



COMPANY INFORMATION

Board of Directors

| | |
|-------------------------|---------------------------|
| Mr. Aamir Fayyaz Sheikh | Chief Executive /Chairman |
| Mr. Asad Fayyaz Sheikh | |
| Mr. Ali Fayyaz Sheikh | |
| Mr. Rashid Ahmed | |
| Mr. Gul Nawaz | NIT Nominee |
| Mr. Salman Akram Raja | |
| Syed Mohsin Raza Naqvi | |

Audit Committee

| | |
|------------------------|----------|
| Mr. Rashid Ahmed | Chairman |
| Mr. Asad Fayyaz Sheikh | Member |
| Mr. Ali Fayyaz Sheikh | Member |

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Imran

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

ABN-AMRO Bank
Al Baraka Islamic Bank B.S.C. (E.C)
Allied Bank Limited
Askari Commercial Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Standard Chartered Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office, Mills &

Shares Department

8th K.M. Manga Raiwind Road,
District Kasur.
Cell: (92-333) 4998801-10
Tel: (92-42) 5391941-45
UAN: (92-42) 111-941-941
Fax: (92-42) 5391946
E-mail: info@kohinoormills.com
Web site: www.kohinoormills.com



DIRECTORS' REPORT

The Directors of the Company present the un-audited financial statements for the half year ended December 31, 2007. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

Operating and Financial Results

During the half year ended December 31, 2007, your company earned a gross profit of Rs 355 million on sales of Rs 3,035 million as compared to gross profit of Rs 637 million on sales of Rs 4,041 million for the corresponding half year of the previous financial year. During the half year ended December 31, 2007, your company incurred a net loss after tax of Rs 167 million as compared to a profit after tax of Rs 79 million during the corresponding half year. Gross margin declined to 11.71 % during the current half year from 15.76% during the corresponding period of the previous financial year. Geo political environment, volatile law and order situation of the country, world wide increase in the cost of cotton and other raw materials created pressure on the overall results of your company. Underutilization of capacity in Hosiery and Home Textile divisions led to major decline in Sales and gross margins and consequently resulting in loss to the company.

Weaving Division

This division of your company has been producing greige fabric for both Home furnishing and apparel industry. Of the total 256 looms, 176 looms are producing home furnishing fabric while the remaining 80 looms are producing fabric for apparel end use. The changing market situation and declining greige prices particularly in home furnishing industry required us to re-align our weaving capabilities in line with our vertical integration. As part of this re-alignment, your company is replacing 84 wider width looms producing home furnishing fabric with 98 high speed state of the art looms producing apparel wear fabrics. These new looms are expected to commence trial production in the last quarter of the current financial year. In addition to complete vertical integration, in house consumption of majority of weaving production will not only bring synergy in inspection and packing costs but will also bring in savings in respect of taxation and other transportation costs.

Dyeing Division

Despite intense competition and rapidly changing market situations, this division of your company has been able to show some progress during the current half year. Momentum gained during the last financial year in the capacity utilization of this division continued during the current half year and is expected that the results of next half year will show further improvement.

Hosiery Division

Stability in the capacity utilization of this division has been a cause of concern



for the management of your company. The ongoing consolidation in US Hosiery industry continued to affect the capacity utilization of this division, however with the diversification of customer base and entry in European market during 2008 has started to improve the results of the division. Management of your company is confident that with planned market diversification and right focus, results of this division will improve during the next half year of the company.

Genertek Division

During the year ended June 30, 2007, energy requirement of your company were converted fully to gas powered generation equipment. Agreement with LESCO for the supply of excess capacity to WAPDA has been signed and it is expected that supply to WAPDA will commence in the third quarter of the current financial year. Delay in supply to WAPDA is primarily due to the non availability of natural gas in the country, normally experienced in the winter months.

Hometex and Apparel Division

Volatility in the Pakistani home furnishing market after post quota regime has started putting pressure on the operations of this division. Your company realizes these challenges and is responding in two fold manner, on one hand your company is focusing on high quality home furnishing products and on the other hand, has started implementing its plan for diversification into stitching operations of institutional work wear and bottom wear apparels and casual trousers, providing your company an opportunity of a new market niche which is in line with planned vertical integration of your organization. As part of this strategy, this division is now renamed as "Hometex and Apparel Division".

Q Mart Corporation (Pvt) Ltd (Wholly Owned Subsidiary of the Company)

During the first quarter of the current financial year, your company made an investment in a wholly owned subsidiary Q Mart Corporation (Pvt) Ltd, which has plans to set up chain of retail stores all over Pakistan. Two stores have already commenced operations and another three stores are expected to commence operations before June 30, 2008.

Future Prospects

Tough global economic conditions coupled with unprecedented energy crisis in the first two months of the current calendar year affected the economy in general and textile industry in particular. Your company has been equally affected in the current scenario but has developed a detailed strategy to overcome this situation. Addition of new narrow width looms in Weaving division, diversification of customer base in Hosiery and Dyeing divisions and



REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of KOHINOOR MILLS LIMITED as at 31 December 2007 and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "interim financial information"), for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the interim condensed profit and loss account for the quarters ended 31 December 2007 and 31 December 2006 have not been reviewed by us and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2007.

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 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

February 28, 2008
LAHORE:

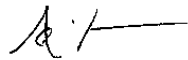

RIAZ AHMAD & COMPANY
Chartered Accountants

Supply of electricity to WAPDA are some of the steps which will show improvement in the periods to come. Your company's plan to invest in the high speed narrow width looms as referred above is in line with its strategy to vertically integrate its operations starting from narrow width weaving to dyeing and processing and then utilization of its cut and sew facility for the stitching of work wear and casual wear apparels. Management of your company is confident that with this realignment and other measures taken will show improvement in operations of the company.

