

# **KOHINOOR INDUSTRIES LIMITED**

**HALF YEAR REPORT (Un-audited)  
31-12-2021**

**BOARD OF DIRECTORS**

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

**AUDIT COMMITTEE**

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

**HR & REMUNERATION COMMITTEE**

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

**COMPANY SECRETARY**

Khawaja Safee Sultan

**CHIEF FINANCIAL OFFICER**

Mr. Zahoor Ahmed

**AUDITORS**

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

**REGISTRATION NUMBER**

0000214

**NTN**

0452891-3

**WEBSITE**

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

**BANKERS**

Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
NIB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Allied Bank Limited

**REGISTERED OFFICE**

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

**WORKS**

Kohinoor Nagar, College Road,  
Madina Town, Faisalabad.  
Tel: 8540211-12 Fax: 8541444

**SHARE REGISTRAR**

M/s Corplink (Pvt.) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore  
Tel: 35916714-19, 35839182 Fax: 35869037  
E-mail: [shares@corplink.com.pk](mailto:shares@corplink.com.pk)

**DIRECTORS' REPORT**

The Directors' of the Company presented before the Shareholders their report alongwith Interim Financial Statements of the Company for the period ended December 31, 2021.

<b><u>Financial Highlights</u></b>	<b><u>Half Year Ended Dec 31, 2021</u></b>	<b><u>Half Year Ended Dec 31, 2020</u></b>
Net Sales	33.025	30.033
Gross Profit	13.639	14.912
Profit before Tax	14.922	21.383
Profit after Tax	8.620	16.793
Earning per Share	0.28	0.55

**OPERATING FINANCIAL RESULTS**

During the period under review, the Company continued renting its premises and earned a gross revenue of Rs. 33.025 million as compared to Rs. 30.033 million in the corresponding period last year. The Company earned gross profit of Rs. 13.629 million as compared to Rs. 14.912 million in corresponding period last year. The said decrease is mainly due to change/reduction in value of investment.

**FUTURE OUTLOOK**

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

**COMPOSITION OF BOARD**

Composition of the Board of Directors is as under;

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

**COMMITTEE'S**

Detail of Committee's of Board is as under.

**AUDIT COMMITTEE**

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

**HR & REMUNERATION COMMITTEE**

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

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Boards



**M. ZEID YOUSUF SAIGOL**  
Chief Executive



**M. MURAD SAIGOL**  
Director

Lahore  
February 28, 2022

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران نے کمپنی شیئر ہولڈرز کے سامنے ان کی رپورٹ ہمراہ عبوری مالی سٹیٹمنٹ برائے دورانیہ 31 دسمبر 2021 پیش کی۔

### آپریٹنگ نتائج

زیر غور دورانیہ میں کمپنی نے اپنا احاطہ کرائے پر دے کر بلا لحاظ 33.025 ملین کمائے جس کے مقابلے گزشتہ سال کے دورانیہ میں 30.033 ملین روپے کمائے تھے۔ کمپنی نے 13.629 ملین خالص منافع کمایا، جو گزشتہ سال 14.912 ملین تھا۔ یہی سرمایہ کاری کی قیمت میں تبدیلیاں کی وجہ سے ہے۔

### مستقبل کا نقطہ نظر

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

### بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
6	مرز
1	عورت
ساخت	
جناب رشید احمد جاوید	آزاد ڈائریکٹرز
جناب محمد آصف	
جناب محمد نسیم سہگل	نان ایگزیکٹو ڈائریکٹرز
جناب محمد مراد سہگل	
جناب محمد عمر فاروق	
جناب محمد زید یوسف سہگل	ایگزیکٹو ڈائریکٹرز
محترمہ مصدقہ کاشف	نیمیل ڈائریکٹرز

### کمیشنرز

بورڈ کی کمیشنرز کی تفصیل درج ذیل ہے۔

### آڈٹ کمیٹی

جناب رشید احمد جاوید	چیئرمین اممبر
جناب محمد عمر فاروق	اممبر
جناب محمد آصف	اممبر
محترمہ مصدقہ کاشف	اممبر

### ایچ آر اینڈ اینڈ ریٹرنیشن کمیٹی

جناب رشید احمد جاوید	چیئرمین اممبر
جناب محمد نسیم سہگل	اممبر
جناب محمد زید یوسف سہگل	اممبر

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

منجانب ویرائے بورڈ:

لاہور

28 فروری، 2022

ڈائریکٹر

چیف ایگزیکٹو

## INDEPENDENT AUDITOR'S REVIEW REPORT

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

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **KOHINOOR INDUSTRIES LIMITED** [‘the Company’] as at **31 December 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended **31 December 2021** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

