658
		43,763,405	38,209,701
TOTAL ASSETS		128,025,845	111,995,423



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF PROFIT OR LOSS (Un-audited)**
For the nine months ended 31 March 2023

	Nine months ended		Quarter ended	
	March 2023	March 2022	March 2023	March 2022
 (Rupees in thousand)			
Revenues	77,150,788	62,933,924	27,782,081	22,337,520
Cost Of Sales	(57,421,329)	(45,145,126)	(21,072,525)	(16,170,727)
Gross Profit	19,729,459	17,788,798	6,709,556	6,166,793
Distribution Cost	(2,644,662)	(2,269,545)	(1,121,210)	(787,385)
Administrative Expenses	(1,954,041)	(1,300,303)	(622,305)	(433,598)
Other Expenses	(1,313,640)	(5,867,693)	(476,597)	(2,215,355)
	(5,912,343)	(9,437,541)	(2,220,112)	(3,436,338)
Other Income	13,817,116	8,351,257	4,489,444	2,730,455
Profit From Operations	14,91,835	1,037,658	673,223	782,653
	15,308,951	9,388,915	5,162,667	3,513,108
Finance Cost	(2,658,045)	(1,893,713)	(901,649)	(724,686)
Profit Before Taxation	12,650,906	7,495,202	4,261,018	2,788,422
Provision For Taxation	(3,651,226)	(2,229,752)	(1,219,479)	(768,017)
Profit After Taxation	8,999,680	5,265,450	3,041,539	2,020,405
Share Of Profit Attributable To :				
Equity Holders Of Holding Company	6,102,137	3,838,220	2,155,556	1,474,137
Non Controlling Interest	2,897,543	1,427,230	885,983	546,268
	8,999,680	5,265,450	3,041,539	2,020,405
Earnings Per Share - Basic And Diluted (Rupees)	20.39	12.82	7.20	4.93

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 nine months ended 31 March 2023

	Nine months ended		Quarter ended	
	March 2023	March 2022	March 2023	March 2022
 (Rupees in thousand)			
Profit after taxation	8,999,680	5,265,450	3,041,539	2,020,405
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Surplus arising on remeasurement of investment at fair value through other comprehensive income - net of tax	32,223	-	32,223	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the year - net of tax	32,223	-	32,223	
Total comprehensive income for the period	9,031,903	5,265,450	3,073,762	2,020,405
Share of total comprehensive income attributable to:				
Equity holders of Holding Company	6,120,643	3,838,220	2,174,062	1,474,137
Non-controlling interest	2,911,260	1,427,230	899,700	546,268
	9,031,903	5,265,450	3,073,762	2,020,405

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

For the nine months ended 31 March 2023

ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY												
	Reserves					Total reserves	Total	Non-controlling interest	Total equity			
	Capital reserves		Revenue reserves									
	Share capital	Share premium	Surplus on revaluation of freehold land	Fair value reserve	Sub-total					General reserves	Unappropriated profit	Sub-total
Balance as at 30 June 2021 - audited	2,992,964	986,077	4,070,446	-	5,096,623	1,450,491	26,092,086	27,642,577	32,599,100	35,592,064	17,048,451	52,640,515
Transaction with owners:	-	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
- Final dividend for the year ended 30 June 2021 @ Rupee 1.00 per share	-	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
- Interim dividend for the year ended 30 June 2022 @ Rupee 1.00 per share	-	-	-	-	-	-	(598,592)	(598,592)	(598,592)	(598,592)	-	(598,592)
Profit for the period	-	-	-	-	-	-	3,838,220	3,838,220	3,838,220	3,838,220	1,427,230	5,265,450
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	3,838,220	3,838,220	3,838,220	3,838,220	1,427,230	5,265,450
Balance as at 31 March 2022: (Un-audited)	2,992,964	986,077	4,070,446	-	5,096,623	1,450,491	29,331,714	30,782,205	35,838,728	38,831,692	18,475,681	57,307,373
Transactions with owners:	-	-	-	-	-	-	(101,699)	(101,699)	(101,699)	(101,699)	(394,730)	(496,429)
- Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	2,978	2,978	-	32,373	32,373	32,373	32,373	32,563	64,936
Other comprehensive income for the period	-	-	-	-	-	-	656	656	656	656	1,126	4,760
Total comprehensive income for the period	-	-	-	2,978	2,978	-	33,029	33,029	36,007	36,007	33,689	69,696
Balance as at 30 June 2022 - audited	2,992,964	986,077	4,070,446	2,978	5,059,501	1,450,491	29,283,044	30,713,535	35,773,036	38,766,000	18,114,640	56,880,640
Transaction with owners:	-	-	-	-	-	-	(33,882)	(33,882)	(33,882)	(33,882)	(142,128)	(176,010)
- Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investment property	-	-	(10,066)	-	(10,066)	-	10,066	10,066	10,066	10,066	-	-
Profit for the period	-	-	-	18,506	18,506	-	6,102,137	6,102,137	6,102,137	6,102,137	2,897,543	8,999,680
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	18,506	18,506
Total comprehensive income for the period	-	-	-	18,506	18,506	-	6,102,137	6,102,137	6,102,137	6,102,137	2,911,260	9,031,903
Balance as at 31 March 2023 - (un-audited)	2,992,964	986,077	4,060,380	21,484	5,067,941	1,450,491	35,341,365	36,791,856	41,859,797	44,852,761	20,883,772	65,736,533