Acknowledgment

The board places on record its gratitude to its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation of the dedication and hard work of the staff and workers of the Company.

For and on behalf of the Board



AAMIR FAYYAZ SHEIKH
Chief Executive

Kasur:
February 28, 2008



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2007

| | NOTE | Un-Audited 31 DECEMBER 2007 Rupees | Audited 30 JUNE 2007 Rupees |
|--|------|---|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized share capital 80,000,000 (30 June 2007: 80,000,000) ordinary shares of Rupees 10 each 30,000,000 (30 June 2007: 30,000,000) preference shares of Rupees 10 each | | 800,000,000 | 800,000,000 |
| | | <u>300,000,000</u> | <u>300,000,000</u> |
| | | <u>1,100,000,000</u> | <u>1,100,000,000</u> |
| Issued, subscribed and paid up share capital | 5 | 509,110,110 | 363,650,080 |
| Reserves | | <u>1,970,634,968</u> | <u>2,134,333,365</u> |
| Total equity | | 2,479,745,078 | 2,497,983,445 |
| Non-current liabilities | | | |
| Redeemable capital - secured | 6 | - | 39,999,125 |
| Long term financing - secured | 7 | 601,069,729 | 880,571,354 |
| Deferred Income Tax | | 253,472,520 | 253,472,520 |
| | | <u>854,542,249</u> | <u>1,174,042,999</u> |
| Current liabilities | | | |
| Trade and other payables | | 844,618,958 | 615,517,415 |
| Mark up accrued on redeemable capital and long term financing | | 109,352,270 | 108,580,219 |
| Short term borrowings - secured | | 3,803,958,103 | 3,417,152,907 |
| Current portion of non-current liabilities | | 569,829,204 | 654,035,145 |
| Provision for taxation | | 30,764,917 | 72,938,336 |
| | | <u>5,358,523,452</u> | <u>4,868,224,022</u> |
| Total Liabilities | | 6,213,065,701 | 6,042,267,021 |
| Contingencies and commitments | 8 | - | - |
| TOTAL EQUITY AND LIABILITIES | | <u>8,692,810,779</u> | <u>8,540,250,466</u> |
| A S S E T S | | | |
| Non-current assets | | | |
| Fixed assets | 9 | 4,104,098,017 | 4,026,563,685 |
| Long term investments | 10 | 199,362,300 | 1,432,800 |
| Long term security deposits | | 1,920,751 | 3,151,751 |
| | | <u>4,305,381,068</u> | <u>4,031,148,236</u> |
| Current assets | | | |
| Stores, spares and loose tools | | 326,121,768 | 304,342,590 |
| Stock-in-trade | | 1,304,391,458 | 1,175,108,847 |
| Trade debts - Considered good | | 848,272,205 | 988,152,762 |
| Loans and advances | | 256,535,138 | 264,345,513 |
| Trade deposits and short term prepayments | | 10,473,627 | 6,475,758 |
| Accrued interest | | 12,862 | 65,740 |
| Other receivables | | 162,897,591 | 237,226,629 |
| Sales tax recoverable | | 129,207,469 | 132,442,694 |
| Short term investments | | 1,156,346,998 | 1,207,790,600 |
| Cash and bank balances | | 131,708,997 | 131,689,499 |
| | | <u>4,325,968,113</u> | <u>4,447,640,632</u> |
| Non-current assets classified as held for sale | | 61,461,598 | 61,461,598 |
| | | <u>4,387,429,711</u> | <u>4,509,102,230</u> |
| TOTAL ASSETS | | <u>8,692,810,779</u> | <u>8,540,250,466</u> |

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

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

| NOTE | Half year ended | | Quarter ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | December 31, 2007 Rupees | December 31, 2006 Rupees | December 31, 2007 Rupees | December 31, 2006 Rupees |
| SALES | 3,035,794,998 | 4,040,954,088 | 1,483,757,698 | 2,227,230,482 |
| COST OF SALES | 2,680,280,322 | 3,403,396,623 | 1,331,339,233 | 1,791,644,165 |
| GROSS PROFIT | 355,514,676 | 637,557,465 | 152,418,465 | 435,586,317 |
| DISTRIBUTION AND SELLING EXPENSES | 205,342,470 | 183,844,958 | 103,793,874 | 140,632,338 |
| ADMINISTRATIVE EXPENSES | 104,648,656 | 78,072,941 | 58,045,909 | 41,043,439 |
| OTHER OPERATING EXPENSES | | 8,434,395 | - | 8,434,395 |
| | <u>309,991,126</u> | <u>270,352,294</u> | <u>161,839,783</u> | <u>190,110,172</u> |
| OTHER OPERATING INCOME | 51,957,043 | 8,986,432 | 26,815,197 | 5,583,932 |
| OPERATING PROFIT | 97,480,593 | 376,191,603 | 17,393,879 | 251,060,077 |
| FINANCE COSTS | 233,919,393 | 263,153,093 | 125,278,208 | 145,436,497 |
| PROFIT / (LOSS) BEFORE TAXATION | (136,438,800) | 113,038,510 | (107,884,329) | 105,623,580 |
| PROVISION FOR TAXATION | 30,764,917 | 33,902,752 | 17,855,811 | 18,498,581 |
| PROFIT / (LOSS) AFTER TAXATION | <u>(167,203,717)</u> | <u>79,135,758</u> | <u>(125,740,140)</u> | <u>87,124,999</u> |
| EARNINGS PER SHARE - BASIC AND DILUTED | <u>(3.46)</u> | <u>1.93</u> | <u>(2.47)</u> | <u>2.12</u> |

