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## COMPANY INFORMATION

### Board of Directors

Mr. Aamir Fayyaz Sheikh Chief Executive /Chairman

Mr. Asad Fayyaz Sheikh

Mr. Ali Fayyaz Sheikh

Mr. Rashid Ahmed

Mr. Aamir Ameen

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. Zeeshan Khurram

### Company Secretary

Mr. Muhammad Rizwan Khan

### Auditors

M/s Riaz Ahmad & Company

Chartered Accountants

### Bankers

Al Baraka Islamic Bank B.S.C. (E.C)

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

Royal Bank of Scotland

Saudi Pak Commercial Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited

### Registered Office, Mills &

### Shares Department

8<sup>th</sup> K.M. Manga Raiwind Road,

District Kasur.

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Land Line: (92-42) 6369340

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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, 2008. These accounts are presented in accordance with the requirements of the Companies Ordinance, 1984.

### Operating and Financial Results

During the half-year ended December 31, 2008, your company earned a gross profit of Rs. 479 million on sales of Rs. 4,138 million as compared to gross profit of Rs. 355 million on sales of Rs. 3,036 million for the corresponding six months period of the previous financial year 2007-08. During the six months period ended December 31, 2008, your company incurred a net loss after tax of Rs. 371 million as compared to a net loss after tax of Rs. 167 million during the corresponding six months period of the previous financial year 2007-08. Gross margin remained at 11.57% during the six months period ended December 31, 2008, as compared to 11.71% of the corresponding period of the previous financial year 2007-08.

Geo-political environment, susceptible law and order situation of the country, sharp rise in interest rates, ongoing recession in US economy and its repercussions on the rest of the world economies, massive Sui gas and electricity load shedding coupled with increased cost of doing business in Pakistan exerted pressure on the overall performance and consequently the results of your company. Further, due to sharp devaluation of Pakistani Rupee, your company incurred a heavy exchange loss of Rs. 241 million during this half-year on foreign currency loans. However, your company has converted most of the foreign currency loans into Rupee loans during the current half-year. Further, the company is striving to re-profile expensive short term borrowings into export refinance facilities to mitigate negative effects of recent increase in interest rates.

### Impairment loss on short term investments

Owing to continuing economic crisis in the country, the stock market of Pakistan experienced a massive decline in value during 2008, registering significant losses in share prices of companies in all sectors. As these circumstances are short-term and rare, the share prices quoted on stock exchanges are not a fair reflection of equity values. Based on the quoted price as at December 31, 2008, there is an impairment loss on the company's short term investment, as explained in Note 10.1 to these financial statements. However, in compliance with SRO 150 (I)/2009 dated February 13, 2009 of Securities and Exchange Commission of Pakistan (SECP), this impairment loss is shown under the equity and shall be accounted for, during year 2009, as prescribed in the said order.

### Weaving Division

In this division, your company replaced 84 wider width looms with 98 high speed state-of-the-art looms which shall produce mainly apparel wear fabric. These new looms have been commissioned and started their regular production in July 2008. 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 financial year 2006-07 in the capacity utilization of this division continued during the year ended June 30, 2008 and it is expected that the results of financial year 2008-09 will show even



further improvement.

#### Hosiery Division

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 new marketing channels, results of this division will improve.

#### Genertek Division

This division suffered heavy losses as a result of unprecedented gas load shedding due to which we were forced to use HFO-fired back-up NIIGATA engines to generate electricity. In order to avoid these heavy losses, your company is planning to shift to WAPDA supply during the gas load shedding expected in the next season. Further, this division has started supplying electricity to LESCO w.e.f. May 3, 2008. Your management is hopeful that both these steps will enhance the profitability of this division.

#### Apparel Division

This newly established division of your company started its stitching operations of institutional work wear, bottom wear apparels and casual trousers in line with planned vertical integration of your organization. Currently this division is not operating at full capacity; however, management is trying to operate it at full capacity.

#### Q Mart Corporation (Private) Limited (a wholly owned subsidiary of your company)

Three stores have already commenced operations during the last financial year ended June 30, 2008, fourth store was added during the half year ended December 31, 2008 and another two stores are planned to be made operational during the current financial year making the total of six stores.

#### Future Prospects

Your company has developed a detailed strategy to overcome the grim economic conditions explained above. Addition of new narrow width looms in Weaving division, diversification of customer base in Hosiery and Dyeing divisions, addition of new marketing channels, re-profiling of expensive short term borrowings into export refinance facilities and supply of electricity to LESCO are some of the steps, which will improve the results of your company in the periods to come.

#### 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 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 for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board

AMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

Kasur :  
February 25, 2009



## 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 December 31, 2008 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 December 31, 2008 and December 31, 2007 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2008.

