

KOHINOOR INDUSTRIES LIMITED

HALF YEAR REPORT (Un-audited)
31-12-2019

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. M. Zeid Yousuf Saigol	Chief Executive Officer
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Shamil	
Mr. Rashid Ahmad Javaid	

AUDIT COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
Mr. Muhammad Shamil	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

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

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35715029-31 Fax: 042-35715105
E-mail: 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

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, 2019.

During the period under review, the Company continued renting its premises and earned a gross revenue of Rs. 27.12 million as compared to Rs. 21.52 million in the corresponding period last year. The Company earned gross profit of Rs. 16.86 million as compared to Rs. 12.99 million in corresponding period last year. This increase is due to increase in the value of its investments in the associated Company and increase in rent.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

TOTAL NUMBER OF DIRECTORS	
Male	7
Female	NONE
COMPOSITION	
Independent Director	Mr. Rashid Ahmad Javaid
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
	Mr. Muhammad Shamil
Executive Directors	Mr. Muhammad Zeid Yousuf Saigol

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

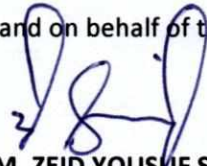
Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
Mr. Muhammad Shamil	Member

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 Board



M. ZEID YOUSUF SAIGOL
Chief Executive

Lahore
February 28, 2020

Kohinoor Industries Limited

Interim Financial Statements

*Six month period ended
December 31, 2019*

Reviewed

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 December 31, 2019 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 December 31, 2019 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.

Emphasis of Matter

We draw attention to note 2.2 to these interim financial statements which indicate that the Company has accumulated losses of Rs. 673.423 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 348.895 million. These factors indicate existence 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 business. These interim financial statements have, however, been prepared on going concern basis for reasons explained in note 2.2. Our conclusion is not qualified in respect of this matter.

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

Date: **FEBRUARY 28, 2020**
Place: **LAHORE**



KOHINOOR INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	December 31, 2019	June 30, 2019
	Rupees	Rupees
	(Un-audited)	(Audited)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
40,000,000 (June 30, 2019: 40,000,000) ordinary shares of Rs. 10 each	400,000,000	400,000,000
Issued, subscribed and paid-up capital	303,025,430	303,025,430
Share premium	187,394,755	187,394,755
Surplus on revaluation of property and equipment	651,264,077	651,264,077
Accumulated losses	(673,422,770)	(688,371,198)
TOTAL EQUITY	468,261,492	453,313,064
LIABILITIES		
NON-CURRENT LIABILITIES		
Employees retirement benefits	621,717	385,508
	621,717	385,508
CURRENT LIABILITIES		
Trade and other payables	28,901,852	27,810,731
Short term borrowings	353,682,503	353,682,503
Unclaimed dividend	1,034,826	1,034,826
Current taxation	20,036,930	22,083,661
	403,656,111	404,611,721
TOTAL LIABILITIES	404,277,828	404,997,229
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	872,539,320	858,310,293

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

rsr/r
for identification only


KOHINOOR INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019
		Rupees (Un-audited)	Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	2,626,090	2,777,933
Government taken over concerns	8	-	-
Investment property		809,372,245	809,372,245
Long term investments	9	5,613,300	4,819,500
Long term deposits		166,376	166,376
		817,778,011	817,136,054
CURRENT ASSETS			
Rent receivables		20,000	20,000
Advances to employees		170,000	-
Advance income tax		14,658,624	15,834,306
Cash and bank balances		39,912,685	25,319,933
		54,761,309	41,174,239
TOTAL ASSETS		872,539,320	858,310,293

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


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KOHINOOR INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