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

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

| | December 31, 2007 Rupees | December 31, 2006 Rupees |
|--|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before taxation | (136,438,800) | 113,038,510 |
| Adjustments for non cash charges and other items: | | |
| Depreciation | 132,156,044 | 148,942,731 |
| Amortization of intangible asset | 528,172 | 598,290 |
| Dividend income | (8,102,145) | - |
| Gain on disposal of property, plant and equipment | (557,962) | (816,117) |
| Gain on sale of shares | (33,172,322) | - |
| Finance costs | 233,919,393 | 263,153,093 |
| CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL | 188,332,380 | 524,916,507 |
| (INCREASE) / DECREASE IN CURRENT ASSETS | | |
| Stores, spares and loose tools | (21,779,178) | (23,425,361) |
| Stock-in-trade | (129,282,611) | (140,407,575) |
| Trade debts | 139,880,557 | (74,350,800) |
| Loans and advances | 7,810,375 | (2,028,970) |
| Trade deposits and short term prepayments | (3,997,869) | (1,571,397) |
| Accrued interest | 52,878 | (43,569) |
| Other receivables | 26,564,011 | (78,638) |
| Sales tax recoverable | 3,235,225 | (1,492,759) |
| INCREASE / (DECREASE) IN CURRENT LIABILITIES | | |
| Short term borrowings - net | 386,805,196 | 330,711,653 |
| Trade and other payables | 228,523,793 | (95,449,101) |
| EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES | 637,812,377 | (8,136,517) |
| CASH GENERATED FROM OPERATIONS | 826,144,757 | 516,779,990 |
| Income tax paid | (25,173,309) | (36,516,566) |
| Finance costs paid | (233,147,340) | (239,017,571) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 567,824,108 | 241,245,853 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure on property plant and equipment | (210,700,586) | (175,883,443) |
| Proceeds from sale of property, plant and equipment | 1,040,000 | 3,322,382 |
| Dividend on equity investments received | 8,102,145 | - |
| Investment made | (191,629,523) | - |
| Long term security deposits | 1,231,000 | - |
| NET CASH USED IN INVESTING ACTIVITIES | (391,956,964) | (172,561,061) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of redeemable capital | (39,999,125) | - |
| Long term financing - net | (363,707,566) | (189,274,552) |
| Issue of right shares | 290,920,060 | - |
| Dividend paid | (63,061,015) | - |
| NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES | (175,847,646) | (189,274,552) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 19,498 | (120,589,760) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 131,689,499 | 181,197,300 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 131,708,997 | 60,607,540 |

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

| | Rupees | | | | | Total equity |
|--|------------------|--|------------------|--|---------------|---------------|
| | Capital reserves | | Revenue reserves | | Total | |
| | Share premium | Fair value reserve on revaluation of investments | General | Unappropriated Profit / (Accumulated Loss) | | |
| Balance as at 30 June 2006 | 330,590,990 | 67,946,280 | 151,252,758 | 1,391,086,730 | 1,154,891,192 | 1,704,681,220 |
| Transfer from general reserve | - | - | - | (300,000,000) | 300,000,000 | - |
| Bonus shares issued @ 10% | - | - | - | (33,059,090) | (33,059,090) | - |
| Net profit for the half year ended 31 December 2006 | - | - | - | - | 79,135,758 | 79,135,758 |
| Fair value adjustment on investments | - | - | (75,265,460) | - | 79,135,758 | (75,265,460) |
| Balance as on 31 December 2006 | 363,650,080 | 67,946,280 | 75,987,298 | 1,058,027,640 | 1,200,967,860 | 1,708,351,518 |
| Net profit for the half year ended 30 June 2007 | - | - | - | - | 35,305,361 | 35,305,361 |
| Fair value adjustment on investments | - | - | 754,126,566 | - | 754,126,566 | 754,126,566 |
| Balance as at 30 June 2007 | 363,650,080 | 67,946,280 | 830,113,864 | 1,058,027,640 | 1,236,273,221 | 2,497,983,445 |
| Issue of right shares @ Rupees 20 each | 145,460,030 | 145,460,030 | - | - | - | 145,460,030 |
| Dividend for the year ended 30 June 2007 @ Rupees 1.25 per share | - | - | - | - | (63,638,764) | (63,638,764) |
| Loss for the half year ended 31 December 2007 | - | - | - | - | (167,203,717) | (167,203,717) |
| Fair value adjustment on investments | - | - | (78,315,946) | - | (78,315,946) | (78,315,946) |
| Balance as at 31 December 2007 | 509,110,110 | 213,406,310 | 751,797,918 | 1,058,027,640 | 1,005,430,740 | 2,479,745,078 |

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

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2007 (UN-AUDITED)

1. THE COMPANY AND ITS ACTIVITIES

Kohinoor Mills Limited is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance 1984, and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The registered office of the company is situated at 8-K.M. Manga Rainwind Road, District Kasur. The company is principally engaged in the business of textile manufacturing covering weaving, knitting, bleaching, dyeing, stitching, buying, selling and otherwise dealing in yarn, bed linen, home furnishing, socks, cloth and other goods and fabrics made from raw cotton and synthetic fiber, and to generate and distribute electricity.

