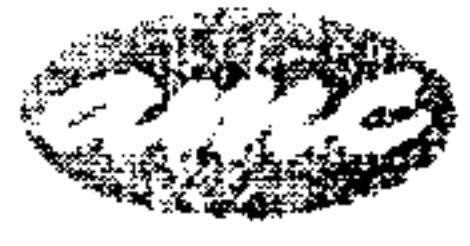




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Aslam Malik & Co.

Chartered Accountants

**CONDENSED INTERIM FINANCIAL
INFORMATION**

OF

**KOHINOOR SPINNING MILLS
LIMITED**

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

Lahore:

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House # 726, Street 34, Margalla Town, Off Muree Road, Islamabad. Phone: 051-2840487-88, 2821185. Fax: 051-2840486

Karachi:

602-B 6th Floor, Business & Finance Centre, Opposite SBP I. I. Chundrigar Road, Karachi. Phone: 021-32412212 Fax: 021-32472235

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Kohinoor Spinning Mills Limited** ("The Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consist 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 condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore.
Date: February 28, 2015


(Aslam Malik & Co)
Chartered Accountants

Engagement Partner
Mohammad Aslam Malik

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
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DIRECTORS' REPORT

On behalf of the Directors of Kohinoor Spinning Mills Limited, it is my pleasure to present six months accounts for the period ended 31 December 2014.

Your Company has incurred a net loss of Rs. 50.407 million as compared to a net profit of Rs. 81.474 million for the corresponding period last year. This drastic change in result is mainly attributed to the carrying forward of costly opening cotton inventory, overall depressed sentiments of yarn market, and depreciation of US Dollar against Pak Rupee.


After raw material management, fuel and power availability have now become our most serious concern. The availability of WAPDA supplied electricity is erratic. During the period under review, we got electricity between 14 hours per day to 20 hours per day. These days, we are getting electricity from WAPDA on 24 hours basis. Gas supply is another conflicting matter between industry and Government. As per agreement with Sui Northern Gas Pipelines Limited (SNGPL), our captive power plant is entitled to 09-months per annum gas supply. However, this commitment is not being fulfilled by SNGPL.

In international market, oil prices have come down rapidly. The Government of Pakistan (GOP) has also reduced oil prices in Pakistan. However, GOP is reluctant to reduce electricity rates accordingly. The reduction in electricity rates for the month of December 2014 has been approved under the head "Fuel Price Adjustment" in February 2015 by NEPRA. This reduction will take effect in the billing of March 2015. With better fuel and power supplies, our spinning industry has the potential to earn precious foreign exchange for the country. However, if situation is not improved, our country would lose competitive edge in spinning. If we want a strong industrial base, we need to rationalize our energy rates and ensure nonstop fuel and energy supply.

State Bank of Pakistan (SBP) has reduced discount rate by 100 basis points in last monetary policy. This is a step towards right direction. However, we still believe that SBP should drastically reduce discount rate to give Pakistani entrepreneurs some space to compete globally. All over the world, mark up rates are kept on lower side to encourage economic activities.

In the end, I assure you that the management of your company will continue its efforts to improve the overall performance of the Company through increased productivity, cost control and by devising innovative marketing strategies.

Lahore: February 28, 2015


Muhammad Naveed
(Chief Executive)

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014 (UN-AUDITED)

	Un-Audited	Audited		Un-Audited	Audited
Notes	December 31, 2014 (Rupees)	June 30, 2014 (Rupees)	Notes	December 31, 2014 (Rupees)	June 30, 2014 (Rupees)

