



## 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

### **Head of Internal Audit**

Mr. Hamid-ur-Rehman

### **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**

8<sup>th</sup> K.M. Manga Raiwind Road,  
District Kasur.  
Cell: (92-333) 4998801-10  
Tel: (92-42) 5391941-45  
Fax: (92-42) 5391946  
E-mail: [info@kohinoormills.com](mailto:info@kohinoormills.com)  
Web site: [www.kohinoormills.com](http://www.kohinoormills.com)



## DIRECTORS' REPORT

The Directors of the Company present the un-audited financial statements for the first quarter ended September 30, 2007. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

### OPERATING AND FINANCIAL RESULTS

During the period ended September 30, 2007, your company earned a gross profit of Rs 203 million on sales of Rs 1,552 million as compared to gross profit of Rs 251 million on sales of Rs 1,863 million for the corresponding first quarter of the previous financial year. Gross margin declined from 13.50% for the first quarter of last year to 13.09% during the first quarter of the current year. Decline in gross margin was attributable to the underutilization of capacity in hosiery, dyeing and home textile divisions. Loss after taxation during the first quarter ended September 30, 2007 is Rs 41.4 million as compared to a loss of Rs 7.9 million during the first quarter of the last financial year. Unscheduled break down in the gas powered turbine in Genertek division, declining prices of home textiles products and ongoing consolidation of socks sector in US market resulting in delay of orders in hosiery division were some of the main reasons for incurring loss during the period ended September 30, 2007.

Increasing competition in global market is affecting the exports of the company adversely. Your company recognizes these challenges and is continuously monitoring the situation and is hopeful that the marketing initiatives it has taken in each of its divisions will be able to improve the sales and capacity utilization.

During this quarter your company also invested in Q Mart Corporation (Pvt) Ltd, a wholly owned subsidiary. The basic concept of Q Mart is to set up a chain of retail stores all over Pakistan starting from Punjab and to become "family stores" providing comprehensive retailing experience under one roof. Investment in Q Mart will provide your Company not only a diversity of operations but also a strategic marketing advantage where Q Mart will act as a platform for domestic sales of your company's products throughout Pakistan. Two stores have already commenced operations and another four to six are expected to commence operations before June 30, 2008. During the period under review, Q Mart incurred a net loss of Rs 4.7 million. The loss incurred by Q Mart is not reflective of its true potential since the administration and other infrastructure is designed to run at least ten stores. It is expected that once the number of stores would increase, the corresponding administrative and distribution costs would be better absorbed and results of Q Mart will show improvement.



In order to increase and then sustain the net margins, your organization is striving to enhance efficiency and has taken steps to reduce overheads. The break down occurred in the gas powered turbine is resolved and is expected to commence its operations by the end of October 2007. New high speed looms planned for weaving division are expected to arrive in the third quarter increasing your company's production capacity of apparel fabric providing complete vertical integration to its in house processing / dyeing unit. Utilization of capacities in home textiles, hosiery and dyeing division is improving as the company continues to explore new markets for its products in EU and other countries.

### FUTURE PROSPECTS

Management of your company continues to focus on the strategy explained in Director's Report dated September 10, 2007 and has developed a detailed operational plan under which diversified marketing in hosiery, weaving and home textile divisions have been undertaken to increase the customer base and explore niche markets. As a result, capacity utilization in dyeing, hosiery and home textile divisions is expected to improve. After successful implementation of the plan referred above, management is hopeful that the results of your company for the remaining part of the year ending June 30, 2008 will show improvement.