2. STATEMENT OF COMPLIANCE

This interim financial information is Un-Audited but subject to limited scope review by the Auditors and are being submitted to the shareholders, as required under Section 245 of the Companies Ordinance, 1984 and has been prepared in accordance with the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June, 2007.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

Accounting policies and method of computations adopted for the preparation of this interim financial information are the same as applied in the preparation of the preceding annual financial statements for the year ended 30 June 2007, except for the adoption of policy of long term investment made in Q Mart Corporation (Private) Limited (Subsidiary Company) as disclosed in note 3.1.

3.1 Long Term Investment

Long term investment in subsidiary is accounted for at cost in accordance with IAS-27 "Consolidated and Separate Financial Statements".

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this interim financial information are the same as those applied to the annual financial statements for the year ended 30 June 2007.

| | Un-Audited 31 December 2007 Rupees | Audited 30 June 2007 Rupees |
|--|---|--------------------------------------|
| 5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL | | |
| 14,000,000 (30 June 2007: 14,000,000) ordinary shares of Rupees 10 each issued as fully paid in cash | 140,000,000 | 140,000,000 |
| 18,780,031 (30 June 2007: 18,780,031) ordinary shares of Rupees 10 each issued as fully paid bonus shares | 187,800,310 | 187,800,310 |
| 3,584,977 (30 June 2007: 3,584,977) ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement | 35,849,770 | 35,849,770 |
| 14,546,003 (30 June 2007: Nil) ordinary shares of Rupees 10 each issued as right shares @ 20 Rupees Each (Note 5.1). | 145,460,030 | - |
| | <u>509,110,110</u> | <u>363,650,080</u> |

5.1 During the period, the Company issued 14,546,003 right shares in proportion of one share for every 2.5 shares held.

6. REDEEMABLE CAPITAL - SECURED

| | | |
|---|--------------|-------------|
| Opening balance | 119,997,375 | 119,997,375 |
| Less: Repaid during the period / year | (39,999,125) | - |
| Closing balance | 79,998,250 | 119,997,375 |
| Less: Current portion shown under current liabilities | 79,998,250 | 79,998,250 |
| Non-current portion | - | 39,999,125 |

| | Un-Audited 31 December 2007 Rupees | Audited 30 June 2007 Rupees |
|--|---|--------------------------------------|
|--|---|--------------------------------------|

7. LONG TERM FINANCING - SECURED

| | | |
|---|--------------------|--------------------|
| Opening balance | 1,454,608,249 | 1,789,613,641 |
| Add: Obtained during the period / year | - | 63,074,740 |
| Less: Repaid during the period / year | 363,707,566 | 398,080,132 |
| Closing balance | 1,090,900,683 | 1,454,608,249 |
| Less: Current portion shown under current liabilities | 489,830,954 | 574,036,895 |
| Non-current portion | <u>601,069,729</u> | <u>880,571,354</u> |

8. CONTINGENCIES AND COMMITMENTS

There has been no change in contingencies since the date of preceding annual published financial statements.

Commitments in respect of :

- Contracts for capital expenditure amount to Rupees 250.00 million (30 June 2007: Rupees 17.03 million) and for revenue contracts Rupees 22.54 million (30 June 2007: Nil).
- Post dated cheques issued to suppliers amounting to Rupees 147.80 million (30 June 2007: Nil).

9. FIXED ASSETS

| | | |
|-------------------------------------|----------------------|----------------------|
| Property, plant and equipment | 3,885,933,579 | 3,828,979,329 |
| Operating assets (Note 9.1) | 212,660,119 | 192,751,866 |
| Capital work in progress (Note 9.2) | 5,504,319 | 4,832,490 |
| Intangible assets | <u>4,104,098,017</u> | <u>4,026,563,685</u> |

9.1 Operating assets

| | | |
|--|---------------|---------------|
| Opening book value | 3,828,979,329 | 3,889,514,146 |
| Cost of additions during the period / year (Note 9.1.1) | 189,592,332 | 265,866,035 |
| | 4,018,571,661 | 4,155,380,181 |

Less: Book value of deletions during the period / year (Note 9.1.2)

| | | |
|--|---------|---------------|
| | 482,038 | 4,040,274 |
| Less: Transfer of assets held for disposal | | |
| Cost | - | 222,947,043 |
| Depreciation | - | (161,485,445) |
| | - | 61,461,598 |

Less: Depreciation charged during the period / year

| | | |
|--|----------------------|----------------------|
| | 132,156,044 | 260,898,980 |
| | <u>3,885,933,579</u> | <u>3,828,979,329</u> |

9.1.1 Cost of additions during the period / year

| | | |
|-----------------------------------|--------------------|--------------------|
| Factory Building | 40,739,162 | 17,118,766 |
| Plant and machinery | 131,514,026 | 198,522,763 |
| Electric installations | 2,279,695 | 3,107,504 |
| Furniture, fixtures and equipment | 9,414,625 | 21,123,140 |
| Vehicles | 5,644,824 | 25,993,862 |
| | <u>189,592,332</u> | <u>265,866,035</u> |

9.1.2 Book value of deletions during the period / year

| | | |
|--------------------------------|----------------|------------------|
| Cost of deletions - Vehicles | 1,518,484 | 11,375,845 |
| Less: Accumulated depreciation | 1,036,446 | 7,335,571 |
| | <u>482,038</u> | <u>4,040,274</u> |