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorised Capital

130,000,000 (June 30, 2014 - 130,000,000) ordinary shares of Rs.5 each

650,000,000

650,000,000

Issued, subscribed and paid up capital

130,000,000 (June 30, 2014 - 130,000,000) ordinary shares of Rs.5 each

650,000,000

650,000,000

Accumulated profit

431,265,683

488,020,366

Sub-ordinated loan from directors

1,081,265,683

1,138,020,366

NON-CURRENT LIABILITIES

Long term loans

Liabilities against assets subject to finance lease

Supplier's credit

Deferred liabilities for gratuity

400,000,000
23,566,636
77,652,793
110,333,969
611,553,398

-
36,792,879
119,363,604
98,355,936
254,512,419

CURRENT LIABILITIES

Trade and other payables

Accrued Interest on loans and borrowings

Short-term borrowings

Current portion of non current liabilities

Provision for taxation

406,118,671
46,877,165
1,177,222,636
114,544,564
13,521,299
1,758,284,335

469,415,415
50,828,993
1,572,548,727
184,869,367
11,313,375
2,288,975,877

CONTINGENCIES AND COMMITMENTS

4,151,103,416

4,381,508,661

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

ASSETS

NON CURRENT ASSETS

Property, plant and equipment

2,032,108,918

1,979,823,212

Long term Loans

Long term deposits

Long term investments

17,365,720
10,561,342
573,803
28,500,865

15,863,190
10,561,342
790,019
27,214,551

CURRENT ASSETS

Stores and spares

Stock-in-trade

Trade debts

Loans and advances

Trade deposits, short term prepayments and other receivables

Cash and bank balances

96,541,183
1,503,343,285
371,774,959
41,407,858
66,905,655
10,520,693
2,090,493,633

104,229,569
1,772,659,213
379,248,864
60,623,579
46,799,590
10,910,082
2,374,470,898

4,151,103,416

4,381,508,661

Lahore,
February 28, 2015


CHIEF EXECUTIVE


DIRECTOR

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Notes	Half Year Ended		Quarter Ended	
		December 31,2014 (Rupees)	December 31,2013 (Rupees)	December 31,2014 (Rupees)	December 31,2013 (Rupees)
SALES - NET		3,040,737,955	3,412,831,226	1,535,142,836	1,740,896,984
COST OF SALES	10	(2,816,876,766)	(2,996,989,358)	(1,483,091,788)	(1,548,814,746)
GROSS PROFIT		223,861,189	415,841,868	52,051,048	192,082,238
OPERATING EXPENSES					
Distribution Cost		(82,357,501)	(80,995,535)	(50,036,774)	(41,117,048)
Administrative		(57,826,158)	(70,782,089)	(17,878,161)	(31,181,813)
		(140,183,659)	(151,777,624)	(67,914,935)	(72,298,861)
OPERATING PROFIT/(LOSS)		83,677,530	264,064,244	(15,863,887)	119,783,377
Financial cost		(131,035,886)	(142,661,068)	(62,721,627)	(80,884,466)
Other operating expense		-	(6,084,346)	1,582,482	(2,142,945)
Other operating income		27,358,731	283,750	26,936,259	-
		(103,677,155)	(148,461,664)	(34,202,886)	(83,027,411)
(LOSS)/PROFIT BEFORE TAXATION		(19,999,625)	115,602,580	(50,066,773)	36,755,966
TAXATION	11	(30,407,380)	(34,128,312)	(15,351,429)	(17,408,970)
(LOSS)/PROFIT AFTER TAXATION		(50,407,005)	81,474,268	(65,418,202)	19,346,996
(LOSS)/EARNING PER SHARE - BASIC	12	(0.39)	0.63	(0.50)	0.15

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

Lahore,
February 28, 2015


CHIEF EXECUTIVE


DIRECTOR

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half Year Ended		Quarter Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(Loss)/Profit after taxation	(50,407,005)	81,474,268	(65,418,202)	19,346,996
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss	-	-	-	-
Unrealized (loss) due to change in fair value of long term investment	(216,216)	(640,332)	(340,957)	(143,034)
Items that will not reclassified to profit and loss	-	-	-	-
Total comprehensive (Loss)/Income	<u>(50,623,221)</u>	<u>80,833,936</u>	<u>(65,759,159)</u>	<u>19,203,962</u>