#### 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.

LAHORE:  
February 25, 2009

RIAZ AHMAD & COMPANY  
Chartered Accountants




## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2008

	Note	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
80,000,000 (June 30, 2008: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (June 30, 2008: 30,000,000) preference shares of Rupees 10 each		<u>300,000,000</u>	<u>300,000,000</u>
		<u>1,100,000,000</u>	<u>1,100,000,000</u>
<b>Issued, subscribed and paid up share capital</b>			
50,911,011 (June 30, 2008: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		<u>1,002,476,671</u>	<u>1,729,746,578</u>
<b>Total equity</b>		1,511,586,781	2,238,856,688
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	923,075,321	902,907,809
Deferred tax		<u>151,385,474</u>	<u>251,000,069</u>
		1,074,460,795	1,153,907,878
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,546,200,916	877,736,509
Accrued mark up		158,407,329	113,895,958
Short term borrowings - secured		4,371,847,561	4,127,379,652
Current portion of non-current liabilities		353,757,907	529,543,297
Provision for taxation		<u>28,754,466</u>	<u>41,147,079</u>
		6,458,968,179	5,689,702,495
<b>Total liabilities</b>		7,533,428,974	6,843,610,373
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,045,015,755</u>	<u>9,082,467,061</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	4,103,728,984	4,062,381,866
Long term investments	9	259,829,500	247,229,500
Long term security deposits		<u>1,820,751</u>	<u>1,820,751</u>
		4,365,379,235	4,311,432,117
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		424,479,808	383,642,759
Stock-in-trade		1,722,438,605	1,598,730,680
Trade debts - considered good		960,828,600	775,013,196
Loans and advances		609,537,906	564,476,629
Trade deposits and short term prepayments		14,521,319	2,349,040
Other receivables		158,113,596	192,858,559
Sales tax recoverable		93,031,453	114,863,679
Short term investments		629,483,468	1,085,586,948
Cash and bank balances	10	<u>67,201,765</u>	<u>53,513,454</u>
		4,679,636,520	4,771,034,944
<b>TOTAL ASSETS</b>		<u>9,045,015,755</u>	<u>9,082,467,061</u>

The annexed notes form an integral part of this interim financial information.  
The impact of investment's impairment on profit and loss account is given in note 10.1

Kasur:  
February 25, 2009

  
AMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
ASAD FAYYAZ SHEIKH  
DIRECTOR



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

Note	Half year ended		Quarter ended	
	December 31 2008 Rupees	December 31 2007 Rupees	December 31 2008 Rupees	December 31 2007 Rupees
SALES	4,138,372,981	3,035,794,998	2,052,629,528	1,483,757,698
COST OF SALES	3,659,379,812	2,680,280,322	1,840,818,592	1,331,339,233
<b>GROSS PROFIT</b>	478,993,169	355,514,676	211,810,936	152,418,465
<b>DISTRIBUTION COST</b>				
ADMINISTRATIVE EXPENSES	247,458,454	205,342,470	141,762,161	103,793,874
OTHER OPERATING EXPENSES	110,591,417	104,648,656	50,812,221	58,045,909
	19,405	-	19,405	-
	<u>358,069,276</u>	<u>309,991,126</u>	<u>192,593,787</u>	<u>161,839,783</u>
	120,923,893	45,523,550	19,217,149	(9,421,318)
OTHER OPERATING INCOME	46,843,492	51,957,043	39,250,949	26,815,197
<b>PROFIT FROM OPERATIONS</b>	167,767,385	97,480,593	58,468,098	17,393,879
<b>FINANCE COST</b>				
LOSS BEFORE TAXATION	508,146,398	233,919,393	223,826,987	125,278,208
	(340,379,013)	(136,438,800)	(165,358,889)	(107,884,329)
PROVISION FOR TAXATION	30,402,009	30,764,917	16,481,328	17,855,811
<b>LOSS AFTER TAXATION</b>	<u>(370,781,022)</u>	<u>(167,203,717)</u>	<u>(181,840,217)</u>	<u>(125,740,140)</u>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	(7.28)	(3.46)	(3.57)	(2.47)

The annexed notes form an integral part of this interim financial information. The impact of investment's impairment on profit and loss account is given in note 10.1.

Kasur:  
February 25, 2009

  
AMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
ASAD FAYYAZ SHEIKH  
DIRECTOR