9.2 Capital work in progress

| | | |
|----------------------------------|--------------------|--------------------|
| Plant and machinery | 100,103,883 | 55,216,094 |
| Civil works on freehold land | 97,947,836 | 128,038,324 |
| Electric installations | 3,604,932 | 3,742,106 |
| Unallocated capital expenditures | 5,608,047 | 3,539,347 |
| Letter of Credits | 3,179,426 | - |
| Intangible fixed assets | | |
| Computer software | 2,215,995 | 2,215,995 |
| | <u>212,660,119</u> | <u>192,751,866</u> |



| | Un-Audited 31 December 2007 Rupees | Audited 30 June 2007 Rupees |
|---|--|--|
| 10. LONG TERM INVESTMENTS | | |
| Subsidiary Company Q Mart Corporation (Private) Limited 19,792,950 ordinary shares of Rupees 10 each | 197,929,500 | - |
| Available for sale Unquoted K-2 Hosiery (Private) Limited - Associated company 1,194,000 (30 June 2007: 1,194,000) Ordinary shares of Rupees 10 each | 11,940,000 10,507,200 | 11,940,000 10,507,200 |
| Less: Provision for diminution in value | <u>1,432,800</u> | <u>1,432,800</u> |
| | <u>199,362,300</u> | <u>1,432,800</u> |
| | Un-Audited Half year Ended 31 December 2007 Rupees | Un-Audited Half year Ended 31 December 2006 Rupees |
| 11. COST OF SALES | | |
| Raw material consumed | 1,948,878,244 | 2,225,959,274 |
| Chemical consumed | 225,846,016 | 273,553,878 |
| Salaries, wages and other benefits | 168,405,283 | 175,789,918 |
| Employee's provident fund contributions | 7,147,676 | 6,662,067 |
| Cloth conversion and processing charges | 36,008,502 | 100,066,886 |
| Fuel, oil and power | 27,016,463 | 165,240,808 |
| Skill and product development expenses | - | 365,092 |
| Stores, spares and loose tools | 71,367,052 | 69,671,561 |
| Packing material | 71,884,745 | 99,359,121 |
| Repair and maintenance | 15,487,015 | 23,837,488 |
| Insurance | 7,041,655 | 6,059,106 |
| Other manufacturing expenses | 26,656,573 | 43,497,142 |
| Depreciation | <u>128,727,258</u> | <u>144,695,420</u> |
| | 2,734,466,482 | 3,334,757,761 |
| Work-in-process inventory Opening stock | <u>365,947,894</u> | <u>441,050,023</u> |
| Closing stock | <u>290,646,623</u> | <u>(368,772,824)</u> |
| | <u>75,301,271</u> | <u>72,277,199</u> |
| Cost of goods manufactured | 2,809,767,753 | 3,407,034,960 |
| Cost of yarn and cloth purchased for resale | <u>27,410,133</u> | <u>105,361,760</u> |
| | 2,837,177,886 | 3,512,396,720 |
| Finished goods inventory Opening stock | <u>417,563,462</u> | <u>522,675,239</u> |
| Closing stock | <u>574,461,026</u> | <u>(631,675,336)</u> |
| | <u>(156,897,565)</u> | <u>(109,000,097)</u> |
| | <u>2,680,280,322</u> | <u>3,403,396,623</u> |
| 12. TRANSACTIONS WITH RELATED PARTIES | | |
| Related parties comprises of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. | | |
| Sales of goods and services | 75,586 | 37,050 |
| Purchase of goods and services | - | 160,876 |
| Remuneration of key management personnel | 7,800,000 | 5,550,000 |
| Contribution to employees' provident fund trust | 9,760,041 | 6,662,067 |
| Investment in subsidiary company | 197,929,500 | - |
| 13. AUTHORIZED FOR ISSUE | | |
| This interim financial information was authorized for issue on February 28, 2008, by the Board of Directors of the Company. | | |

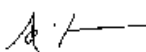


CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2007

| EQUITY AND LIABILITIES | NOTE | (Un Audited) | (Audited) |
|--|------|--------------------------------|-----------------------------|
| | | DECEMBER 31, 2007 Rupees | JUNE 30, 2007 Rupees |
| Share Capital and Reserves | | | |
| Authorized share capital 80,000,000 (30 June 2007: 80,000,000) ordinary shares of Rupees 10 each 30,000,000 (30 June 2007: 30,000,000) preference shares of Rupees 10 each | | 800,000,000 | 800,000,000 |
| | | <u>300,000,000</u> | <u>300,000,000</u> |
| | | <u>1,100,000,000</u> | <u>1,100,000,000</u> |
| Issued, subscribed and paid up share capital | 3 | 509,110,110 | 363,650,080 |
| Reserves | | <u>1,958,835,659</u> | <u>2,134,333,365</u> |
| Total equity | | 2,467,945,769 | 2,497,983,445 |
| Non-current liabilities | | | |
| Redeemable capital - secured | 4 | - | 39,999,125 |
| Long term financing - secured | | 601,069,729 | 880,571,354 |
| Deferred Income Tax | | <u>249,629,888</u> | <u>253,472,520</u> |
| | | 850,699,617 | 1,174,042,999 |
| Current liabilities | | | |
| Trade and other payables | | <u>862,408,722</u> | <u>615,517,415</u> |
| Mark up accrued on redeemable capital and financing | | 109,352,270 | 108,580,219 |
| Short term borrowings - secured | | 3,803,958,103 | 3,417,152,907 |
| Current portion of long term liabilities | | 569,829,204 | 654,035,145 |
| Provision for taxation | | <u>30,887,045</u> | <u>72,938,337</u> |
| | | 5,376,435,343 | 4,868,224,022 |
| Total Liabilities | | 6,227,134,960 | 6,042,267,021 |
| Contingencies and commitments | 5 | - | - |
| TOTAL EQUITY AND LIABILITIES | | <u>8,695,080,730</u> | <u>8,540,250,466</u> |
| A S S E T S | | | |
| Non-current assets | | | |
| Fixed Assets | 6 | 4,267,285,697 | 4,026,563,684 |
| Long term investment | | 1,432,800 | 1,432,800 |
| Long term security deposits | | 4,138,673 | 3,151,751 |
| Goodwill | | <u>33,699,207</u> | - |
| | | 4,306,556,377 | 4,031,148,235 |
| Current assets | | | |
| Stores, spares and loose tools | | 326,121,768 | 304,342,590 |
| Stock-in-trade | | 1,313,068,991 | 1,175,108,847 |
| Trade debts - Considered good | | 848,272,204 | 988,152,762 |
| Loans and advances | | 258,953,356 | 264,345,513 |
| Trade deposits and short term prepayments | | 11,513,512 | 6,475,759 |
| Accrued interest | | 12,864 | 65,740 |
| Other receivables | | 148,797,591 | 237,226,629 |
| Sales tax recoverable | | 129,207,466 | 132,442,694 |
| Short term investments | | 1,156,346,998 | 1,207,790,600 |
| Cash and bank balances | | <u>134,768,003</u> | <u>131,689,499</u> |
| | | 4,327,062,754 | 4,447,640,633 |
| Non-current assets classified as held for sale | | 61,461,598 | 61,461,598 |
| TOTAL ASSETS | | <u>8,695,080,730</u> | <u>8,540,250,466</u> |