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

Lahore,
February 28, 2015



CHIEF EXECUTIVE



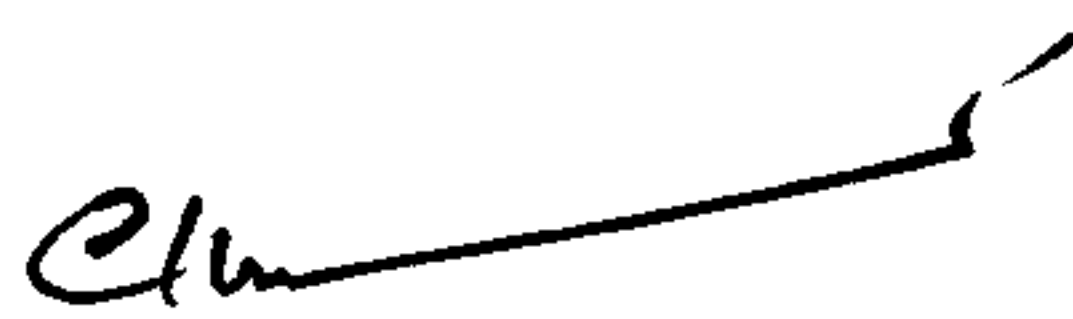
DIRECTOR

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

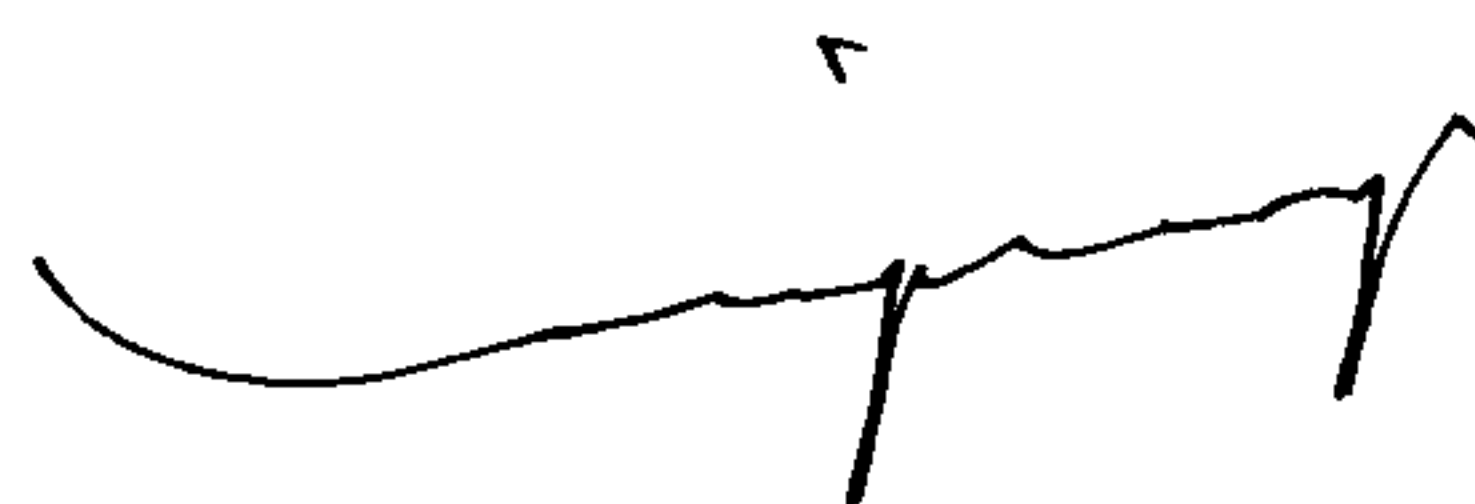
	Share Capital	Accumulated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2013	650,000,000	395,401,268	1,045,401,268
Profit for the half year ended after taxation	-	81,474,268	81,474,268
Unrealized (loss) due to change in fair Value of long term investment	-	(640,332)	(640,332)
Balance as on December 31, 2013	<u>650,000,000</u>	<u>476,235,204</u>	<u>1,126,235,204</u>
Balance as on July 01, 2014	650,000,000	488,020,366	1,138,020,366
(Loss) for the half year ended after taxation	-	(50,407,005)	(50,407,005)
Dividend for the year 2013-2014	-	(6,131,462)	(6,131,462)
Unrealised (loss) due to change in fair value of long term investment	-	(216,216)	(216,216)
Balance as on December 31, 2014	<u><u>650,000,000</u></u>	<u><u>431,265,683</u></u>	<u><u>1,081,265,683</u></u>