### ACKNOWLEDGEMENT

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

Kasur:  
October 30, 2007

**AAMIR FAYYAZ SHEIKH**  
Chief Executive



## BALANCE SHEET AS AT SEPTEMBER 30, 2007

	NOTE	(Un Audited) SEPTEMBER 30, 2007 Rupees	(Audited) JUNE 30, 2007 Rupees
<b>EQUITY AND LIABILITIES</b>			
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>2,198,352,238</u>	<u>2,134,333,365</u>
Total equity		2,707,462,348	2,497,983,445
Non-current liabilities			
Redeemable capital - secured	4	39,999,126	39,999,125
Long term financing - secured		804,197,335	880,571,354
Deferred tax		253,472,520	253,472,520
		1,097,668,981	1,174,042,999
Current liabilities			
Trade and other payables		539,467,527	615,517,415
Mark up accrued on redeemable capital and financing		117,807,044	108,580,219
Short term borrowings - secured		3,552,953,070	3,417,152,907
Current portion of long term liabilities		576,564,012	654,035,145
Provision for taxation		85,847,442	72,938,337
		<u>4,872,639,095</u>	<u>4,868,224,022</u>
Total Liabilities		5,970,308,076	6,042,267,021
Contingencies and commitments	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,677,770,424</u></u>	<u><u>8,540,250,466</u></u>
<b>ASSETS</b>			
Non-current assets			
Fixed Assets	6	3,998,824,513	4,026,563,684
Long term investment		199,362,300	1,432,800
Long term security deposits		3,151,751	3,151,751
		<u>4,201,338,564</u>	<u>4,031,148,235</u>
Current assets			
Stores, spares and loose tools		291,182,691	304,342,590
Stock-in-trade		1,273,986,003	1,175,108,847
Trade debts - Considered good		858,687,552	988,152,762
Loans and advances		330,422,748	264,345,513
Trade deposits and short term prepayments		2,535,360	6,475,759
Accrued interest		-	65,740
Other receivables		296,432,427	237,226,629
Sales tax recoverable		122,621,944	132,442,694
Short term investments		1,202,970,956	1,207,790,600
Cash and bank balances		36,130,581	131,689,499
		4,414,970,262	4,447,640,633
Non-current assets classified as held for sale		61,461,598	61,461,598
<b>TOTAL ASSETS</b>		<u><u>8,677,770,424</u></u>	<u><u>8,540,250,466</u></u>

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

Kasur:  
October 30, 2007
  
**AAMIR FAYYAZ SHEIKH**  
 Chief Executive

  
**RASHID AHMED**  
 Director
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	NOTE	SEPTEMBER 30,2007 Rupees	SEPTEMBER 30,2006 Rupees
SALES		1,552,037,300	1,863,239,704
COST OF SALES	7	1,348,941,089	1,611,752,457
<b>GROSS PROFIT</b>		<u>203,096,211</u>	<u>251,487,247</u>
DISTRIBUTION COST		101,548,597	92,728,718
ADMINISTRATIVE EXPENSES		46,602,747	37,029,502
OTHER OPERATING INCOME		(25,141,846)	(3,402,500)
		<u>123,009,498</u>	<u>126,355,720</u>
<b>OPERATING PROFIT</b>		<u>80,086,713</u>	<u>125,131,527</u>
FINANCE COST		108,641,185	117,716,596
(LOSS) / PROFIT BEFORE TAXATION		(28,554,472)	7,414,931
PROVISION FOR TAXATION		(12,909,106)	(15,404,171)
(LOSS) AFTER TAXATION		<u>(41,463,578)</u>	<u>(7,989,240)</u>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		<u>(0.81)</u>	<u>(0.16)</u>

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

Kasur:  
October 30, 2007
  
**AAMIR FAYYAZ SHEIKH**  
 Chief Executive

  
**RASHID AHMED**  
 Director



## CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	SEPTEMBER 30, 2007 Rupees	SEPTEMBER 30, 2006 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(28,554,472)	7,414,931
Adjustment for non cash charges and other items:		
Depreciation	68,825,646	73,822,917
Amortization of intangible asset	240,686	-
Dividend income	(8,102,145)	-
Gain on sale of shares	(15,281,441)	-
Finance cost	108,641,185	117,716,596
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL</b>	125,769,459	198,954,444
<b>(INCREASE) / DECREASE IN CURRENT ASSETS</b>		
Stores, spares and loose tools	13,159,900	588,823
Stock-in-trade	(98,877,156)	(84,180,944)
Trade debts	129,465,210	104,156,335
Loans and advances	(66,077,235)	(38,563,080)
Trade deposits and short term prepayments	4,140,400	(4,636,997)
Accrued interest	65,740	29,330
Other receivables	(47,173,829)	(44,437,033)
Sales tax recoverable	9,820,750	(12,604,902)
<b>INCREASE / (DECREASE) IN CURRENT LIABILITIES</b>		
Short term borrowings - secured	141,300,164	159,953,365
Trade and other payables	(76,049,889)	(53,240,728)
<b>EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES</b>	9,774,054	27,064,169
<b>CASH GENERATED FROM OPERATIONS</b>	135,543,513	226,018,613
Income tax paid	(12,031,969)	(3,811,134)
Finance cost paid	(99,414,361)	(104,527,765)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	24,097,182	117,679,714
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(41,327,157)	(23,067,539)
Dividend on equity investments received	8,102,145	-
Investment made	(218,005,998)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(251,231,010)	(23,067,539)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of redeemable capital	(39,999,122)	(39,999,125)
Long term financing - net	(119,346,029)	(58,718,804)
Right share issue	290,920,060	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	131,574,909	(98,717,929)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(95,558,918)	(4,105,754)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	131,689,499	181,197,300
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	36,130,581	177,091,546