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 FLOWS (Un-audited)

For the nine months ended 31 March 2023

	Note	March 2023 (Rupees in thousand)	March 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	15,692,915	8,978,032
Net decrease / (increase) in long term loans to employees		695	(13,004)
Net increase in long term deposits		(949)	(1,554)
Net increase / (decrease) in retention money		1,432,448	(391,694)
Gas Infrastructure Development Cess (GIDC) paid		-	(32,187)
Worker's welfare fund paid		(125,258)	(52,925)
Workers' profits participation fund paid		(77,796)	(380,860)
Employee benefits paid		(20,570)	(27,829)
Finance cost paid		(2,377,876)	(1,555,427)
Income tax paid		(1,513,732)	(1,243,643)
Net cash generated from operating activities		13,009,877	5,278,909
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(13,328,321)	(12,000,242)
Proceeds from disposal of property, plant and equipment		60,873	71,646
Long term investment made		(15,000)	(114,942)
Proceeds from disposal of long term investments		21,022	-
Interest received		122,170	37,081
Dividend received		86,522	-
Net cash used in investing activities		(13,052,734)	(12,006,457)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transaction with non-controlling interests		(176,010)	-
Proceeds from long term financing		5,957,342	7,403,129
Repayment of long term financing		(4,678,370)	(2,943,440)
Lease rentals paid during the period		(7,111)	-
Short term borrowings - net		(1,027,114)	3,180,784
Dividend paid		(519)	(594,850)
Net cash from financing activities		68,218	7,045,623
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,361	318,075
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,161,658	844,039
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,187,019	1,162,114

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

For the nine months ended 31 March 2023

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 57.43% (30 June 2022: 56.12%) shares of Maple Leaf Cement Factory Limited, 82.92% (30 June 2022: 82.92%) shares of Maple Leaf Capital Limited and 57.43% (30 June 2022: 56.12%) shares of Maple Leaf Power Limited.

1.2 Subsidiary Companies

1.2.1 Maple Leaf Cement factory Limited (MLCFL)

Maple Leaf Cement Factory Limited (“the Subsidiary Company”) 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. MLCFL is listed on Pakistan Stock Exchange Limited. The registered office of MLCFL is situated at 42-Lawrence Road, Lahore. MLCFL is engaged in production and sale of cement.

1.2.2 Maple Leaf Capital Limited (MLCL)

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

1.2.3 Maple Leaf Power Limited (MLPL)

Maple Leaf Power Limited was incorporated in Pakistan on 15 October 2015 as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017). It is subsidiary of MLCFL, which is subsidiary of the Holding company. MLPL has been established to set up and operate a 40-megawatt coal fired power generation plant at Iskanderabad, District Mianwali for generation of electricity. The registered office of MLPL is located at 42-Lawrence Road, Lahore. The principal object 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.

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 from 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 2022. 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, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended 30 June 2022.

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 2022.