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

Lahore,
February 28, 2015



CHIEF EXECUTIVE



DIRECTOR

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Un-Audited December 31, 2014 (Rupees)	Un-Audited December 31, 2013 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(19,999,625)	115,602,580
Adjustments of non cash charges and other items:		
Depreciation / amortization	47,469,459	50,681,749
Gratuity	20,302,338	16,696,987
Gain on sale of fixed assets	(1,189,086)	(283,750)
Financial cost	131,035,886	142,661,068
Operating profit before working capital changes	177,618,972	325,358,634
(Increase)/decrease in current assets		
Stores and spares	7,688,386	31,913,398
Stock-in-trade	269,315,928	20,989,178
Trade debts	7,473,906	(37,555,436)
Loan & advances	19,215,722	(20,573,155)
Trade deposits, prepayments & other receivables	(20,106,066)	(8,881,991)
	283,587,876	(14,108,006)
Increase in current liabilities		
Trade and other payables	(63,517,646)	(153,673,047)
	397,689,202	157,577,581
Financial cost paid	(134,987,714)	(141,990,767)
Income tax paid	(28,199,456)	(33,643,302)
Dividend paid	(5,910,560)	(33,643,302)
Gratuity paid	(8,324,305)	(8,414,756)
Net cash used in operations	220,267,166	(60,114,547)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant & Equipment	(100,166,077)	(91,138,887)
Long term loans	(1,502,530)	(242,143)
Proceeds from disposal property, plant and equipment	1,600,000	575,000
Net cash used in investing activities	(100,068,607)	(90,806,030)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from:		
Increase/Decrease in long term financing	400,000,000	(17,857,145)
Decrease in finance lease liabilities	(17,349,017)	(9,240,850)
Decrease in supplier's credit	(107,912,840)	(39,038,866)
Decrease/Increase in short term borrowings	(395,326,091)	185,016,199
Net cash generated from financing activities	(120,587,948)	118,879,338
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(389,389)	1,602,064
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,910,082	9,584,765
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,520,693	11,186,829

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

Lahore,
February 28, 2015



CHIEF EXECUTIVE



DIRECTOR

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. NATURE AND STATUS OF BUSINESS

KOHINOOR SPINNING MILLS LIMITED was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi stock exchange. The registered office of the company is situated at 7/1, E/3, Main Boulevard Gulberg III, Lahore. The company is engaged in the business of textile spinning.

2. BASIS OF PRESENTATION

This interim condensed financial statement is unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. These interim condensed financial statements has been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). In case where requirement differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements should be read in conjunction with the audited annual published Financial statements of the company for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2014.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2014.

4.2 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2014.

5. SHARE CAPITAL	Un-Audited December 31, 2014 (Rupees)	Audited June 30, 2014 (Rupees)
Issued, subscribed and paid up		
127,725,000 (June 30, 2014 -127,725,000) ordinary shares of Rupees 5/- each, issued for cash	638,625,000	638,625,000
2,275,000 (June 30, 2014 -2,275,000) ordinary shares of Rupees 5/- each, issued as bonus shares	11,375,000	11,375,000
	<u>650,000,000</u>	<u>650,000,000</u>

6. COMMITMENTS

	Un-Audited December 31, 2014 (Rupees)	Audited June 30, 2014 (Rupees)
(i) Letter of credits for Import of raw material	13.722 Million	26.945 Million
(ii) Letter of credits machinery & parts	5.483 Million	1.461 Million