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

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



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

Lahore: 28 February 2022

UDIN: RR202110185suXmzDHa7



# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31-Dec-21 Rupees (Un-audited)	30-Jun-21 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized share capital</i>		400,000,000	400,000,000
Issued share capital		303,025,430	303,025,430
Share premium		187,394,755	187,394,755
Revaluation reserve		651,264,077	651,264,077
Retained earnings		(570,163,460)	(578,784,254)
Loan from directors and sponsors		353,682,503	353,682,503
<b>TOTAL EQUITY</b>		<b>925,203,305</b>	<b>916,582,511</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employees retirement benefits		1,272,969	984,563
<b>CURRENT LIABILITIES</b>			
Trade and other payables		28,816,987	28,897,121
Unclaimed dividend		2,313,547	2,332,404
Current taxation		23,015,676	28,187,933
		<b>54,146,210</b>	<b>59,417,458</b>
<b>TOTAL LIABILITIES</b>		<b>55,419,179</b>	<b>60,402,021</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>980,622,484</b>	<b>976,984,532</b>

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

  
Director

  
Chief Financial Officer

  
Chief Executive

RSRIR  
for identification only

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31-Dec-21 Rupees (Un-audited)	30-Jun-21 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	7	3,299,992	2,285,035
Government taken over concerns	8	-	-
Investment property		847,645,920	847,645,920
Long term investments	9	13,154,400	18,711,000
Long term deposits		166,376	166,376
Deffered Taxation		24,099,298	24,099,298
		<b>888,365,986</b>	<b>892,907,629</b>
<b>CURRENT ASSETS</b>			
Lease rentals receivable		20,000	20,000
Advances and other receivables		262,000	167,670
Advance income tax		10,698,766	16,676,462
Cash and bank balances		81,275,732	67,212,771
		<b>92,256,498</b>	<b>84,076,903</b>
<b>TOTAL ASSETS</b>		<b>980,622,484</b>	<b>976,984,532</b>

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

  
Director

  
Chief Financial Officer

  
Chief Executive

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Note	Six month ended		Three month ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		Rupees	Rupees	Rupees	Rupees
Rental income		33,025,396	30,033,998	17,018,887	15,477,171
Administrative expenses		(13,773,208)	(14,257,065)	(9,237,173)	(7,201,598)
Other expenses		(5,622,601)	(864,787)	(256,259)	(864,787)
		(19,395,809)	(15,121,852)	(9,493,432)	(8,066,385)
Other income		13,629,587	14,912,146	7,525,455	7,410,786
		1,293,118	6,411,560	818,500	4,606,536
<b>Operating profit</b>		<b>14,922,705</b>	<b>21,323,706</b>	<b>8,343,955</b>	<b>12,017,322</b>
Finance cost		(6,499)	(2,203)	(3,657)	(3,085)
Share of (loss)/profit of associate		14,916,206	21,321,503	8,340,298	12,014,237
		(354,049)	62,111	(107,091)	6,639
<b>Profit before taxation</b>		<b>14,562,157</b>	<b>21,383,614</b>	<b>8,233,207</b>	<b>12,020,876</b>
Provision for taxation	10	(5,941,363)	(4,589,835)	(2,478,110)	(2,249,107)
<b>Profit after taxation</b>		<b>8,620,794</b>	<b>16,793,779</b>	<b>5,755,097</b>	<b>9,771,769</b>
<b>Earnings per share - basic and diluted</b>		<b>0.28</b>	<b>0.55</b>	<b>0.19</b>	<b>0.32</b>

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

  
Director

  
Chief Financial Officer

  
Chief Executive

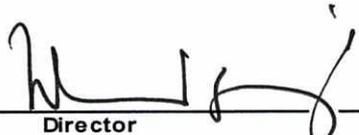
RSRIR  
for identification only

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income	-	-	-	-
Profit after taxation	8,620,794	16,793,779	5,755,097	9,771,769
<b>Total comprehensive income</b>	<b>8,620,794</b>	<b>16,793,779</b>	<b>5,755,097</b>	<b>9,771,769</b>

