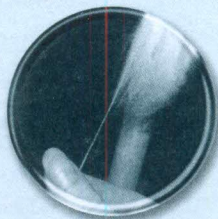


Kohinoor Spinning Mills Limited



HALF YEARLY REPORT
December 31, 2013
For the Period Ended

COMPANY INFORMATION**BOARD OF DIRECTOR**

Mr. Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Jahangir	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Hamza Yousaf	(Director)

AUDIT COMMITTEE

Khawaja Mohammad Jahangir	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Khawaja Mohammad Nadeem	(Member)

HR & REMUNERATION COMMITTEE

Khawaja Mohammad Kaleem	(Chairman)
Khawaja Mohammad Nadeem	(Member)
Mr. Mohammad Naveed	(Member)

CORPORATE SECRETARY

Mr. Muhammad Jahangir Khan jahangir@chakwalgroup.com.pk	BA (LLB), MBA, DTL, ACIS
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CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A
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BANKERS

Habib Metro Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Allied Bank of Pakistan
Meezan Bank Limited
Askari Bank Limited

AUDITOR

Aslam Malik & Co. Chartered Accountants Suite # 18-19 1st Floor, Central Plaza, Civic Centre, New Garden Town, Lahore, Pakistan

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

SHARE REGISTRARS

Corp link (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore
Tel : (042) 35839182
Fax : (042) 35869037

MILLS

Unit I & II Aminabad, Chakwal
Tel : (0543) 644254 - 644281

Unit III Yousaf Nagar, Bhoun Road, Chakwal.
Tel: (0543) 452070-71

AUDITOR'S 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, 2013 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 and notes to the condensed interim financial information (here-in-after referred to as "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, 2013 and December 31, 2012 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2013.

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 the interim financial information 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 condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:
February 28, 2014

Aslam Malik & CO.
Chartered Accountants
Audit Engagement Partner:
Mohammad Aslam Malik

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 2013.

Your Company has earned a net profit of Rs. 81.474 million as compared to a net profit of Rs. 150.314 million for the corresponding period last year. This change in result is mainly attributed to the overall depressed sentiments of yarn market. Cotton prices increase but yarn prices do not increase correspondingly. This results in lower margins for our yarn products.

During this financial year, Government of Pakistan has taken a prudent decision on Gas supply to captive gas fired plants. We are getting 06 hours gas supply per day. Though this supply is far below our requirements, at least we are able to operate our Unit-3 on 24 hours basis with the help of gas, WAPDA and Diesel generators. In Units-1 and 2, we have only WAPDA supplied power. These mills are forced to shut down four hours per day due to electricity shut down. 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. The government is still increasing electricity rates on monthly basis under the grab of fuel adjustment. 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) is not reducing discount rate for sometimes now. We are of the opinion that SBP should drastically reduce discount rate to give Pakistani entrepreneurs some space to compete globally. All over the world except in Pakistan, mark up rates are kept on lower side to encourage economic activities.

The Directors have proposed an interim dividend of Re. 0.5 per share for the half year ended 31st December 2013. However, Directors have foregone their right to receive the dividend.

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.

For and on behalf of the Board

Lahore:
February 28, 2014

(MOHAMMAD NAVEED)
Chief Executive

CONDENSED INTERIM BALANCE SHEET

	Notes	Un-Audited December 31, 2013 (Rupees)	Audited June 30, 2013 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 130,000,000 (June 30, 2013 - 130,000,000) ordinary shares of Rs.5 each		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid up capital 130,000,000 (June 30, 2013 - 130,000,000) ordinary shares of Rs.5 each	5	650,000,000	650,000,000
Accumulated profit		<u>476,235,204</u>	<u>395,401,268</u>
		<u>1,126,235,204</u>	<u>1,045,401,268</u>
Sub-ordinated loan from directors		397,000,000	397,000,000
NON-CURRENT LIABILITIES			
Long term loans		-	7,142,852
Liabilities against assets subject to finance lease		18,564,250	27,885,024
Supplier's credit		34,858,741	73,897,607
Deferred liabilities for gratuity		73,484,240	65,202,009
		<u>126,907,231</u>	<u>174,127,492</u>
CURRENT LIABILITIES			
Trade and other payables		291,480,514	410,536,348
Accrued interest on loans and borrowings		48,643,297	47,972,996
Short-term borrowings		1,688,497,836	1,503,481,637
Current portion of non current liabilities		125,285,699	135,920,068
Provision for taxation		5,181,734	4,696,724
		<u>2,159,089,080</u>	<u>2,102,607,773</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
		<u>3,809,231,515</u>	<u>3,719,136,533</u>

