



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 (Pakistan) Limited
Al Baraka Islamic Bank Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Saudi Pak Commercial Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Registered Office, Mills &

Shares Department

8th K.M. Manga Raiwind Road,
District Kasur.

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DIRECTORS' REPORT

The Directors of the Company present the un-audited financial statements for the nine months period ended March 31, 2008. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

Operating & Financial Results

During the nine months period ended March 31, 2008, your company earned a gross profit of Rs 473 million on sales of Rs 4,625 million as compared to gross profit of Rs 854 million on sales of Rs 5,878 million for the corresponding nine months period of the previous financial year. During the nine months period ended March 31, 2008, your company incurred a net loss after tax of Rs 250 million as compared to a profit after tax of Rs 45 million during the corresponding nine months period. Gross margin remained at 10.24% during the nine months period as compared to 14.54% of the corresponding period of the previous financial year. Geo political environment, volatile law and order situation of the country, upcoming recession in US economy, massive Sui gas and electricity load shedding coupled with increased cost of doing business in Pakistan mounted pressure on the overall results of your company. Underutilization of capacity in Hosiery and Home Textile divisions led to major dip in sales and gross margins, and consequently, resulted into the overall loss of the company.

Weaving Division

This division of your company has been producing greige fabric for both home furnishing and apparel industry. Out of the present 256 looms, 176 looms were producing home furnishing fabric while the remaining 80 looms were producing fabric mainly for apparel end use. The different market situation and declining greige prices particularly in home furnishing industry expelled us to re-align our weaving capabilities in line with our vertical integration. As part of this re-alignment, your company planned to replace 84 wider width looms producing mainly home furnishing fabrics with 98 high speed state-of-the-art looms which shall produce mainly apparel wear fabrics. After this re-alignment your company will be operating with total of 270 looms in its weaving division. Out of 98 planned new looms, 42 looms have arrived and have been installed which are producing trial production during the month of April 2008, while 56 looms are in pipeline. These 56 looms are expected to commence trial production within last quarter of current financial year. In addition to complete backward integration, in-house consumption of majority of weaving production in your dye house will not only bring synergy in inspection and packing costs, but will also bring in savings in respect of commission, taxation, transportation costs and other related costs.

Dyeing Division

Despite the intense competition and rapidly changing market situations, this division of your company has been able to show good progress. Momentum gained during the last financial year in the capacity utilization of this division continued during the current nine months period and is expected that the results of the last quarter will show similar 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 adversely affect the capacity utilization of this division, however with the diversification of customer base and entry in European market during 2008 the results of this division have started to improve. Management of your company is confident that with current market diversification and with the addition of certain agency arrangements with some of the commission agents in USA, results of this division will improve.

Genertek Division

During the year ended June 30, 2007, energy requirement of your company was converted fully to gas-powered generation equipment. Agreement with LESCO for the



supply of excess capacity to WAPDA has been signed, but due to procedural delays in fulfilling the connectivity requirements of LESCO, it is expected that supply to WAPDA will commence in the 4th quarter of this financial year. This division suffered heavy losses in the 3rd quarter of current financial year as a result of unprecedented gas load shedding due to which we were forced to use HFO-fired back-up NIGATA engines to generate electricity. Your company is planning to shift to WAPDA during the period of gas load shedding in order not to incur such losses again during the coming period of gas load shedding.

Hometex & 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 niche market 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". In the longer run, the management of your company is planning to convert this division into an integrated apparel division.

Q Mart Corporation (Pvt) Ltd (a wholly owned subsidiary of your 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, with the plans to set up a chain of retail stores all over Pakistan. Two stores have already commenced operations and another one has been added this quarter at Gujranwala taking the total operating stores to three. Two more stores are planned to be made operational by the end of this financial year.

Future Prospects

Grim economic conditions coupled with unimaginable energy crises in the first two months of the current calendar year hammered 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, induction of new agents in USA and supply of electricity to WAPDA are some of the steps, which will improve the results of your company in the periods to come. Your company's plan to invest in the aforesaid high speed narrow width looms is in line with its strategy to vertically integrate its operations starting from narrow width weaving to dyeing / 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 strategic measures in pipeline together with significant appreciation of Chinese Yuan and Indian Rupee coupled with recent depreciation of Pakistani Rupee, your company will be able to turn around the current losses situation to profits in the next financial year.