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

  
Director

  
Chief Financial Officer

  
Chief Executive

# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Share capital	Capital reserves		Revenue reserves	Loan from directors and sponsors	Total equity
	Issued share capital Rupees	Share Premium Rupees	Revaluation reserve Rupees	Retained earnings Rupees		
<b>Balance as at 01 July 2020 - Audited</b>	303,025,430	187,394,755	651,264,077	(600,727,626)	-	540,956,636
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	16,793,779	-	16,793,779
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	16,793,779	-	16,793,779
<b>Transaction with owners</b>						
Final dividend on ordinary shares @ Rs. 0.75 per ordinary share	-	-	-	(22,726,908)	-	(22,726,908)
<b>Balance as at 31 December 2020 - Un-audited</b>	303,025,430	187,394,755	651,264,077	(606,660,755)	-	535,023,507
<b>Balance as at 01 January 2021 - Un-audited</b>	303,025,430	187,394,755	651,264,077	(606,660,755)	-	535,023,507
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	27,823,663	-	27,823,663
Other comprehensive income	-	-	-	52,838	-	52,838
<b>Total comprehensive income</b>	-	-	-	27,876,501	-	27,876,501
<b>Transferred from short term borrowings</b>	-	-	-	-	353,682,503	353,682,503
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at 30 June 2021 - Audited</b>	303,025,430	187,394,755	651,264,077	(578,784,254)	353,682,503	916,582,511
<b>Balance as at 01 July 2021 - Audited</b>	303,025,430	187,394,755	651,264,077	(578,784,254)	353,682,503	916,582,511
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	8,620,794	-	8,620,794
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	8,620,794	-	8,620,794
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at 31 December 2021 - Un-audited</b>	303,025,430	187,394,755	651,264,077	(570,163,460)	353,682,503	925,203,305

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

  
Director

  
Chief Financial Officer

  
Chief Executive

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# KOHINOOR INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Six month ended	
	31-Dec-21	31-Dec-20
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,562,157	21,383,614
Adjustments for non-cash and other items		
Provision for employees retirement benefits	288,406	215,540
Share of loss/(profit) of associate	354,049	(62,111)
Impairment loss on long term investment	5,202,551	-
Reversal of impairment loss on long term investment	-	(5,494,489)
Depreciation	141,543	134,068
	5,986,549	(5,206,992)
Operating profit before changes in working capital	20,548,706	16,176,622
Changes in working capital		
Advances and other receivables	(94,330)	(1,235,344)
Trade and other payables	(80,134)	(230,804)
	(174,464)	(1,466,148)
Net cash generated from operations	20,374,242	14,710,474
Payments for:		
Income tax	(5,135,924)	(4,665,754)
Net cash generated from operating activities	15,238,318	10,044,720
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,156,500)	-
Net cash used in investing activities	(1,156,500)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(18,857)	(21,356,036)
Net cash used in financing activities	(18,857)	(21,356,036)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,062,961	(11,311,316)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	67,212,771	59,559,972
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	81,275,732	48,248,656

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

  
Director

  
Chief Financial Officer

  
Chief Executive

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# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

### 1 LEGAL STATUS AND OPERATIONS

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

Board of Directors of the Company in its meeting held on 30 April 2008 decided to close down the business as due to increase in prices of raw material and other inputs without increase in yarn sales prices in the local and international market, the operations of the textile unit had become uneconomical and huge losses were expected to arise if the business was carried on.

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

### 2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2021.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at 30 June 2021 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended 31 December 2020 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2021 and 31 December 2020 are neither audited nor reviewed.

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Appropriateness of the going concern assumption

As at 31 December 2021, the Company has accumulated losses of Rs. 570.16 million. Its current liabilities exceed its current assets by Rs. 38.11 million. These factors indicate existense of material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of bussiness. However, these financial statements have been prepared on going concern basis based on the following:

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

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

#### 2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Investment property	Fair value
Employee retirement benefits	Present value

# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

### 2.4 Judgments, estimates and assumptions

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

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

### 2.5 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

### 2.6 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 28 February 2022.

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

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

### 3.1 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

### 3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

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

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018-2020.	01 January 2022
Amendments to IFRS 17	01 January 2023

# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Effective date (annual periods beginning on or after)
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17 - Insurance contracts)	01 January 2023

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards  
IFRS 14 - Regulatory Deferral Accounts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

### 5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended 30 June 2021.

### 6 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies since 30 June 2021.

	31-Dec-21 <i>Rupees</i> (Un-Audited)	30-Jun-21 <i>Rupees</i> (Audited)
<b>7 PROPERTY AND EQUIPMENT</b>		
Net book value at the beginning of the period/year	2,285,035	2,428,014
Addition during the period/year	1,156,500	-
Depreciation for the period/year	(141,543)	(142,979)
<b>Net book value at end of the period/year</b>	<b>3,299,992</b>	<b>2,285,035</b>
<b>8 GOVERNMENT TAKEN OVER CONCERNS</b>		
Gross amount due	27,229,339	27,229,339
Impairment allowance	(27,229,339)	(27,229,339)
	-	-