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

Lahore:
February 28, 2014

(Mohammad Naveed)
Chief Executive

AS AT DECEMBER 31, 2013 (UN-AUDITED)

	Notes	Un-Audited December 31, 2013 (Rupees)	Audited June 30, 2013 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,606,484,569	1,566,318,684
CURRENT ASSETS			
Long term Loans		14,371,607	14,129,464
Long term deposits		10,561,342	10,561,342
Long term investments	8	440,747	1,081,079
		<u>25,373,696</u>	<u>25,771,885</u>
Stores and spares		64,921,594	96,834,992
Stock-in-trade		1,560,747,923	1,581,737,100
Trade debts	9	359,163,619	321,608,182
Loans and advances		75,775,984	55,202,829
Trade deposits, short term prepayments and other receivables		105,577,301	62,078,097
Cash and bank balances		11,186,829	9,584,765
		<u>2,177,373,250</u>	<u>2,127,045,965</u>
		<u>3,809,231,515</u>	<u>3,719,136,533</u>

(Khawaja Mohammad Jahangir)
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half Year Ended		Quarter Ended	
	Dec. 31, 2013 Un-Audited (Rupees)	Dec. 31, 2012 Un-Audited (Rupees)	Dec. 31, 2013 Un-Audited (Rupees)	Dec. 31, 2012 Un-Audited (Rupees)
SALES - NET	3,412,831,226	3,036,021,671	1,740,896,984	1,623,406,149
COST OF SALES	(2,996,989,358)	(2,626,822,968)	(1,548,814,746)	(1,378,617,051)
GROSS PROFIT	415,841,868	409,198,703	192,082,238	244,789,098
OPERATING EXPENSES				
Distribution Cost	(80,995,535)	(60,128,579)	(41,117,048)	(35,550,918)
Administrative	(70,782,089)	(56,362,386)	(31,181,813)	(31,776,399)
	(151,777,624)	(116,490,965)	(72,298,861)	(67,327,317)
OPERATING PROFIT	264,064,244	292,707,738	119,783,377	177,461,781
Financial cost	(142,661,068)	(112,895,368)	(80,884,466)	(55,578,951)
Other operating expense	(6,084,346)	(8,592,095)	(2,142,945)	(5,620,227)
Other operating income	283,750	337,671	-	(1,170,152)
	(148,461,664)	(121,149,792)	(83,027,411)	(62,369,330)
PROFIT BEFORE TAXATION	115,602,580	171,557,946	36,755,966	115,092,451
TAXATION				
PROFIT AFTER TAXATION	11	(34,128,312)	(21,243,737)	(17,408,970)
	81,474,268	150,314,209	19,346,996	103,893,182
EARNING PER SHARE - BASIC	12	0.63	1.16	0.80

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

Lahore:
February 28, 2014

(Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half Year Ended		Quarter Ended	
	Dec. 31, 2013 Un-Audited (Rupees)	Dec. 31, 2012 Un-Audited (Rupees)	Dec. 31, 2013 Un-Audited (Rupees)	Dec. 31, 2012 Un-Audited (Rupees)
Profit after taxation	81,474,268	150,314,209	19,346,996	103,893,182
Other Comprehensive income				
Items that may be reclassified to profit and loss	-	-	-	-
Unrealized (loss)/gain due to change in fair value of long term investment	(640,332)	(46,570)	(143,034)	108,108
Items that will not be reclassified to profit and loss	-	-	-	-
Total comprehensive income	80,833,936	150,267,639	19,203,962	104,001,290