	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
5. LONG TERM FINANCING - SECURED		
Balance at beginning of the period / year	24,532,580	17,548,049
Add : Obtained during the period / year	5,957,342	11,935,164
Less: discounting adjustments for recognition at fair value - deferred government grant	(1,164)	(952,948)
Add: unwinding of discount on liability	146,901	116,370
	30,635,659	28,646,635
Less: Repaid during the period / year	(4,678,370)	(4,114,055)
	25,957,289	24,532,580
Less: Current portion shown under current liabilities	(3,395,609)	(3,481,158)
	22,561,680	21,051,422

- 5.1** Long term financing include loans obtained under “SBP Temporary Economic Refinance Facility”. These loans have been measured at their fair value in accordance with IFRS 9 (Financial Instruments) using market rates. The difference between fair value of loans and loan proceeds have been recognised as deferred government grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance).

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 2022.

6.2 Commitments in respect of:

- (i) Letters of credit for capital expenditure amounting to Rupees 5,312.071 million (30 June 2022: Rupees 8,617.945 million).
- (ii) Letters of credit other than for capital expenditure amounting to Rupees 4,783.896 million (30 June 2022: Rupees 4,640.741 million).
- (iii) Future contracts - shares in respect of which the settlement is outstanding amounting to Rupees 919.737 million (30 June 2022: Rupees 491.136 million).

	Note	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- Owned	7.1	80,371,810	53,959,084
- Leased	7.2	41,690	36,098
Capital work-in-progress	7.3	3,180,149	17,192,908
Major spare parts and stand-by equipments		184,546	280,655
		<u>83,778,195</u>	<u>71,468,745</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period / year		53,959,084	52,462,922
Add : Cost of additions / transfers during the period / year		27,424,353	5,138,405
Add : Transferred from investment properties	8	1,824,360	-
	7.1.1	<u>29,248,713</u>	<u>5,138,405</u>
		83,207,797	57,601,327
Less : Book value of deletions during the period / year	7.1.2	43,875	57,030
		<u>83,163,922</u>	<u>57,544,297</u>
Less : Depreciation charged during the period / year		<u>2,792,112</u>	<u>3,585,213</u>
Net book value at the end of the period / year		<u>80,371,810</u>	<u>53,959,084</u>
7.1.1 Cost of additions / transfers			
Freehold land		1,799,335	-
Buildings		5,948,038	886,613
Plant and machinery		21,286,790	4,023,345
Service and other equipment		12,884	670
Computer and IT installations		5,733	9,265
Furniture and fixture		39,442	35,217
Office equipment		4,127	15,245
Quarry equipment		1,900	-
Vehicles		150,464	168,050
		<u>29,248,713</u>	<u>5,138,405</u>
7.1.2 Book value of deletions			
Buildings		-	3,147
Plant and machinery		29,468	34,603
Computer and IT installations		387	238
Furniture and fixture		-	451
Vehicles		14,020	18,591
		<u>43,875</u>	<u>57,030</u>

	Note	Un-audited 31 March 2023 (Rupees in thousand)	Audited 30 June 2022
7.2 OPERATING FIXED ASSETS - LEASED			
Net book value at the beginning of the period / year		36,098	-
Add : Cost of additions during the period / year	7.2.1	12,836	44,021
		48,934	44,021
Less : Depreciation charged during the period / year		7,244	7,923
Net book value at the end of the period / year		41,690	36,098
7.2.1 COST OF ADDITIONAL / TRANSFERS			
Land		-	29,001
Building		12,836	15,020
		12,836	44,021
7.3 CAPITAL WORK-IN-PROGRESS			
Civil works and buildings		1,202,407	3,783,549
Plant and machinery		919,336	11,723,011
Advances for capital expenditure		1,058,406	1,686,348
		3,180,149	17,192,908

8. INVESTMENT PROPERTIES

Investment properties of the Holding Company comprising land and building situated at Rawalpindi and Lahore has been transferred to property, plant and equipment due to change in use. The fair value of investment properties have been determined by an independent valuer, Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) at the date of transfer (i.e. 31 December 2022) on the basis of their professional assessment of the current prices in an active market for similar properties in the same location and condition.