Acknowledgment

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

For and on behalf of the Board

Kasur:
April 24, 2008

AMIR FAYYAZ SHEIKH
Chief Executive

**BALANCE SHEET AS AT MARCH 31, 2008**

	NOTE	(Un Audited) MARCH 31, 2008 Rupees	(Audited) JUNE 30, 2007 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital	4	509,110,110	363,650,080
Reserves		<u>1,876,169,440</u>	<u>2,134,333,365</u>
Total equity		<u>2,385,279,550</u>	<u>2,497,983,445</u>
Non-current liabilities			
Redeemable capital - secured	5	<u>16,624,627</u>	<u>39,999,125</u>
Long term financing - secured	6	<u>1,066,145,110</u>	<u>880,571,354</u>
Deferred tax		<u>253,472,520</u>	<u>253,472,520</u>
		<u>1,336,242,257</u>	<u>1,174,042,999</u>
Current liabilities			
Trade and other payables		<u>955,641,683</u>	<u>615,517,415</u>
Mark up accrued on redeemable capital & financing		<u>104,433,333</u>	<u>108,580,219</u>
Short term borrowings - secured		<u>3,888,896,287</u>	<u>3,417,152,907</u>
Current portion of long term liabilities		<u>436,984,757</u>	<u>654,035,145</u>
Provision for taxation		<u>38,429,587</u>	<u>72,938,336</u>
		<u>5,424,385,647</u>	<u>4,868,224,022</u>
Total Liabilities		<u>6,760,627,904</u>	<u>6,042,267,021</u>
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>9,145,907,454</u>	<u>8,540,250,466</u>
A S S E T S			
Non-current assets			
Fixed Assets	8	4,037,947,723	4,026,563,685
Long term investment	9	199,362,300	1,432,800
Long term security deposits		<u>1,820,751</u>	<u>3,151,751</u>
		<u>4,239,130,774</u>	<u>4,031,148,236</u>
Current assets			
Stores, spares and loose tools		<u>340,140,077</u>	<u>304,342,590</u>
Stock-in-trade		<u>1,407,089,917</u>	<u>1,175,108,847</u>
Trade debts - Considered good		<u>1,111,599,842</u>	<u>988,152,762</u>
Loans and advances		<u>305,481,547</u>	<u>264,345,513</u>
Trade deposits and short term prepayments		<u>3,950,323</u>	<u>6,475,758</u>
Accrued interest		<u>12,863</u>	<u>65,740</u>
Other receivables		<u>381,970,156</u>	<u>237,226,629</u>
Sales tax recoverable		<u>152,062,038</u>	<u>132,442,694</u>
Short term investments		<u>1,140,478,029</u>	<u>1,207,790,600</u>
Cash and bank balances		<u>2,530,291</u>	<u>131,689,499</u>
		<u>4,845,315,083</u>	<u>4,447,640,632</u>
Non-current assets classified as held for sale		61,461,597	61,461,598
TOTAL ASSETS		<u>9,145,907,454</u>	<u>8,540,250,466</u>