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

Lahore:
February 28, 2014

(Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	December 31, 2013 Un-Audited (Rupees)	December 31, 2012 Un-Audited (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	115,602,580	171,557,946
Adjustments of non cash changes and other items:		
Depreciation / amortization	50,681,749	44,298,280
Gratuity	16,696,987	15,724,168
Gain on sale of fixed assets	(283,750)	(337,671)
Financial cost	142,661,068	112,895,368
Operating profit before working capital changes *	325,358,634	344,138,091
(Increase)/decrease in current assets		
Stores and spares	31,913,398	1,808,975
Stock-in-trade	20,989,178	(443,643,632)
Trade debts	(37,555,436)	(122,857,293)
Loan & advances	(20,573,155)	(19,719,427)
Trade deposits, prepayments & other receivables	(8,881,991)	(9,974,337)
	(14,108,006)	(594,385,714)
Increase in current liabilities		
Trade and other payables	(153,673,047)	326,053,702
	157,577,581	75,806,079
Financial cost paid	(141,990,767)	(116,067,531)
Income tax paid	(33,643,302)	(18,999,775)
Gratuity paid	(8,414,756)	(7,975,831)
Net cash used in operations	(26,471,245)	(67,237,058)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(91,138,887)	(40,921,218)
Long term loans	(242,143)	(724,096)
Proceeds from disposal property, plant and equipment	575,000	-
Profit received on bank accounts	-	525,000
Net cash used in investing activities	(90,806,030)	(41,120,314)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from:		
Decrease/increase in long term financing	(17,857,145)	(21,428,574)
Decrease in finance lease liabilities	(9,240,850)	(4,179,147)
Decrease in supplier's credit	(39,038,866)	(33,591,963)
Increase in short term borrowings	185,016,199	165,170,587
Net cash generated from financing activities	118,879,338	105,970,903
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	1,602,064	(2,386,469)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,584,765	6,429,782
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,186,829	4,043,313

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

Lahore:
February 28, 2014

(Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Share Capital	Accumulated Profit	Total
	Un-Audited (Rupees)	Un-Audited (Rupees)	Un-Audited (Rupees)
Balance as at July 01, 2012	650,000,000	130,639,714	780,639,714
Total comprehensive profit for the half year ended December 31, 2012	-	150,314,210	150,314,210
Unrealized loss due to change in fair Value of long term investment	-	(46,570)	(46,570)
Balance as on December 31, 2012	650,000,000	280,907,354	930,907,354
Balance as on July 01, 2013	650,000,000	395,401,268	1,045,401,268
Total comprehensive profit for the half year ended December 31, 2013	-	81,474,268	81,474,268
Unrealised loss due to change in fair value of long term investment	-	(640,332)	(640,332)
Balance as on December 31, 2013	650,000,000	476,235,204	1,126,235,204
	650,000,000	476,235,204	1,126,235,204

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

Lahore:
February 28, 2014

(Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

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, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and 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, 2013.

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 2013.

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 2013.

5. SHARE CAPITAL**Issued, subscribed and paid up**

127,725,000 (June 30, 2013 -127,725,000) ordinary shares
of Rupees 5/- each, issued for cash
2,275,000 (June 30, 2013 -2,275,000) ordinary shares of
of Rupees 5/- each, issued as bonus shares

	Un-Audited Dec. 31, 2013 (Rupees)	Audited June 30, 2013 (Rupees)
	638,625,000	638,625,000
	11,375,000	11,375,000
	650,000,000	650,000,000

6. COMMITMENTS

(i) Letter of credits for Import of raw material
(ii) Letter of credits Machinery