		Un-Audited December 31, 2014 (Rupees)	Audited June 30, 2014 (Rupees)
7. PROPERTY, PLANT AND EQUIPMENT			
Opening writtendown value		1,608,864,503	1,513,846,130
Additions during the period	7.1	100,166,077	224,840,680
Transfer during the period	7.2	278,233,037	-
		<u>1,987,263,617</u>	<u>1,738,686,810</u>
Deletion/transfer during the period	7.3	(1,439,554)	(45,926,433)
		<u>1,985,824,063</u>	<u>1,692,760,377</u>
Depreciation charged during the period		(43,963,789)	(83,895,874)
Eliminated on desposal		1,028,640	-
		<u>1,942,888,914</u>	<u>1,608,864,503</u>
LEASED			
Opening writtendown value		92,725,673	52,472,554
Additions/transfer during the period		-	45,969,203
		<u>92,725,673</u>	<u>98,441,757</u>
Deletion/transfer during the period		-	-
		<u>92,725,673</u>	<u>98,441,757</u>
Amortization charged during the period		(3,505,670)	(5,716,084)
		<u>89,220,004</u>	<u>92,725,673</u>
CAPITAL WORK IN PROGRESS			
Plant and machinery		-	149,167,319
Civil works		-	129,065,718
		-	278,233,037
		<u>2,032,108,918</u>	<u>1,979,823,212</u>
7.1 ADDITIONS DURING THE PERIOD			
Factory building on freehold land		23,110,246	12,053,159
Plant and machinery		75,259,255	205,346,246
Electric installation		1,726,675	4,240,313
Office equipment		-	659,962
Furniture and fixture		-	175,000
Vehicles		69,900	2,366,000
		<u>100,166,077</u>	<u>224,840,680</u>
7.2 TRANSFER DURING THE PERIOD			
Factory building on freehold land		129,065,718	-
Plant and machinery		149,167,319	-
		<u>278,233,037</u>	<u>-</u>
7.3 DELETION/TRANSFER DURING THE PERIOD			
Plant and machinery		-	44,815,403
Vehicles		1,439,554	1,111,030
		<u>1,439,554</u>	<u>45,926,433</u>
8. LONG TERM INVESTMENTS			
Held as available for sale		Un-Audited December 31, 2014 (Rupees)	Audited June 30, 2014 (Rupees)
Others - Quoted			
KASB Modaraba (Former First Mehran Modaraba)			
166,320 modaraba certificates of Rupees 10 each.		573,803	790,019
		<u>573,803</u>	<u>790,019</u>
9. STOCK-IN-TRADE			
Raw material		1,112,718,353	1,331,618,902
Work-in-process		139,819,455	125,987,330
Finished goods		244,329,807	311,423,510
Waste		6,475,670	3,629,471
		<u>1,503,343,285</u>	<u>1,772,659,213</u>

10. COST OF SALES	Half Year Ended		Quarter Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cost of goods manufactured	2,752,629,262	3,142,072,724	1,476,528,948	1,639,786,990
Opening stock of finished goods	315,052,981	216,047,220	257,368,317	270,158,342
Closing stock of finished goods	(250,805,477)	(361,130,586)	(250,805,477)	(361,130,586)
	<u>2,816,876,766</u>	<u>2,996,989,358</u>	<u>1,483,091,788</u>	<u>1,548,814,746</u>

11. TAXATION	Un-Audited December 31, 2014 (Rupees)	Audited June 30, 2014 (Rupees)
Opening balance	11,313,375	4,696,724
For the current period	30,407,380	16,719,342
	<u>41,720,755</u>	<u>21,416,066</u>
Less: adjusted	(28,199,456)	(12,939,933)
Closing balance	<u>13,521,299</u>	<u>8,476,133</u>

12. (LOSS)/EARNING PER SHARE - Basic	Half Year Ended		Quarter Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(Loss)/Profit after taxation	(50,407,005)	81,474,268	(65,418,202)	19,346,996
Weighted average number of ordinary shares	130,000,000	130,000,000	130,000,000	130,000,000
(Loss)/Earning per share - Basic	<u>(0.39)</u>	<u>0.63</u>	<u>(0.50)</u>	<u>0.15</u>

12.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the company as the company has no such commitments.

13. TRANSACTION WITH RELATED PARTIES	December 31, 2014 (Rupees)	December 31, 2013 (Rupees)
--------------------------------------	-------------------------------	-------------------------------

The transactions between the company and related parties are at arm's length prices determined in accordance with comparable uncontrolled price method. The company during the period ending December 31, 2014 entered to following transactions with its related parties:

Sale of material and goods (Yousaf Weaving Mills Ltd.)	3,216,060	12,856,822
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14. AUTHORISATION FOR ISSUE

These condensed interim Financial statement have been authorised for issue on February 28, 2015 by the Board of Directors of the company.


15. GENERAL

Figures have been rounded off to the nearest rupee.

Lahore,
February 28, 2015



CHIEF EXECUTIVE



DIRECTOR