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

Kasur :
April 24, 2008

AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008**

Notes	Nine months ended		Quarter ended	
	MARCH 31, 2008 Rupees	MARCH 31, 2007 Rupees	MARCH 31, 2008 Rupees	MARCH 31, 2007 Rupees
SALES	4,625,728,730	5,878,805,385	1,589,933,732	1,837,851,297
COST OF SALES	4,152,039,737	5,024,264,689	1,471,759,415	1,620,868,066
GROSS PROFIT	473,688,993	854,540,696	118,174,317	216,983,231
DISTRIBUTION COST				
ADMINISTRATIVE EXPENSES	281,834,119	272,488,698	76,491,649	88,643,740
OTHER CHARGES	142,652,057	114,468,773	38,003,401	36,395,832
OTHER OPERATING INCOME	9,885	5,870,198	9,885	(2,564,197)
	<u>(67,914,026)</u>	<u>(10,372,232)</u>	<u>(15,956,983)</u>	<u>(1,385,800)</u>
	<u>356,582,035</u>	<u>382,455,437</u>	<u>98,547,952</u>	<u>121,089,575</u>
OPERATING PROFIT	117,106,958	472,085,259	19,626,365	95,893,656
FINANCE COST				
PROFIT/(LOSS) BEFORE TAXATION	330,336,523	379,599,229	96,417,130	116,446,136
PROVISION FOR TAXATION	(213,229,565)	92,486,030	(76,790,765)	(20,552,480)
PROFIT / (LOSS) AFTER TAXATION	<u>36,912,216</u>	<u>47,452,270</u>	<u>6,147,299</u>	<u>13,549,519</u>
EARNINGS PER SHARE - BASIC AND DILUTED	<u>(5.08)</u>	<u>1.10</u>	<u>(1.63)</u>	<u>(0.83)</u>

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

Kasur :
April 24, 2008

AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director



CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2008

	MARCH 31, 2008 Rupees	MARCH 31, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(213,229,565)	92,486,030
Depreciation	198,799,837	223,886,934
Amortization of intangible asset	809,281	-
Dividend income	(8,102,145)	-
Gain on disposal of property, plant and equipment	(557,962)	(816,117)
Gain on sale of shares	(37,661,196)	-
Finance cost	330,336,523	379,599,229
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	270,394,773	695,156,076
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(35,797,486)	(50,272,648)
Stock-in-trade	(231,981,070)	(34,162,714)
Trade debts	(123,447,080)	133,124,177
Loans and advances	(41,136,035)	(75,964,408)
Trade deposits and short term prepayments	2,525,435	(396,326)
Accrued interest	52,877	29,330
Other receivables	(184,669,162)	(73,343,794)
Sales tax recoverable	(19,619,343)	62,389,901
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured	471,743,380	204,071,624
Trade and other payables	339,546,520	(222,925,917)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	177,218,036	(57,450,775)
CASH GENERATED FROM OPERATIONS	447,612,809	637,705,301
Income tax paid	(31,495,332)	(11,732,803)
Finance cost paid	(334,483,409)	(350,479,909)
	(365,978,741)	(362,212,712)
NET CASH GENERATED FROM OPERATING ACTIVITIES	81,634,068	275,492,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(211,563,986)	(6,790,100)
Proceeds from sale of property, plant and equipment	1,128,792	2,822,468
Dividend on equity investments received	8,102,145	-
Investment made	(182,799,142)	-
Long term security deposits	1,331,000	-
NET CASH USED IN INVESTING ACTIVITIES	(383,801,191)	(3,967,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(23,374,498)	-
Long term financing - net	(31,476,631)	(325,981,297)
Right share issue	290,920,060	-
Dividend paid	(63,061,016)	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	173,007,915	(325,981,297)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(129,159,208)	(54,456,340)
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	2,530,291	126,740,960

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

Kasur :
April 24, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2008

	Reserves				Capital		Share capital	Total equity
	General	Sub-Total	Revenue Unappropriated Profit / (Accumulated Loss)	Surplus on revaluation of investments	Share premium	Total		
Balance as on June 30, 2006	1,391,086,730	219,199,038	(236,195,538)	151,252,758	67,946,280	330,590,990	1,704,681,220	
Transfer from general reserves	-	-	-	-	-	-	-	
Bonus shares issued @ 10%	(300,000,000)	-	300,000,000	-	-	33,059,090	-	
Profit for the period from July 01, 2006 to March 31, 2007	(33,059,090)	-	-	-	-	-	(33,059,090)	
Fair value adjustment on investments	-	-	45,033,760	-	-	-	45,033,760	
Balance as on March 31, 2007	1,058,027,640	153,860,248	108,838,222	85,913,968	67,946,280	363,650,080	1,684,376,190	
Balance as on June 30, 2007	1,058,027,640	898,060,144	178,245,581	830,113,864	67,946,280	363,650,080	2,497,983,445	
Right issue (14,546,003 shares @ Rs 20 each)	-	145,460,030	-	-	145,460,030	145,460,030	290,920,060	
Dividend paid @ 12.5%	-	-	(63,638,765)	-	-	-	(63,638,765)	
Loss for the period from July 01, 2007 to March 31, 2008	-	-	(250,141,781)	-	-	-	(250,141,781)	
Fair value adjustment on investments	-	-	-	-	-	-	-	
Balance as on March 31, 2008	1,058,027,640	953,676,765	(135,534,965)	740,270,455	213,406,310	509,110,110	2,385,279,550	