	49,741 Million	5,178 Million
	36,548 Million	14,080 Million

7. PROPERTY, PLANT AND EQUIPMENT

Opening writtedown value
Additions/transfer during the period

Deletion/transfer during the period

Depreciation charged during the period

LEASED

Opening writtedown value
Additions/transfer during the period

Deletion/transfer during the period

Amortization charged during the period

	1,513,846,130	1,505,264,423
	91,138,882	116,355,697
	1,604,985,012	1,621,620,120
	(1,111,030)	(30,417,000)
	1,603,873,982	1,591,203,120
	(44,527,256)	(77,356,990)
	1,559,346,726	1,513,846,130
	52,472,554	33,086,965
	-	27,859,800
	52,472,554	60,946,765
	-	(1,081,600)
	52,472,554	59,865,165
	(5,334,711)	(7,392,611)
	47,137,843	52,472,554
	1,606,484,569	1,566,318,684

7.1 ADDITIONS/TRANSFER DURING THE PERIOD

Factory building on freehold land
Plant and machinery
Electric installation
Office equipment
Vehicles

	7,831,170	3,987,651
	82,251,150	94,066,320
	-	287,082
	305,062	1,699,583
	751,500	16,315,061
	91,138,882	116,355,697

7.2 DELETION/TRANSFER DURING THE PERIOD

Plant and machinery
Vehicles

	-	18,440,000
	1,111,030	11,977,000
	1,111,030	30,417,000

Un-Audited December 31, 2013 (Rupees)	Audited June 30, 2013 (Rupees)
--	---

7.3 ADDITIONS/TRANSFER DURING THE PERIOD

Plant and machinery

18,440,000

9,419,800

27,859,800

7.4 DELETION/TRANSFER DURING THE PERIOD

Vehicles

1,081,600

1,081,600

8. LONG TERM INVESTMENTS

Held as available for sale

Others - Quoted

KASB Modaraba (Former First Mehran Modaraba)
166,320 modaraba certificates
of Rupees 10 each.

440,747

1,081,079

440,747

1,081,079

9. STOCK-IN-TRADE

Raw material

1,054,092,831

1,233,765,610

Work-in-process

145,524,506

131,924,270

Finished goods

359,896,724

209,093,017

Waste

1,233,862

6,954,203

1,560,747,923

1,581,737,100

10. COST OF SALES

Half Year Ended

Quarter Ended

December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----------------------	----------------------	----------------------	----------------------

Cost of goods manufactured

3,142,072,724

2,688,268,698

1,639,786,990

1,454,779,570

Opening stock of finished goods

216,047,220

158,934,530

270,158,342

144,217,741

Closing stock of finished goods

(361,130,586)

(220,380,260)

(361,130,586)

(220,380,260)

2,996,989,358

2,626,822,968

1,548,814,746

1,378,617,051

11. TAXATION

Opening balance

4,696,724

3,563,648

For the current period

34,128,312

44,170,086

Less: adjusted

38,825,036

47,733,734

(33,643,302)

(43,037,009)

5,181,734

4,696,724

12. EARNING PER SHARE - Basic

Half Year Ended

Quarter Ended

December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----------------------	----------------------	----------------------	----------------------

Profit after taxation

81,474,268

150,314,209

19,203,962

103,893,182

Weighted average number of ordinary shares

130,000,000

130,000,000

130,000,000

130,000,000

Earning per share - Basic

0.63

1.16

0.15

0.80

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

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, 2013 entered to following transactions with its related parties:

Purchase of material and goods (Chakwal Textile Mills Ltd.)
Sale of material and goods (Chakwal Textile Mills Ltd.)
Sale of material and goods (Yousaf Weaving Mills Ltd.)

December 31, 2013 (Rupees)	December 31, 2012 (Rupees)
-	10,355,113
-	10,728,397
12,856,822	14,670,900

14. AUTHORISATION FOR ISSUE

These interim condensed Financial statement have been authorised for issue on February 28, 2014 by the Board of Directors of the company.

15. GENERAL

Figures have been rounded off to the nearest rupee.

16. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on February 28, 2014 have declared an interim dividend of Rs.0.5 per share (2012:Rs. 0.5) for the half year ended 31.12.2013. However the directors have foregone their rights to receive the dividend.

Lahore:
February 28, 2014(Muhammad Naveed)
Chief Executive(Khawaja Mohammad Jahangir)
Director