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

# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

### 9 LONG TERM INVESTMENTS

This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL is a Public Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. KPCL was formed with the objective of generation and sale of electric power. Subsequently, it amended its memorandum of association to change its principal activity to leasing out machinery and buildings under operating lease arrangements. The Boards of Directors of KPCL and Saritow Spinning Mills Limited ['SSML'], a related party of the Company, in their respective meetings have approved amalgamation of KPCL into SSML. The proposed amalgamation, once affected, will result in the Company holding ordinary shares in SSML in accordance with the swap ratio approved with scheme of amalgamation. Registered office of KPCL is situated in the Province of Punjab at 17-Aziz Avenue, Canal Bank, Gulberg V, Lahore.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-21 (Un-Audited)	30-Jun-21 (Audited)
Percentage of ownership interest	22.50%	22.50%
	31-Dec-21 Rupees (Un-Audited)	30-Jun-21 Rupees (Audited)
Cost of investment		
2,835,000 (30 June 2021: 2,835,000) fully paid ordinary shares of Rs. 10 each	90,000,000	90,000,000
Share of post acquisition profits	(16,747,171)	(16,393,122)
Dividend income from investment in associate	(10,800,000)	(10,800,000)
	62,452,829	62,806,878
Accumulated impairment	(49,298,429)	(44,095,878)
	13,154,400	18,711,000

#### 9.1 Extracts of financial statements of associated company

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

	Note	31-Dec-21 Rupees (Un-Audited)	30-Jun-21 Rupees (Audited)
Non-current assets		90,536,276	93,026,009
Current assets		40,520,883	40,221,457
Non-current liabilities		-	-
Current liabilities		773,870	1,390,628
Revenue		8,660,100	17,114,327
Loss for the period/year		(1,573,549)	(2,156,598)
Break-up value per share		10.34	10.46
Share of loss and other adjustments to net assets	9.1.1	(354,049)	(485,235)
Market value per share		4.64	6.60

#### 9.1.1 This includes the following:

Share of loss for the period/year	(354,049)	(485,235)
	(354,049)	(485,235)

### 10 PROVISION FOR TAXATION

10.1 Provision for current tax has been made in accordance with section 18 (30 June 2021: section 18) of the Income Tax Ordinance 2001 ['the Ordinance'].

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

# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

### 11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

	Six months ended		
	31-Dec-21	31-Dec-20	
	Rupees	Rupees	
	(Un-Audited)	(Un-Audited)	
<b>11.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Associated companies	Share of loss from associate	354,049	62,111
	Impairment allowance on long term investment	5,202,551	-
	Reversal of impairment loss on long term investment	-	5,494,489
	Rental income	1,521,678	1,175,842
	Advertising expense	43,300	-
	<b>31-Dec-21</b>	<b>30-Jun-21</b>	
	<b>Rupees</b>	<b>Rupees</b>	
	<b>(Un-Audited)</b>	<b>(Audited)</b>	

### 11.2 Balances with related parties

Nature of relationship	Nature of balances		
Associated companies	Long term investment	13,154,400	18,711,000
	Trade creditors	43,300	-
Sponsors	Borrowings	353,682,503	353,682,503

### 12 FINANCIAL INSTRUMENTS

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

# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	31-Dec-21 Rupees (Un-Audited)	30-Jun-21 Rupees (Audited)
<b>12.1 Financial assets</b>		
<i>Cash in hand</i>	468,558	534,646
<i>Financial assets at amortized cost</i>		
Long term deposits	166,376	166,376
Lease rentals receivable	20,000	20,000
Advances to employees	213,100	167,670
Cash at bank	80,807,174	64,623,401
	<b>81,206,650</b>	<b>64,977,447</b>
	<b>81,675,208</b>	<b>65,512,093</b>
<b>12.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Creditors	365,357	269,060
Accrued liabilities	563,185	1,163,839
Unclaimed dividend	2,313,547	2,332,404
	<b>3,242,089</b>	<b>3,765,303</b>

### 13 FAIR VALUE MEASUREMENTS

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

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

#### 13.1 Financial Instruments

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

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

##### 13.2.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	31-Dec-21 Rupees (Un-Audited)	30-Jun-21 Rupees (Audited)
Investment property - Land	-	733,400,000	-	733,400,000	733,400,000
Investment property - Buildings	-	114,245,920	-	114,245,920	114,245,920

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

# KOHINOOR INDUSTRIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Valuation technique	Significant inputs	Sensitivity
Land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of land by Rs. 36.67 million (30 June 2021: Rs. 36.67 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 5.71 million (30 June 2021: Rs. 5.71 million).

### 14 EVENTS AFTER THE REPORTING PERIOD

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

### 15 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

### 16 GENERAL

16.1 There are no other significant activities since 30 June 2021 affecting the interim financial statements.

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

  
Director

  
Chief Financial Officer

  
Chief Executive