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

Kasur :
April 24, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director



SELECTED NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2008
(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 Raiwind 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 fabric made from raw cotton and synthetic fibre, and to generate and distribute electricity.

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements are un-audited and are being submitted to shareholders as required by section 245 of the Companies Ordinance 1984.
- 2.2** Accounting policies and methods of computation adopted for the preparation of these interim financial statements are 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 2.4
- 2.3** These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting".
- 2.4** Long term investment in subsidiary is accounted for at cost in accordance with IAS-27 "Consolidated and Separate Financial Statements".

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Un-Audited 31 March 2008 Rupees	Audited 30 June 2007 Rupees
4. 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 @ 10 Rupees premium each (Note 4.1)	145,460,030	-
	<u>509,110,110</u>	<u>363,650,080</u>

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

5. REDEEMABLE CAPITAL - SECURED

Opening balance	119,997,375	199,995,625
Less: Repaid during the period / year	86,748,119	79,998,250
Closing balance	33,249,256	119,997,375
Less: Current portion	16,624,629	79,998,250
Non-current portion	<u>16,624,627</u>	<u>39,999,125</u>

6. LONG TERM FINANCING - SECURED

Opening balance	1,454,608,249	1,789,613,641
Add: Obtained during the period / year	471,060,908	63,074,740
Less: Repaid during the period / year	439,163,919	398,080,132
Closing balance	1,486,505,238	1,454,608,249
Less: Current portion	420,360,128	574,036,895
Non-current portion	<u>1,066,145,110</u>	<u>880,571,354</u>



	Un-Audited 31 March 2008 Rupees	Audited 30 June 2007 Rupees
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7. CONTINGENCIES AND COMMITMENTS

- 7.1** There has been no change in contingencies since the date of preceding annual published financial statements.
- 7.2** Commitments in respect of :
- (i) Contracts for capital expenditure amount to Rupees 135.00 million (30 June 2007: Rupees 17.03 million) and for revenue contracts Rupees 25.40 million (30 June 2007: NIL).
- (ii) Post dated cheques issued to suppliers amounting to Rupees 125.80 million (30 June 2007: Rupees NIL).

8. FIXED ASSETS

Property, plant and equipment		
Operating assets (Note 8.1)	3,826,684,535	3,828,979,329
Capital work in progress (Note 8.2)	206,039,976	192,751,866
Intangible assets	5,223,212	4,832,490
	<u>4,037,947,723</u>	<u>4,026,563,685</u>

8.1 Operating assets

Opening book value	3,828,979,329	3,889,514,146
Cost of additions during the period / year (Note 8.1.1)	197,075,873	265,866,035
	<u>4,026,055,202</u>	<u>4,155,380,181</u>
Less: Book value of deletions during the period / year (Note 8.1.2)	570,830	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	198,799,837	260,898,980
	<u>3,826,684,535</u>	<u>3,828,979,329</u>

8.1.1 Cost of additions during the period / year

Factory Building	42,179,967	17,118,766
Plant and machinery	132,164,016	198,522,763
Electric installations	3,096,945	3,107,504
Furniture, fixtures and equipments	11,804,471	21,123,140
Vehicles	7,830,474	25,993,862
	<u>197,075,873</u>	<u>265,866,035</u>

8.1.2 Book value of deletions during the period / year

Cost of deletions - Vehicles	1,518,484	11,375,845
Less: Accumulated depreciation	947,654	7,335,571
	<u>570,830</u>	<u>4,040,274</u>