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

Kasur:  
October 30, 2007

**AAMIR FAYYAZ SHEIKH**  
Chief Executive

**RASHID AHMED**  
Director



## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Reserves				Total equity
	Share Capital	Capital Surplus on revaluation of investments	Revenue Unappropriated Profit / (Accumulated Loss)	Total	
Balance as on June 30, 2006	330,590,990	67,946,280	151,252,758	219,199,038	1,374,090,230
Loss for the period	-	-	-	(7,989,240)	(7,989,240)
Transfer from general reserves	-	-	300,000,000	-	-
Fair value adjustment on investments	-	3,608,000	-	-	3,608,000
Balance as on September 30, 2006	330,590,990	67,946,280	151,252,758	219,199,038	1,369,708,990
Balance as on June 30, 2007	363,650,080	67,946,280	830,113,864	898,060,144	2,134,333,365
Right issue (363,650,080/40% shares)	145,460,030	145,460,030	-	-	145,460,030
Loss for the Period	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-
Balance as on September 30, 2007	509,110,110	213,406,310	790,136,285	1,003,542,595	2,198,352,238

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

Kasur:  
October 30, 2007

**AAMIR FAYYAZ SHEIKH**  
Chief Executive

**RASHID AHMED**  
Director



## NOTES TO THE ACCOUNTS

### FOR THE QUARTER ENDED SEPTEMBER 30, 2007

(UN-AUDITED)

**1. THE COMPANY AND ITS ACTIVITIES**

Kohinoor Mills Limited (formerly Kohinoor Weaving 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, slitching and generation of power and also trading of cloth and yarn.

**1.1 BASIS OF PREPARATION**

1.1.1 These condensed interim financial statements are un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

1.1.2 The accounting policies adopted for the preparation of these condensed Quarterly financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the 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 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
	30 September	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: 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 on rupees 10 premium.	145,460,030	-
	509,110,110	363,650,080

**4. REDEEMABLE CAPITAL**

Opening balance	119,997,375	279,993,875
Less: Repaid during the period / year	(39,999,122)	(79,998,250)
Closing balance	79,998,253	119,997,375
Less: Current portion shown under current liabilities	39,999,127	79,998,250
Non-current portion	39,999,126	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 Contracts for capital expenditure amount to Rupees 263.081 million (30 June 2007: Rupees 17.03 million).

	Un-Audited	Audited
	30 September	30 June
	2007	2007
	-----Rupees-----	

**6. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets:		
Opening book value	3,828,979,329	3,889,514,146
Additions during the period / year ( Note 6.1)	53,771,566	265,866,035
	3,882,750,895	4,155,380,181
Book value of operating fixed assets disposed of during the period / year	-	(11,375,845)
Depreciation charged during the period / year	-	7,335,571
Transfer of assets held for disposal	-	(4,040,274)
Cost	-	(222,947,043)
Depreciation	-	161,485,445
	-	(61,461,598)
Depreciation charged during the period / year	(68,825,640)	(260,898,980)
	3,813,925,255	3,828,979,329
Intangible assets	4,591,801	4,832,489
Capital work in progress ( Note 6.2)	180,307,457	192,751,866
	3,998,824,513	4,026,563,684



	Un-Audited	Audited
	30 September	30 June
	2007	2007
	-----Rupees-----	

**6.1 Cost of additions in operating fixed assets**

Factory Building	39,021,201	17,118,766
Plant and machinery	7,398,281	198,522,763
Electric installations	385,150	3,107,504
Furniture, fixtures and equipment	5,657,025	21,123,140
Vehicles	1,309,909	25,993,862
	53,771,566	265,866,035

**6.2 Capital work in progress**

Tangible fixed assets		
Plant and machinery	71,987,013	55,216,094
Civil works on freehold land	99,945,768	132,635,242
Electric installations	3,811,430	210,973
Intangible fixed assets		
Computer software	4,563,246	4,689,557
	180,307,457	192,751,866