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

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



CONSOLIDATED CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

| Notes | Half year ended | | Quarter ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | DECEMBER 31,2007 Rupees | DECEMBER 31,2006 Rupees | DECEMBER 31,2007 Rupees | DECEMBER 31,2006 Rupees |
| | SALES | 3,056,778,290 | 4,040,954,088 | 1,497,539,750 |
| COST OF SALES | 7 | <u>2,698,667,037</u> | <u>3,403,396,623</u> | <u>1,343,310,400</u> |
| GROSS PROFIT | | 358,111,253 | 637,557,465 | 154,229,350 |
| DISTRIBUTION COST | | <u>208,743,517</u> | <u>183,844,958</u> | <u>103,131,547</u> |
| ADMINISTRATIVE EXPENSES | | <u>116,302,140</u> | <u>78,072,941</u> | <u>68,291,865</u> |
| OTHER OPERATING EXPENSES | | - | - | - |
| OTHER CHARGES | | 123,977 | 8,434,395 | 123,977 |
| OTHER OPERATING INCOME | | <u>(52,844,961)</u> | <u>(8,986,432)</u> | <u>(27,621,228)</u> |
| | | 272,324,674 | 261,365,862 | 143,926,162 |
| OPERATING PROFIT | | 85,786,579 | 376,191,603 | 10,303,188 |
| FINANCE COST | | 233,919,393 | 263,153,093 | 125,202,227 |
| PROFIT / (LOSS) BEFORE TAXATION | | <u>(148,132,814)</u> | <u>113,038,510</u> | <u>(114,899,039)</u> |
| PROVISION FOR TAXATION | | <u>30,870,212</u> | <u>33,902,752</u> | <u>17,925,100</u> |
| PROFIT / (LOSS) AFTER TAXATION | | <u>(179,003,026)</u> | <u>79,135,758</u> | <u>(132,824,139)</u> |
| EARNINGS PER SHARE - BASIC AND DILUTED | | <u>(3.70)</u> | <u>1.93</u> | <u>(2.61)</u> |
| | | <u>2.12</u> | | |

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

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



CONSOLIDATED CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

| | GROUP December 31, 2007 Rupees | KML December 31, 2006 Rupees |
|--|---|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | (148,132,814) | 113,038,510 |
| Adjustment for non cash charges and other items: | | |
| Depreciation | 137,189,096 | 148,942,731 |
| Amortization of intangible asset | 961,330 | 598,290 |
| Dividend Income | (8,102,145) | - |
| Gain on disposal of property, plant and equipment | (579,811) | (816,117) |
| Gain on sale of shares | (33,172,322) | - |
| Finance cost | 233,919,393 | 263,153,093 |
| CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL | 182,082,727 | 524,916,507 |
| (INCREASE) / DECREASE IN CURRENT ASSETS | | |
| Stores, spares and loose tools | (21,779,178) | (23,425,361) |
| Stock-in-trade | (137,960,144) | (140,407,575) |
| Trade debts | 139,880,557 | (74,350,800) |
| Loans and advances | 5,392,156 | (2,028,970) |
| Trade deposits and short term prepayments | (5,037,753) | (1,571,397) |
| Accrued interest | 52,876 | (43,569) |
| Other receivables | 40,664,011 | (78,638) |
| Sales tax recoverable | 3,235,229 | (1,492,759) |
| INCREASE / (DECREASE) IN CURRENT LIABILITIES | | |
| Short term borrowings - secured | 386,805,196 | 330,711,653 |
| Trade and other payables | 246,313,557 | (95,449,101) |
| EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES | 657,566,507 | (8,136,517) |
| CASH GENERATED FROM OPERATIONS | 839,649,235 | 516,779,990 |
| Income tax paid | (28,999,109) | (36,516,566) |
| Finance cost paid | (233,147,342) | (239,017,571) |
| | (262,146,451) | (275,534,137) |
| NET CASH FROM OPERATING ACTIVITIES | 577,502,783 | 241,245,853 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure on property plant and equipment | (379,570,208) | (175,883,443) |
| Proceeds from disposal of property, plant and equipment | 1,277,580 | 3,322,382 |
| Dividend on equity investments received | 8,102,145 | - |
| Short term investments | (27,399,230) | - |
| Long term security deposits | (986,922) | - |
| NET CASH USED IN INVESTING ACTIVITIES | (398,576,635) | (172,561,061) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of redeemable capital | (39,999,125) | - |
| Long term financing - net | (363,707,566) | (189,274,552) |
| Dividend paid | (63,061,014) | - |
| Right share issue | 290,920,060 | - |
| NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES | (175,847,644) | (189,274,552) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 3,078,504 | (120,589,760) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 131,689,499 | 181,197,300 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 134,768,003 | 60,607,540 |