8.2 Capital work in progress

Plant and machinery	81,013,744	55,216,094
Civil works on freehold land	98,189,826	128,038,324
Electric installations	3,649,462	3,742,106
Unallocated capital expenditures	19,187,747	3,539,347
Intangible fixed assets		
Computer software	3,999,197	2,215,995
	<u>206,039,976</u>	<u>192,751,866</u>

9. LONG TERM INVESTMENTS**Subsidiary Company**

Q Mart Corporation (Private) Limited
19,792,950 ordinary shares of Rupees 10 each

197,929,500	-
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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	11,940,000
10,507,200	10,507,200

Less: Provision for diminution in value

1,432,800	1,432,800
<u>199,362,300</u>	<u>1,432,800</u>



	Un-Audited Nine months ended 31 March 2008 Rupees	Un-Audited Nine months ended 31 March 2007 Rupees
10. COST OF SALES		
Raw material consumed	2,921,324,082	3,238,318,799
Chemical consumed	375,853,241	399,057,564
Salaries, wages and other benefits	242,072,108	261,965,662
Employee's provident fund contributions	10,188,408	10,582,073
Cloth conversion and processing charges	56,655,124	157,096,965
Fuel, oil and power	189,690,415	305,492,603
Skill and product development expenses	-	2,184,247
Stores, spares and loose tools	108,391,099	77,018,196
Packing material	102,258,250	158,310,603
Repair and maintenance	19,718,847	13,135,109
Insurance	10,914,482	13,146,120
Other manufacturing expenses	50,114,412	58,651,707
Depreciation	194,598,744	217,097,215
	<u>4,281,779,212</u>	<u>4,912,056,863</u>
Work-in-process inventory		
As on 01 July	365,947,894	441,050,023
As on 31 March	(362,671,750)	(348,204,372)
	<u>3,276,144</u>	<u>92,845,651</u>
Cost of goods manufactured	4,285,055,356	5,004,902,514
Cost of yarn and cloth purchased for resale	67,153,053	116,378,316
	<u>4,352,208,409</u>	<u>5,121,280,830</u>
Finished goods inventory		
As on 01 July	417,563,462	522,675,239
As on 31 March	(617,732,134)	(619,691,381)
	<u>(200,168,672)</u>	<u>(97,016,142)</u>
	<u>4,152,039,737</u>	<u>5,024,264,689</u>

11. 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	378,180
Purchase of goods and services	-	13,604,455
Remuneration of key management personnel	11,700,000	12,998,603
Contribution to employees' provident fund trust	13,988,820	13,929,633
Investment in subsidiary company	197,929,500	-

12. AUTHORIZED FOR ISSUE

These financial statements were authorized for issue on April 24, 2008 by the Board of Directors of the Company.

13. 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'.