	Quarter ended	Quarter ended
	30 September	30 September
	2007	2006
	-----Rupees-----	

**7. COST OF SALES**

Raw material consumed	943,225,020	991,738,468
Chemical consumed	109,564,808	126,076,451
Salaries, wages and other benefits	87,069,533	75,730,019
Employee's provident fund contributions	3,812,140	3,304,047
Cloth conversion and processing charges	20,731,434	30,436,239
Fuel, oil and power	72,989,816	134,434,845
Stores, spares and loose tools	39,812,476	29,936,364
Packing material	41,760,099	54,671,446
Repair and maintenance	5,233,892	4,651,915
Insurance	4,323,909	2,969,992
Other manufacturing expenses	15,880,079	29,371,185
Depreciation	66,083,697	70,962,749
	1,410,486,903	1,554,283,721
Work-in-process inventory		
As on 01 July	365,947,894	440,973,372
As on 30 September	(400,851,423)	(341,029,213)
	(34,903,529)	99,944,160
Cost of goods manufactured	1,375,583,374	1,654,227,881
Cost of yarn and cloth purchased for resale	14,363,128	71,382,056
	1,389,946,502	1,725,609,937
Finished goods inventory		
As on 01 July	417,563,462	522,786,787
As on 30 September	(458,568,875)	(636,644,267)
	(41,005,413)	(113,857,480)
	1,348,941,089	1,611,752,457

**8. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprises of associated undertakings, other related parties, key management personnel and provident fund trust. The transactions with related parties during the period under review are as follows .

	SEPTEMBER 30,	SEPTEMBER 30,
	2007	2006
	Rupees	Rupees
Sales of goods and services	75,586	24,957,445
Purchase of goods and services	880,413	55,680

**9. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 30, 2007 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:  
October 30, 2007

  
**AAMIR FAYYAZ SHEIKH**  
Chief Executive

  
**RASHID AHMED**  
Director



CONSOLIDATED BALANCE SHEET  
AS AT SEPTEMBER 30, 2007

	NOTE	(Un Audited) SEPTEMBER 30, 2007 Rupees	(Audited) JUNE 30, 2007 Rupees
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves			
Authorized share capital		1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital	3	509,110,110	363,650,080
Reserves		2,193,636,929	2,134,333,365
<b>Total equity</b>		<b>2,702,747,039</b>	<b>2,497,983,445</b>
<b>Non-current liabilities</b>			
Redeemable capital - secured	4	39,999,126	39,999,125
Long term financing - secured		804,197,335	880,571,354
Deferred tax		253,472,520	253,472,520
		1,097,668,981	1,174,042,999
<b>Current liabilities</b>			
Trade and other payables		556,134,315	615,517,415
Mark up accrued on redeemable capital and financing		117,807,044	108,580,219
Short term borrowings - secured		3,552,953,070	3,417,152,907
Current portion of long term liabilities		576,564,012	654,035,145
Provision for taxation		85,847,442	72,938,337
		4,889,305,883	4,868,224,022
Total Liabilities		5,986,974,864	6,042,267,021
Contingencies and commitments	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,689,721,903</b>	<b>8,540,250,466</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	6	4,166,255,739	4,026,563,684
Long term investment		1,432,800	1,432,800
Long term security deposits		3,576,965	3,151,751
Goodwill		37,093,460	-
		4,208,358,964	4,031,148,235
<b>Current assets</b>			
Stores, spares and loose tools		291,182,691	304,342,590
Stock-in-trade		1,281,685,662	1,175,108,847
Trade debts - Considered good		858,687,552	988,152,762
Loans and advances		330,422,748	264,345,513
Trade deposits and short term prepayments		2,535,360	6,475,759
Accrued interest		-	65,740
Other receivables		288,310,039	237,226,629
Sales tax recoverable		122,621,944	132,442,694
Short term investments		1,202,970,960	1,207,790,600
Cash and bank balances		41,484,385	131,689,499
		4,419,901,341	4,447,640,633
Non-current assets classified as held for sale		61,461,598	61,461,598
<b>TOTAL ASSETS</b>		<b>8,689,721,903</b>	<b>8,540,250,466</b>