Un-audited
 Nine months ended
 March March
 2023 2022
 (Rupees in thousand)

9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	12,650,906	7,495,202
Adjustment for non-cash charges and other items		
Depreciation	2,792,112	2,639,532
Amortization of intangible assets	2,604	5,536
Finance cost	2,658,045	1,893,713
Retirement benefits	45,068	53,901
Allowance for expected credit losses	169,910	100,399
Bad debts written off	5,321	-
Other receivables written off	2,509	-
Gain on disposal of property, plant and equipment	(16,998)	(32,180)
Return on bank deposits	(122,170)	(43,428)
Dividend income	(85,577)	-
Gain on remeasurement of GIDC payable	-	(5,424)
Provision for Workers' profits participation fund	600,125	598,940
Provision for Workers' welfare fund	122,949	219,408
Working capital changes (Note 9.1)	(3,131,889)	(3,947,567)
	15,692,915	8,978,032
9.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	1,071,834	(5,601,769)
Stock-in-trade	(4,534,808)	(2,643,762)
Trade debts	(309,706)	(2,367,108)
Loans and advances	113,463	(889,502)
Security deposits and short term prepayments	22,716	(316,573)
Other receivables	(309,697)	(155,014)
Short Term investment - net	(1,711,791)	5,438,227
	(5,657,989)	(6,535,501)
Increase in trade and other payables	2,526,100	2,587,934
	(3,131,889)	(3,947,567)

10. TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited Nine months ended		Un-audited Quarter ended	
	March 2023	March 2022	March 2023	March 2022
 (Rupees in thousand)			
i) Key management personnel				
Remuneration and other benefits	743,227	401,031	214,047	134,982
Post employment benefit plan Contribution to provident fund	262,898	212,990	91,662	71,481
Contribution to Gratuity fund	24,565	15,346	3,545	4,232
ii) The Saim Family Trust, British Virgin Islands (BVI) through Mercury Management Inc., BVI and Hutton Properties Limited, BVI (related parties) holds 73,390,896 [24.52%] (30 June 2022: 73,390,896) and 55,256,992 [18.46%] (30 June 2022: 55,256,992) ordinary shares respectively of the Holding Company on which dividend amounting to Rupees Nil (30 June 2022: Rupees 146,781,792) and Rupees Nil (30 June 2022: Rupees 102,054,984) respectively was paid during the period.				
iii) TRG Pakistan Limited is the associated company of the Holding Company due to common director ship. The Holding Company has not entered into any transaction with TRG Pakistan Limited during the period.				

11. SEGMENT INFORMATION

11.1

	Spinning		Weaving		Processing and Home Textile		Cement		Investment		Power		Elimination of inter-segment transactions		Group	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022

(Rupees in thousand)

Revenue:	16,863,697	15,816,768	5,521,966	5,772,888	7,676,896	7,344,301	47,088,229	33,999,277	-	-	-	-	-	-	-	-	62,933,924
External inter-segment	498,352	368,763	1,153,352	899,077	116,631	3,960	1,407	92,037	-	-	-	-	-	-	-	-	77,150,788
	(14,697,998)	(10,797,278)	(6,097,714)	(5,763,092)	(5,654,315)	(5,769,287)	(32,651,046)	(24,179,316)	-	-	-	-	-	-	-	-	62,933,924
Cost of sales	2,574,053	5,388,243	577,604	908,983	2,139,212	1,579,574	14,438,590	9,911,998	-	-	-	-	-	-	-	-	(57,421,329)
Gross profit	(99,229)	(62,672)	(122,854)	(190,118)	(777,615)	(879,209)	(1,684,964)	(1,147,546)	-	-	-	-	-	-	-	-	17,788,798
Distribution cost	(96,518)	(226,552)	(154,890)	(127,439)	(215,907)	(186,577)	(1,039,157)	(671,597)	(134,327)	(83,604)	(4,338)	-	-	-	-	-	(2,644,662)
Administrative expenses	(455,047)	(279,224)	(277,744)	(317,553)	(993,522)	(1,065,786)	(2,724,121)	(1,819,343)	(134,327)	(83,604)	(4,338)	-	-	-	-	-	(1,954,041)
Profit / (loss) before tax and unallocated income and expenses	2,119,006	5,109,019	299,860	591,430	1,145,690	513,788	11,714,469	8,092,655	(134,327)	(83,604)	(4,338)	-	-	-	-	-	(4,598,703)
Unallocated income and expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,130,756
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,658,045)
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,867,693)
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,491,835
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,651,226)
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,131,076)
	6,999,680	5,265,450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,999,680