Kohinoor Mills Limited GROUP ACCOUNTS



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	NOTE	(Un Audited) MARCH 31, 2008 Rupees	(Audited) JUNE 30, 2007 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		<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>1,852,790,081</u>	<u>2,134,333,365</u>
Total equity		2,361,900,191	2,497,983,445
Non-current liabilities			
Redeemable capital - secured	4	<u>16,624,627</u>	<u>39,999,125</u>
Long term financing - secured		<u>1,066,145,110</u>	<u>880,571,354</u>
Deferred tax		<u>249,629,888</u>	<u>253,472,520</u>
		1,332,399,625	1,174,042,999
Current liabilities			
Trade and other payables		<u>973,426,785</u>	<u>615,517,415</u>
Mark up accrued on redeemable capital and financing		<u>104,433,333</u>	<u>108,580,219</u>
Short term borrowings - secured		<u>3,888,896,287</u>	<u>3,417,152,907</u>
Current portion of long term liabilities		<u>436,984,757</u>	<u>654,035,145</u>
Provision for taxation		<u>38,605,286</u>	<u>72,938,336</u>
		<u>5,442,346,448</u>	<u>4,868,224,022</u>
Total Liabilities		6,774,746,073	6,042,267,021
Contingencies and commitments	5	-	-
TOTAL EQUITY AND LIABILITIES		<u>9,136,646,264</u>	<u>8,540,250,466</u>
A S S E T S			
Non-current assets			
Fixed Assets	6	4,206,608,127	4,026,563,685
Long term investment		1,432,800	1,432,800
Long term security deposits		4,038,673	3,151,751
Goodwill		<u>33,947,318</u>	-
		4,246,026,918	4,031,148,236
Current assets			
Stores, spares and loose tools		<u>340,140,077</u>	<u>304,342,590</u>
Stock-in-trade		<u>1,427,235,652</u>	<u>1,175,108,847</u>
Trade debts - Considered good		<u>1,111,599,842</u>	<u>988,152,762</u>
Loans and advances		<u>305,481,547</u>	<u>264,345,513</u>
Trade deposits and short term prepayments		<u>6,894,082</u>	<u>6,475,759</u>
Accrued interest		<u>12,863</u>	<u>65,740</u>
Other receivables		<u>340,170,157</u>	<u>237,226,629</u>
Sales tax recoverable		<u>152,062,038</u>	<u>132,442,694</u>
Short term investments		<u>1,140,478,029</u>	<u>1,207,790,600</u>
Cash and bank balances		<u>5,083,463</u>	<u>131,689,499</u>
		4,829,157,749	4,447,640,633
Non-current assets held for sale		61,461,597	61,461,598
TOTAL ASSETS		<u>9,136,646,264</u>	<u>8,540,250,466</u>

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

Kasur :
April 24, 2008

AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director


CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2008

Notes	Nine months ended		Quarter ended	
	MARCH 31, 2008 Rupees	MARCH 31, 2007 Rupees	MARCH 31, 2008 Rupees	MARCH 31, 2007 Rupees
SALES	4,657,426,074	5,878,805,385	1,600,647,784	1,837,851,297
COST OF SALES	<u>4,182,174,246</u>	<u>5,024,264,689</u>	<u>1,483,507,209</u>	<u>1,620,868,066</u>
GROSS PROFIT	475,251,828	854,540,696	117,140,575	216,983,231
DISTRIBUTION COST				
	<u>288,840,679</u>	<u>272,488,698</u>	<u>80,097,162</u>	<u>88,643,740</u>
ADMINISTRATIVE EXPENSES	<u>161,971,242</u>	<u>114,468,773</u>	<u>45,669,102</u>	<u>36,395,832</u>
OTHER CHARGES	<u>133,862</u>	<u>5,870,198</u>	<u>9,885</u>	<u>(2,564,197)</u>
OTHER OPERATING INCOME	<u>(69,580,420)</u>	<u>(10,372,232)</u>	<u>(16,735,459)</u>	<u>(1,385,800)</u>
	<u>381,365,363</u>	<u>382,455,437</u>	<u>109,040,690</u>	<u>121,089,575</u>
OPERATING PROFIT	93,886,465	472,085,259	8,099,885	95,893,656
FINANCE COST				
	<u>330,336,523</u>	<u>379,599,229</u>	<u>96,417,130</u>	<u>116,446,136</u>
PROFIT/(LOSS) BEFORE TAXATION	<u>(236,450,058)</u>	<u>92,486,030</u>	<u>(88,317,245)</u>	<u>(20,552,480)</u>
PROVISION FOR TAXATION	<u>37,071,081</u>	<u>47,452,270</u>	<u>6,200,869</u>	<u>13,549,519</u>
PROFIT / (LOSS) AFTER TAXATION	<u>(273,521,139)</u>	<u>45,033,760</u>	<u>(94,518,114)</u>	<u>(34,101,999)</u>
EARNINGS PER SHARE - BASIC AND DILUTED	<u>(5.56)</u>	<u>1.10</u>	<u>(1.86)</u>	<u>(0.83)</u>