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

Kasur:  
October 30, 2007

  
AAMIR FAYYAZ SHEIKH  
Chief Executive

  
RASHID AHMED  
Director



CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	NOTE	SEPTEMBER 30,2007 Rupees	SEPTEMBER 30,2006 Rupees
SALES		1,559,238,540	1,863,239,704
COST OF SALES	7	1,355,356,637	1,611,752,457
<b>GROSS PROFIT</b>		<b>203,881,903</b>	<b>251,487,247</b>
<b>DISTRIBUTION COST</b>			
ADMINISTRATIVE EXPENSES		105,611,970	92,728,718
OTHER OPERATING INCOME		48,010,275	37,029,502
		(25,223,733)	(3,402,500)
		128,398,512	126,355,720
<b>OPERATING PROFIT</b>		<b>75,483,391</b>	<b>125,131,527</b>
<b>FINANCE COST</b>			
(LOSS) / PROFIT BEFORE TAXATION		108,717,166	117,716,596
PROVISION FOR TAXATION		(33,233,775)	7,414,931
		(12,945,112)	(15,404,171)
<b>(LOSS) AFTER TAXATION</b>		<b>(46,178,887)</b>	<b>(7,989,240)</b>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		<b>(0.91)</b>	<b>(0.16)</b>

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

Kasur:  
October 30, 2007

  
AAMIR FAYYAZ SHEIKH  
Chief Executive

  
RASHID AHMED  
Director



CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	SEPTEMBER 30, 2007 Rupees	SEPTEMBER 30, 2006 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES (Loss) / Profit before taxation	(33,233,775)	7,414,931
Adjustment for non cash charges and other items:		
Depreciation	69,751,913	73,822,917
Amortization of intangible asset	367,014	-
Dividend income	(8,102,145)	-
Gain on sale of shares	(15,281,441)	-
Finance cost	108,717,166	117,716,596
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	122,218,732	198,954,444
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	13,159,900	588,823
Stock-in-trade	(106,576,815)	(84,180,944)
Trade debts	129,465,210	104,156,335
Loans and advances	(66,077,235)	(38,563,080)
Trade deposits and short term prepayments	4,140,400	(4,636,997)
Accrued interest	65,740	29,330
Other receivables	(38,466,371)	(44,437,033)
Sales tax recoverable	9,820,750	(12,604,902)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured	141,300,164	159,953,365
Trade and other payables	(59,383,099)	(53,240,728)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	27,448,643	27,064,169
CASH GENERATED FROM OPERATIONS	149,667,375	226,018,613
Income tax paid	(12,653,046)	(3,811,134)
Finance cost paid	(99,490,342)	(104,527,765)
NET CASH FROM OPERATING ACTIVITIES	(112,143,388)	(108,338,899)
CASH FLOWS FROM INVESTING ACTIVITIES	37,523,986	117,679,714
Capital expenditure on property plant and equipment	(209,810,983)	(23,067,539)
Dividend on equity investments received	8,102,145	-
Investment made	(57,169,958)	-
Long term security deposits	(425,214)	-
NET CASH USED IN INVESTING ACTIVITIES	(259,304,010)	(23,067,539)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(39,999,122)	(39,999,125)
Long term financing - net	(119,346,029)	(58,718,804)
Right share issue	290,920,060	-
NET CASH USED IN FINANCING ACTIVITIES	131,574,909	(98,717,929)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(90,205,114)	(4,105,754)
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	41,484,385	177,091,546

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

Kasur:  
October 30, 2007

  
AMIR FAYYAZ SHEIKH  
Chief Executive

  
RASHID AHMED  
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Capital		Reserves		Total equity			
	Share Capital	Surplus on revaluation of investments	General	Unappropriated Profit / (Accumulated Loss)				
Balance as on June 30, 2006	330,590,990	67,946,280	151,252,758	219,199,038	1,391,086,730	1,154,891,192	1,374,090,230	1,704,681,220
Loss for the period	-	-	-	-	-	(7,989,240)	(7,989,240)	(7,989,240)
Transfer from general reserves	-	-	3,608,000	-	(300,000,000)	300,000,000	-	3,608,000
Fair value adjustment on investments	-	-	-	3,608,000	-	-	-	3,608,000
Balance as on September 30, 2006	330,590,990	67,946,280	151,252,758	219,199,038	1,391,086,730	(236,195,538)	1,146,901,952	1,369,708,990
Balance as on June 30, 2007	363,650,080	67,946,280	830,113,864	898,060,144	1,058,027,640	178,245,581	1,236,273,221	2,134,333,365
Right issue(363,650,080*40%shares)	145,460,030	145,460,030	-	-	-	-	-	145,460,030
Loss for the period	-	-	-	-	-	(46,178,887)	(46,178,887)	(46,178,887)
Fair value adjustment on investments	-	-	-	(39,977,579)	-	-	-	(39,977,579)
Balance as on September 30, 2007	509,110,110	213,406,310	790,136,285	1,003,542,595	1,058,027,640	132,066,693	1,190,094,333	2,193,636,929