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2007

| | Reserves | | | | Capital | | Total equity |
|--|-------------|-------------|--|---------------|---------------|---------------------------------------|---------------|
| | Revenue | | Unappropriated Profit / (Accumulated Loss) | General | Share premium | Surplus on revaluation of investments | |
| | Sub-Total | Total | | | | | |
| Share capital | | | | | | | |
| Balance as on June 30, 2006 | 330,590,990 | 67,946,280 | 1,391,086,730 | (300,000,000) | 67,946,280 | 151,252,758 | 330,590,990 |
| Transfer from general reserves | - | - | (300,000,000) | - | - | - | - |
| Bonus shares issued @ 10% | 33,059,090 | - | (33,059,090) | - | - | - | - |
| Profit for the year | - | - | 79,135,758 | - | - | (75,265,460) | 79,135,758 |
| Fair value adjustment on investments | - | - | - | - | - | - | (75,265,460) |
| Balance as on December 31, 2006 | 363,650,080 | 67,946,280 | 1,058,027,640 | (300,000,000) | 67,946,280 | 75,987,298 | 363,650,080 |
| Profit for the year | - | - | 1,391,086,730 | (300,000,000) | - | - | 35,305,361 |
| Fair value adjustment on investments | - | - | (33,059,090) | - | - | 754,126,566 | 754,126,566 |
| Balance as on June 30, 2007 | 363,650,080 | 67,946,280 | 1,058,027,640 | (300,000,000) | 67,946,280 | 830,113,864 | 363,650,080 |
| Right issue (14,546,003 shares @ Rs 10 each) | 145,460,030 | 145,460,030 | - | - | 145,460,030 | 898,060,144 | 145,460,030 |
| Profit (Loss) for the period | - | - | (179,003,026) | - | - | - | (179,003,026) |
| Dividend paid @ 12.5% | - | - | (63,638,764) | - | - | (78,315,946) | (63,638,764) |
| Fair value adjustment on investments | - | - | - | - | - | - | (78,315,946) |
| Balance as on December 31, 2007 | 509,110,110 | 213,406,310 | 1,058,027,640 | (64,396,209) | 213,406,310 | 965,204,228 | 509,110,110 |


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

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director

Kasur:
February 28, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director



SELECTED NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS FOR THE HALF YEAR ENDED DECEMBER 31, 2007

1 THE GROUP AND ITS ACTIVITIES

Holding Company

Kohinoor Mills Limited was incorporated on December 21, 1987 in Pakistan as a public limited company under the Companies Ordinance 1984, and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchange of Pakistan. The principal activity of the company is manufacturing of greige cloth, dyeing, knitting, stitching and generation of power and also trading of cloth and yarn.

Subsidiary Company

Wholly owned subsidiary company Q Mart Corporation Pvt. Limited is a private limited company incorporated in Pakistan, under the provisions of Companies Ordinance 1984. The registered office of the company is in Lahore. The principal activity of the company is to setup and manage chain of the retail stores across Pakistan.

The parent company had made investment in subsidiary company on July 31, 2007 and these consolidated accounts have been prepared accordingly

1.1 BASIS OF PREPARATION

- 1.1.1 These condensed consolidated interim financial statements are un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
- 1.1.2 The accounting policies adopted for the preparation of these condensed consolidated interim half yearly financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Group Company for the year ended 30 June 2007.
- 1.1.3 These condensed consolidated interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the annual financial statements for the year ended 30 June 2007.

| | Un-Audited | Audited |
|--|--------------------|--------------------|
| | 31 December | 30 June |
| | 2007 | 2007 |
| | -----Rupees----- | |
| 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL | | |
| 14,000,000 (30 June 2007: 14,000,000) ordinary shares of Rupees 10 each issued as fully paid for cash | 140,000,000 | 140,000,000 |
| 18,780,031 (30 June 2007: 15,474,122) ordinary shares of Rupees 10 each issued as fully paid bonus shares | 187,800,310 | 187,800,310 |
| 3,584,977 (30 June 2007: 3,584,977) ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement | 35,849,770 | 35,849,770 |
| 14,546,003 (30 June 2007: Nil) ordinary shares of Rupees 10 each issued as right shares on Rupees 10 premium. (Note 3.1) | 145,460,030 | - |
| | <u>509,110,110</u> | <u>363,650,080</u> |
| 3.1 During the period, the Company issued right shares in proportion of one share for every 2.5 shares held. | | |
| 4. REDEEMABLE CAPITAL | | |
| Opening balance | 119,997,375 | 279,993,875 |
| Less: Repaid during the period / year | 39,999,125 | (79,998,250) |
| Closing balance | (79,998,250) | 119,997,375 |
| Less: Current portion shown under current liabilities | 79,998,250 | 79,998,250 |
| Non-current portion | - | 39,999,125 |