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

Kasur :
April 24, 2008

AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director



CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2008

	GROUP MARCH 31, 2008 Rupees	KML MARCH 31, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(236,450,058)	92,486,030
Adjustment for non cash charges and other items:		
Depreciation	205,623,624	223,886,934
Amortization of intangible asset	1,696,811	-
Dividend Income	(8,102,145)	-
Gain on disposal of property, plant and equipment	(579,811)	(816,117)
Gain on sale of shares	(37,661,196)	-
Finance cost	330,336,523	379,599,229
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	254,863,748	695,156,076
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(35,797,486)	(50,272,648)
Stock-in-trade	(252,126,805)	(34,162,714)
Trade debts	(123,447,080)	133,124,177
Loans and advances	(41,136,035)	(75,964,408)
Trade deposits and short term prepayments	(418,323)	(396,326)
Accrued interest	52,877	29,330
Other receivables	(142,869,162)	(73,343,794)
Sales tax recoverable	(19,619,343)	62,389,901
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured	471,743,380	204,071,624
Trade and other payables	357,331,620	(222,925,917)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	213,713,643	(57,450,775)
CASH GENERATED FROM OPERATIONS	468,577,391	637,705,301
Income tax paid	(35,321,130)	(11,732,803)
Finance cost paid	(334,483,409)	(350,479,909)
	(369,804,539)	(362,212,712)
NET CASH GENERATED FROM OPERATING ACTIVITIES	98,772,851	275,492,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(388,036,617)	(6,790,100)
Proceeds from disposal of property, plant and equipment	1,251,550	2,822,468
Dividend on equity investments received	8,102,145	-
Short term investments	(18,816,960)	-
Long term security deposits	(886,922)	-
NET CASH USED IN INVESTING ACTIVITIES	(398,386,804)	(3,967,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(23,374,497)	-
Long term financing - net	(31,476,632)	(325,981,297)
Dividend paid	(63,061,014)	-
Right share issue	290,920,060	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	173,007,917	(325,981,297)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(126,606,036)	(54,456,340)
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	5,083,463	126,740,960

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

Kasur :
April 24, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2008

	Reserves				Total equity	
	Share capital	Share premium	Capital		Sub-Total	Total
			Surplus on revaluation of investments	General		
Balance as on June 30, 2006	330,590,990	67,946,280	151,252,758	1,391,086,730	1,154,891,192	1,374,090,230
Transfer from general reserves	-	-	-	(300,000,000)	300,000,000	-
Bonus shares issued @ 10%	33,059,090	-	-	(33,059,090)	(33,059,090)	(33,059,090)
Profit for the period from July 01, 2006 to March 31, 2007	-	-	-	-	45,033,760	45,033,760
Fair value adjustment on investments	-	-	(65,338,790)	-	-	(65,338,790)
Balance as on March 31, 2007	363,650,080	67,946,280	85,913,968	1,088,027,640	1,166,865,862	1,320,726,110
Balance as on June 30, 2007	363,650,080	67,946,280	830,113,864	1,058,027,640	1,236,273,221	2,134,333,365
Right issue (14,546,003 shares @ Rs. 20 each)	145,460,030	145,460,030	-	-	898,060,144	145,460,030
Dividend paid @ 12.5%	-	-	-	-	(63,638,765)	(63,638,765)
Loss for the period from July 01, 2007 to March 31, 2008	-	-	(89,843,409)	-	(273,521,139)	(273,521,139)
Fair value adjustment on investments	-	-	953,676,764	-	(89,843,410)	(89,843,410)
Balance as on March 31, 2008	509,110,110	213,406,310	740,270,455	1,058,027,640	899,113,317	1,852,790,081

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

Kasur :
April 24, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director





SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2008

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 Exchanges 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 set up and manage chain of retail stores across Pakistan.

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

1.1 BASIS OF PREPARATION

- 1.1.1 These 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 nine months financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Holding Company for the year ended 30 June 2007.
- 1.1.3 These condensed 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 financial statements are the same as those applied to the annual financial statements for the year ended 30 June 2007.