Note	Six month ended		Three month ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Revenue	27,125,904	21,523,383	13,981,290	11,855,735
Administrative and general expenses	(10,260,443)	(6,885,750)	(5,321,780)	(3,673,194)
Other expenses	-	(1,638,631)	899,392	143,360
	(10,260,443)	(8,524,381)	(4,422,388)	(3,529,834)
	16,865,461	12,999,002	9,558,902	8,325,901
Other income	1,728,315	-	1,368,349	-
Operating profit	18,593,776	12,999,002	10,927,251	8,325,901
Finance cost	(9,072)	(13,734)	(1,317)	(7,404)
Share of loss of associate - <i>unrealised</i>	(574,549)	(1,054,619)	(56,441)	(710,360)
Profit before taxation	18,010,155	11,930,649	10,869,493	7,608,137
Taxation	10 (3,061,727)	825,355	(1,847,814)	1,560,182
Profit after taxation	14,948,428	12,756,004	9,021,679	9,168,319
Earnings per share - <i>basic and diluted</i>	0.49	0.42	0.30	0.30

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


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KOHINOOR INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six month ended		Three month ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	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 loss before taxation	-	-	-	-
Taxation	-	-	-	-
Other comprehensive loss after taxation	-	-	-	-
Profit after taxation	14,948,428	12,756,004	9,021,679	9,168,319
Total comprehensive income	14,948,428	12,756,004	9,021,679	9,168,319

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


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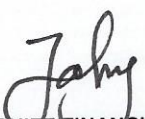
KOHINOOR INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six month ended	
	December 31, 2019	December 31, 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,010,155	11,930,649
Adjustments for non-cash and other items		
Provision for employees retirement benefits	236,209	-
Share of loss of associate	574,549	1,054,619
Reversal of impairment loss on long term investment	(1,368,349)	-
Change in fair value of investment property	-	1,638,631
Depreciation	151,843	172,309
	(405,748)	2,865,559
Operating profit before changes in working capital	17,604,407	14,796,208
Changes in working capital		
Long term deposits	-	202,500
Rent receivables	-	196,020
Advances to employees	(170,000)	5,265,039
Trade and other payables	1,091,121	(7,488,310)
	921,121	(1,824,751)
Net cash generated from operations	18,525,528	12,971,457
Payments for		
Income tax	(3,932,776)	(3,129,330)
Net cash generated from operating activities	14,592,752	9,842,127
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,592,752	9,842,127
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	25,319,933	5,389,403
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,912,685	15,231,530

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


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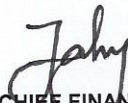
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Share capital	Capital reserves		Revenue reserve	
	Issued subscribed and paid-up capital	Share Premium	Surplus on revaluation of investment property	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018 - Audited	303,025,430	187,394,755	651,264,077	(716,145,840)	425,538,422
Comprehensive income					
Profit after taxation	-	-	-	12,756,004	12,756,004
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	-	-	12,756,004	12,756,004
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2018 - Un-audited	303,025,430	187,394,755	651,264,077	(703,389,836)	438,294,426
Balance as at January 01, 2019 - Un-audited	303,025,430	187,394,755	651,264,077	(703,389,836)	438,294,426
Comprehensive income					
Profit after taxation	-	-	-	15,038,854	15,038,854
Other comprehensive loss	-	-	-	(20,216)	(20,216)
Total comprehensive income	-	-	-	15,018,638	15,018,638
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2019 - Audited	303,025,430	187,394,755	651,264,077	(688,371,198)	453,313,064
Balance as at July 01, 2019 - Audited	303,025,430	187,394,755	651,264,077	(688,371,198)	453,313,064
Comprehensive income					
Profit after taxation	-	-	-	14,948,428	14,948,428
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	-	-	14,948,428	14,948,428
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2019 - Un-audited	303,025,430	187,394,755	651,264,077	(673,422,770)	468,261,492

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

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 April 30, 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 June 30, 2019.

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 June 30, 2019 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 December 31, 2018 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 December 31, 2019 and December 31, 2018 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 December 31, 2019, the Company has accumulated losses of Rs. 673.423 million. Its current liabilities exceed its current assets by Rs. 348.895 million. These factors indicate existence 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 business. 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 interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

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 are prepared in Pak Rupees which is the Company's functional currency.

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 February 28, 2020.

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.

3.1 IFRS 16 - Leases (2016)

IFRS 16 - Leases (2016) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

3.2 IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

3.3 Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

3.4 Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS 9 - Financial Instruments have been amended regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

3.5 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

3.6 Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The annual improvements have made amendments to the following standards:

- **IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 - Income Taxes** - The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- **IAS 23 - Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

3.7 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2021
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
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)	January 01, 2020

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
IFRS 17 - Insurance contracts (2017)

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 have no material impact on the Company's financial statements other than in presentation/disclosures.