5. CONTINGENCIES AND COMMITMENTS

- 5.1 There has been no change in contingencies since the date of preceding annual published financial statements.
- 5.2 Commitments in respect of :
- (i) Contracts for capital expenditure amount to Rupees 250 million (30 June 2007: Nil) and for revenue contracts Rupees 22.54 million. (30 June 2007: Nil)
- (ii) Post dated cheques of Rupees 147.80 million. (30 June 2007: Nil)

| | Un-Audited | Audited |
|--|------------------|---------|
| | 31 December | 30 June |
| | 2007 | 2007 |
| | -----Rupees----- | |
| | | |

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

The major additions during the period under review are as follows:

| | | |
|---|----------------------|----------------------|
| Opening book value | 3,969,841,282 | 3,889,514,146 |
| Additions during the period / year (Note 6.1) | 197,838,559 | 265,866,035 |
| | <u>4,167,679,841</u> | <u>4,155,380,181</u> |
| Cost of operating fixed assets disposed of during the period / year | (1,833,538) | (11,375,845) |
| Depreciation charged during the period / year | 1,135,769 | 7,335,571 |
| | (697,769) | (4,040,274) |
| Transfer of assets held for disposal | | |
| Cost | - | (222,947,043) |
| Depreciation | - | 161,485,445 |
| | - | (61,461,598) |
| Depreciation charged during the period / year | (137,189,096) | (260,898,980) |
| | <u>4,029,792,976</u> | <u>3,828,979,329</u> |
| Intangible assets | 9,508,811 | 4,832,489 |
| Capital work in progress (Note 6.2) | 227,983,910 | 192,751,866 |
| | <u>4,267,285,697</u> | <u>4,026,563,684</u> |

6.1 Cost of additions in operating fixed assets

| | | |
|-----------------------------------|--------------------|--------------------|
| Factory Building | 48,773,661 | 17,118,766 |
| Plant and machinery | 131,514,026 | 198,522,763 |
| Electric installations | 2,371,673 | 3,107,504 |
| Furniture, fixtures and equipment | 6,051,650 | 21,123,140 |
| Computer equipment | 3,482,726 | - |
| Vehicles | 5,644,824 | 25,993,862 |
| | <u>197,838,559</u> | <u>265,866,035</u> |

6.2 Capital work in progress

| | | |
|---------------------------------|--------------------|--------------------|
| Tangible fixed assets | | |
| Plant and machinery | 100,603,883 | 55,216,094 |
| Civil works on freehold land | 107,161,164 | 132,635,242 |
| Electric installations | 3,604,932 | 210,973 |
| Unallocated capital expenditure | 11,218,510 | - |
| Letter of credit | 3,179,426 | - |
| Intangible fixed assets | | |
| Computer software | 2,215,995 | 4,689,557 |
| | <u>227,983,910</u> | <u>192,751,866</u> |



| | Half Year Ended Un-Audited 31 December 2007 -----Rupees----- | Half Year Ended Un-Audited 31 December 2006 |
|---|--|--|
| 7. COST OF SALES | | |
| Raw material consumed /goods purchased | 1,967,264,959 | 2,225,959,274 |
| Chemical consumed | 225,846,016 | 273,553,878 |
| Salaries, wages and other benefits | 168,405,283 | 175,789,918 |
| Employee's provident fund contributions | 7,147,676 | 6,662,067 |
| Cloth conversion and processing charges | 36,008,502 | 100,066,886 |
| Fuel, oil and power | 27,016,463 | 165,240,808 |
| Skill and product development expenses | - | 365,092 |
| Stores, spares and loose tools | 71,367,052 | 69,671,561 |
| Packing material | 71,884,745 | 99,359,121 |
| Repair and maintenance | 15,487,015 | 23,837,488 |
| Insurance | 7,041,655 | 6,059,106 |
| Other manufacturing expenses | 26,656,573 | 43,497,142 |
| Depreciation | 128,727,258 | 144,695,420 |
| | <u>2,752,853,197</u> | <u>3,334,757,761</u> |
| Work-in-process inventory | | |
| As on 01 July | 365,947,894 | 441,050,023 |
| As on 31 Dec | 290,646,623 | (368,772,824) |
| | <u>75,301,271</u> | <u>72,277,199</u> |
| Cost of goods manufactured | 2,828,154,468 | 3,407,034,960 |
| Cost of yarn and cloth purchased for resale | 27,410,133 | 105,361,760 |
| | <u>2,855,564,601</u> | <u>3,512,396,720</u> |
| Finished goods inventory | | |
| As on 01 July | 417,563,462 | 522,675,239 |
| As on 30 Dec | (574,461,026) | (631,675,336) |
| | <u>(156,897,565)</u> | <u>(109,000,097)</u> |
| | <u>2,698,667,037</u> | <u>3,403,396,623</u> |

8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties.

| | Half year ended 31 December 2007 -----Rupees----- | Half year ended 31 December 2006 |
|---|--|--|
| Sales of goods and services | 75,586 | 37,050 |
| Purchase of goods and services | - | 160,876 |
| Remuneration of key management personnel | 9,015,013 | 5,550,000 |
| Contribution to employees' provident fund trust | 9,760,041 | 6,662,067 |
| Investment in subsidiary company | 197,929,500 | - |

9. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 28, 2008, by the Board of Directors of the Company.

10. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangements / regrouping have been made except for 'Commission to Selling Agents' which has been added to 'Distribution Cost'.