	Un-Audited 31 March 2008	Audited 30 June 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)	<u>145,460,030</u>	<u>363,650,080</u>
	<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	199,995,625
Less: Repaid during the period / year	<u>86,748,119</u>	<u>79,998,250</u>
Closing balance	33,249,256	119,997,375
Less: Current portion shown under current liabilities	<u>16,624,629</u>	<u>79,998,250</u>
Non-current portion	<u>16,624,627</u>	<u>39,999,125</u>
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 135 million (30 June 2007: 17.03) and for revenue contracts Rupees 25.40 million. (30 June 2007: Nil)		
(ii) Post dated cheques of Rupees 126.70 million. (30 June 2007: Nil)		

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

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

	Un-Audited 31 March 2008	Audited 30 June 2007
-----Rupees-----		
Opening book value	3,969,841,281	3,889,514,146
Additions during the period / year (Note 6.1)	<u>208,107,957</u>	<u>265,866,035</u>
Cost of operating fixed assets disposed off during the period / year	(1,619,393)	(11,375,845)
Depreciation charged during the period / year	<u>947,654</u>	<u>7,335,571</u>
	(671,739)	(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	<u>(205,623,622)</u>	<u>(268,898,980)</u>
	3,971,653,877	3,828,979,329
Intangible assets	8,773,330	4,832,490
Capital work in progress (Note 6.2)	<u>226,180,920</u>	<u>192,751,866</u>
	<u>4,206,608,127</u>	<u>4,026,563,685</u>

6.1 Cost of additions in operating fixed assets

Factory Building	53,120,072	17,118,766
Plant and machinery	132,164,016	198,522,763
Electric installations	3,188,923	3,107,504
Furniture, fixtures and equipment	11,804,471	21,123,140
Vehicles	<u>7,830,475</u>	<u>25,993,862</u>
	<u>208,107,957</u>	<u>265,866,035</u>

6.2 Capital work in progress

Tangible fixed assets		
Plant and machinery	81,013,743	55,216,094
Civil works on freehold land	112,720,308	132,635,242
Electric installations	3,649,462	210,973
Unallocated capital expenditure	24,798,210	-
Letter of credit	-	-
Intangible fixed assets		
Computer software	<u>3,999,197</u>	<u>4,689,557</u>
	<u>226,180,920</u>	<u>192,751,866</u>

	Nine months Un-Audited 31 March 2008	Nine months Un-Audited 31 March 2007
-----Rupees-----		

7. COST OF SALES

Raw material consumed /goods purchased	2,951,458,591	3,238,318,799
Chemical consumed	375,853,241	399,057,564
Salaries, wages and other benefits	242,072,108	261,965,662
Employee's provident fund contributions	10,188,408	10,582,073
Cloth conversion and processing charges	56,655,124	157,096,965
Fuel, oil and power	189,690,415	305,492,603
Skill and product development expenses	-	2,184,247
Stores, spares and loose tools	108,391,099	77,018,196
Packing material	102,258,250	158,310,603
Repair and maintenance	19,718,847	13,135,109
Insurance	10,914,482	13,146,120
Other manufacturing expenses	50,114,412	58,651,707
Depreciation	<u>194,598,744</u>	<u>217,097,215</u>
	4,311,913,721	4,912,056,863
Work-in-process inventory		
As on 01 July	365,947,894	441,050,023
As on 31 March	<u>(362,671,750)</u>	<u>(348,204,372)</u>
	3,276,144	92,845,651
Cost of goods manufactured	4,315,189,865	5,004,902,514
Cost of yarn and cloth purchased for resale	67,153,053	116,378,316
	<u>4,382,342,918</u>	<u>5,121,280,830</u>
Finished goods inventory		
As on 01 July	417,563,462	522,675,239
As on 31 March	<u>(617,732,134)</u>	<u>(619,691,381)</u>
	(200,168,672)	(97,016,142)
	<u>4,182,174,246</u>	<u>5,024,264,689</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.

	Nine months 31 March 2008	Nine months 31 March 2007
	-----Rupees-----	
Sales of goods and services	75,586	378,180
Purchase of goods and services	-	13,604,455
Remuneration of key management personnel	14,579,250	12,998,603
Contribution to employees' provident fund trust	14,565,834	13,929,633
Investment in subsidiary company	197,929,500	-

9. AUTHORIZED FOR ISSUE

These financial statements were authorized for issue on April 24, 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'.

Kasur :
April 24, 2008


AAMIR FAYYAZ SHEIKH
Chief Executive


GUL NAWAZ
Director