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for identification only

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

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 June 30, 2019.

6 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies since June 30, 2019

	Note	December 31, 2019 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
7 PROPERTY AND EQUIPMENT			
Net book value at the beginning of the period/year		2,777,933	3,122,553
Depreciation for the period/year		(151,843)	(344,620)
Net book value at end of the period/year		2,626,090	2,777,933
8 GOVERNMENT TAKEN OVER CONCERNS			
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 June 19, 2013. Amount recoverable thus stands fully impaired.

9 LONG TERM INVESTMENTS

This represents investment in ordinary shares of Kohinoor Power Company Limited, an associated company. The investment has been accounted for by using equity method. Particulars of investment are as follows:

	December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
Percentage of ownership interest	22.50%	22.50%

	December 31, 2019 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
Cost of investment		
2,835,000 (June 2018: 2,835,000) fully paid ordinary shares of Rs. 10 each	90,000,000	90,000,000
Share of post acquisition profits	(13,693,594)	(13,119,045)
Dividend income	(10,800,000)	(10,800,000)
	65,506,406	66,080,955
Accumulated impairment	(59,893,106)	(61,261,455)
	5,613,300	4,819,500

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 year then ended based on the un-audited financial statements are as follows:

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KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)
Assets		147,479,930	149,486,673
Liabilities		3,654,080	3,078,385
Revenue		7,830,791	15,430,234
Loss for the period/year		(2,553,553)	(14,161,458)
Other comprehensive period/loss		-	(89,847)
Break-up value per share		11.41	11.62
Share of profit and other adjustments to net assets	9.1.1	(574,549)	(3,206,544)
Market value per share		1.98	1.70
9.1.1 This includes the following:			
Share of loss for the period/year		(574,549)	(3,186,328)
Share of other comprehensive loss for the period/year		-	(20,216)
		(574,549)	(3,206,544)

10 PROVISION FOR TAXATION

10.1 Provision for current tax has been made in accordance with section 113C (June 30, 2019: section 113C) 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.

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 year 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%
Pak Elektron Limited	Associated company	Common director	0.00%
Red Communication Arts (Private) Limited	Associated company	Common director	N/A
Faisalabad Grammar School	Associated company	Common director	N/A
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	
		December 31, 2019	December 31, 2018
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
11.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associated companies	Share of loss from associate	574,549	-
	Advertisement expenses	47,570	-
	Rental income	1,068,948	1,363,806

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KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

		December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)
11.2 Balances with related parties			
Nature of relationship	Nature of balances		
Associated companies	Long term investment	5,613,300	4,819,500
Sponsors	Short term borrowings	353,682,503	353,682,503

There are no balances due to/from related parties as at the reporting date.

12 FINANCIAL INSTRUMENTS

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

		December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)
12.1 Financial assets			
Cash in hand		1,717,821	423,048
Financial assets at amortized cost			
Long term deposits		166,376	166,376
Rent receivables		20,000	20,000
Advances to employees		170,000	-
Cash at bank		38,194,864	12,303,131
		38,551,240	12,489,507
		40,269,061	12,912,555
12.2 Financial liabilities			
Financial liabilities at amortized cost			
Trade creditors for expenses		1,678,059	618,838
Accrued liabilities		964,205	948,780
Short term borrowings		353,682,503	353,682,503
Unclaimed dividend		1,034,826	1,034,826
		357,359,593	356,284,947

13 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value at the end of each reporting period. 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.

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KOHINOOR INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

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	December 31, 2019 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
Investment property - Land	-	704,450,000	-	704,450,000	704,450,000
Investment property - Buildings	-	104,922,245	-	104,922,245	104,922,245

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	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. 35.22 million (June 30, 2019: Rs. 35.22 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 results in a significant increase in fair value of buildings by Rs. 5.25 million (June 30, 2018: Rs. 5.25 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 June 30, 2019 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.

16.3 Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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