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

Kasur:  
October 30, 2007

  
AMIR FAYYAZ SHEIKH  
Chief Executive

  
RASHID AHMED  
Director



## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

### 1. THE GROUP AND ITS ACTIVITIES

#### Holding Company

Kohinoor Mills Limited (formerly Kohinoor Weaving 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 July 31, 2007 and these consolidated accounts have been prepared accordingly.

### 1.1 BASIS OF PREPARATION

1.1.1 The accounting policies adopted for the preparation of these condensed Quarterly 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.

1.1.2 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 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
30 September	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: 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 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 parent 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	<u>(39,999,122)</u>	<u>(79,998,250)</u>
Closing balance	79,998,253	119,997,375
Less: Current portion shown under current liabilities	<u>39,999,127</u>	<u>79,998,250</u>
Non-current portion	<u>39,999,126</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 Contracts for capital expenditure amount to Rupees 263.081 million (30 June 2007: Rupees 17.03 million).



Un-Audited	Audited
30 September	30 June
2007	2007
-----Rupees-----	

### 6. PROPERTY, PLANT AND EQUIPMENT

#### Operating fixed assets:

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

Building	42,221,201	17,118,766
Plant and machinery	7,398,281	198,522,763
Electric installations	385,150	3,107,504
Furniture, fixtures and equipment	5,657,025	21,123,140
Vehicles	1,309,909	25,993,862
	<u>55,971,566</u>	<u>265,866,035</u>
Capital work in progress		
Tangible fixed assets		
Plant and machinery	71,987,013	55,216,094
Civil works on freehold land	99,945,768	132,635,242
Electric installations	3,811,430	210,973
Intangible fixed assets		
Computer software	4,563,246	4,689,557
	<u>180,307,457</u>	<u>192,751,866</u>

Quarter ended	Quarter ended
30 September	30 September
2007	2006
-----Rupees-----	

### 7. COST OF SALES

Raw material consumed / goods purchased	956,977,797	991,738,468
Chemical consumed	109,564,808	126,076,451
Salaries, wages and other benefits	87,069,533	75,730,019
Employee's provident fund contributions	3,812,140	3,304,047
Cloth conversion and processing charges	20,731,434	30,436,239
Fuel, oil and power	72,989,816	134,434,845
Stores, spares and loose tools	39,812,476	29,936,364
Packing material	41,760,099	54,671,446
Repair and maintenance	5,233,892	4,651,915
Insurance	4,323,909	2,969,992
Other manufacturing expenses	15,880,079	29,371,185
Depreciation	66,083,697	70,962,749
	<u>1,424,239,680</u>	<u>1,554,283,721</u>

#### Work-in-process inventory

As on 01 July	365,947,894	440,973,372
As on 30 September	<u>(400,851,423)</u>	<u>(341,029,213)</u>
	<u>(34,903,529)</u>	<u>99,944,160</u>

#### Cost of goods manufactured

Cost of goods manufactured	1,389,336,151	1,654,227,881
Cost of yarn and cloth purchased for resale	14,363,128	71,382,056
	<u>1,403,699,279</u>	<u>1,725,609,937</u>

#### Finished goods inventory

As on 01 July	417,563,462	522,786,787
As on 30 September	<u>(465,906,104)</u>	<u>(636,644,267)</u>
	<u>(48,342,642)</u>	<u>(113,857,480)</u>

	<u>1,355,356,637</u>	<u>1,611,752,457</u>
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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 as follows:

	SEPTEMBER 30, 2007 Rupees	SEPTEMBER 30, 2006 Rupees
Sales of goods and services	75,586	24,957,445
Purchase of goods and services	880,413	55,680

9. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 30, 2007 by the Board of Directors of the parent 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:  
October 30, 2007

  
AAMIR FAYYAZ SHEIKH  
Chief Executive

  
RASHID AHMED  
Director