11.2 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing and Home Textile		Cement		Investment		Power		Group	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	30 June 2023		30 June 2022		30 June 2022		30 June 2023		30 June 2022		30 June 2022		30 June 2022	
	31 March 2023	30 June 2022	31 March 2023	30 June 2022	31 March 2023	30 June 2022	31 March 2023	30 June 2022	31 March 2023	30 June 2022	31 March 2023	30 June 2022	31 March 2023	30 June 2022

(Rupees in thousand)

Total assets for reportable segments	14,693,766	11,264,265	8,950,668	6,651,477	11,852,210	10,043,220	81,403,148	73,937,861	5,901,806	4,518,989	5,359,462	128,018,846	110,774,274
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	6,999	1,221,149
Total assets as per consolidated condensed interim statement of financial position	-	-	-	-	-	-	-	-	-	-	-	128,025,845	111,995,423
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.	4,940,432	5,210,763	3,581,685	1,092,762	7,921,777	5,496,385	22,166,975	24,648,996	1,605,020	1,039,323	-	39,615,889	37,688,229
Total liabilities for reportable segments	-	-	-	-	-	-	-	-	-	-	-	22,673,423	17,426,554
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	62,289,312	55,114,783
Total liabilities as per consolidated condensed interim statement of financial position	-	-	-	-	-	-	-	-	-	-	-	84,962,735	72,541,337
All segment liabilities are allocated to reportable segments other than trade and other payables, current and deferred tax liabilities.	-	-	-	-	-	-	-	-	-	-	-	22,673,423	17,426,554

12. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classify its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 March 2023	Level 1	Level 2	Level 3	Total
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----- (Rupees in thousand) -----

Recurring fair value measurements Financial assets

Financial assets at fair value through profit or loss	5,436,497	-	-	5,436,497
Total financial assets	5,436,497	-	-	5,436,497

Financial liability Unrealized loss on re-measurement of futures contracts - shares	17,046	-	-	17,046
Total financial liabilities	17,046	-	-	17,046

Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
---	---------	---------	---------	-------

----- (Rupees in thousand) -----

Recurring fair value measurements Financial assets

Financial assets at fair value through profit or loss	4,096,150	-	-	4,096,150
Total financial assets	4,096,150	-	-	4,096,150

Financial liabilities

Unrealized loss on re-measurement of futures contracts - shares	4,386	-	-	4,386
Total financial liabilities	4,386	-	-	4,386

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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.

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale 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 maximize 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.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

13. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

Fair value hierarchy

Judgments and estimates are made in determining the fair value of non-financial assets that are recognized and measured at fair value in these consolidated 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.

At 31 March 2023	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Freehold land	-	4,567,622	1,192,037	5,759,659
Total non-financial assets	-	4,567,622	1,192,037	5,759,659

At 30 June 2022	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Investment properties-land and Buildings	-	1,824,360	-	1,824,360
Freehold land	-	2,768,287	1,192,037	3,960,324
Total non-financial assets	-	4,592,647	1,192,037	5,784,684

The Group's policy is to recognize 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 and freehold land (classified as property, plant and equipment) at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines 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 and freehold land at the end of every financial year. The fair values of the investment properties and freehold land of the Holding Company have been determined by Anderson Consulting (Private) Limited (an approved valuer) at 31 December 2022. MLCFL's freehold land was revalued by Arif Evaluators, an independent valuer approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020.

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.

14. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Group for the year ended 30 June 2022.

15. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved by the Board of Directors of the Holding Company and authorized for issue on 17 April 2023.

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 comparable 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 other wise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Kohinoor Textile Mills Limited

A Kohinoor Maple Leaf Group Company

42-Lawrence Road,

Lahore, Pakistan