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

	December 31 2008 Rupees	December 31 2007 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(340,379,013)	(136,438,800)
Adjustments for non-cash charges and other items:		
Depreciation	126,307,820	132,156,044
Amortization of intangible asset	806,746	528,172
Dividend income	(9,114,912)	(8,102,145)
Gain on sale of operating assets - net	(3,196,315)	(557,962)
Gain on sale of shares	-	(33,172,322)
Finance cost	508,146,398	233,919,393
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL</b>	282,570,724	188,332,380
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(40,837,049)	(21,779,178)
Stock-in-trade	(123,707,925)	(129,282,611)
Trade debts - considered good	(185,815,404)	139,880,557
Loans and advances	(45,061,277)	7,810,375
Trade deposits and short term prepayments	(12,172,279)	(3,997,869)
Other receivables	20,380,452	26,616,889
Sales tax recoverable	21,832,226	3,235,225
<b>Increase in current liability</b>		
Trade and other payables	668,464,407	228,523,793
<b>EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES</b>	303,083,151	251,007,181
<b>CASH GENERATED FROM OPERATIONS</b>	585,653,875	439,339,561
Income tax paid	(28,430,110)	(25,173,309)
Finance cost paid	(463,635,027)	(233,147,340)
	(492,065,137)	(258,320,649)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	93,588,738	181,018,912
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(185,151,697)	(210,700,586)
Proceeds from sale of property, plant and equipment	19,886,327	1,040,000
Dividend on equity investments received	9,114,912	8,102,145
Investment in subsidiary	(12,600,000)	(197,929,500)
Short term investments - net	-	6,299,977
Long term security deposits	-	1,231,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(168,750,458)	(391,956,964)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of right shares	-	290,920,060
Repayment of redeemable capital	-	(39,999,125)
Long term financing - net	(155,617,878)	(363,707,566)
Short term borrowings - net	244,467,909	386,805,196
Dividend paid	-	(63,061,015)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	88,850,031	210,957,550
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	13,688,311	19,498
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	53,513,454	131,689,499
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	67,201,765	131,708,997

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

Kasur:  
February 25, 2009

AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

ASAD FAYYAZ SHEIKH  
DIRECTOR



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

	Reserves				Sub-total	Total	Total equity
	Share capital	Share premium	Capital Fair value reserve	Revenue Unappropriated profit / (accumulated loss)			
<b>Balance as at June 30, 2007</b>	363,650,080	67,946,280	830,113,864	178,245,581	898,060,144	2,134,333,365	2,497,983,445
Issue of right shares in proportion of one share for every 2.5 shares @ Rupees 20 each	-	145,460,030	-	-	145,460,030	-	290,920,060
Dividend for the year ended June 30, 2007 @ Rupees 1.25 per share	-	-	-	(63,638,764)	-	(63,638,764)	(63,638,764)
Loss for the half year ended December 31, 2007	-	-	-	(167,203,717)	-	(167,203,717)	(167,203,717)
Fair value adjustment on investments - net off deferred tax	-	-	(78,315,946)	-	-	(78,315,946)	(78,315,946)
<b>Balance as at December 31, 2007</b>	509,110,110	213,406,310	751,797,918	52,596,900	965,204,228	1,970,634,968	2,479,745,078
Loss for the period	-	-	-	(147,598,486)	-	(147,598,486)	(147,598,486)
Fair value adjustment on investments - net off deferred tax	-	-	(93,289,904)	-	(93,289,904)	(93,289,904)	(93,289,904)
<b>Balance as at June 30, 2008</b>	509,110,110	213,406,310	658,508,014	(200,195,386)	871,914,324	1,729,746,578	2,236,856,688
Loss for the half year ended December 31, 2008	-	-	-	(370,781,022)	-	(370,781,022)	(370,781,022)
Fair value adjustment on investments - net off deferred tax	-	-	(356,488,885)	-	(356,488,885)	(356,488,885)	(356,488,885)
<b>Balance as at December 31, 2008</b>	509,110,110	213,406,310	302,019,129	(570,976,408)	515,425,439	1,002,476,671	1,511,586,781

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

Kasur:  
February 25, 2009

AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

ASAD FAYYAZ SHEIKH  
DIRECTOR



## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2008 (UN-AUDITED)

### 1. THE COMPANY AND ITS ACTIVITIES

Kohinoor Mills Limited (the Company) is a public limited company incorporated on December 21, 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 fabrics made from raw cotton and synthetic fiber, and to generate, distribute and sell electricity.

### 2. BASIS OF PREPARATION

This interim financial information is un-audited but subject to limited scope review by the statutory auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. This interim financial information 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 published financial statements of the Company for the year ended June 30, 2008.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

Accounting policies and methods of computation adopted for the preparation of this interim financial information are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2008.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of this interim financial information are the same as those applied to the preceding annual published financial statements of the Company for the year ended June 30, 2008 except for the change as stated below:

#### 4.1 Change in accounting estimate

During the half year ended December 31, 2008, the Company has changed the accounting estimate for valuation of unquoted available for sale investments. Fair value of unquoted, available for sale investments is now determined by using dividend stream method. Previously, valuation was carried out using net assets based valuation model. Effect of this change in estimate is recognized prospectively in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in this accounting estimate, short term investments, fair value reserve and deferred tax liability would have been lower by Rupees 243.064 million, Rupees 179.260 million and Rupees 63.804 million respectively with nil effect on the loss for the half year ended December 31, 2008.

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Opening balance	1,392,451,981	1,454,608,249
Add: Obtained during the period / year	-	596,367,918
Less: Repaid during the period / year	115,618,753	658,524,186
	1,276,833,228	1,392,451,981
Less: Current portion shown under current liabilities	353,757,907	489,544,172
	923,075,321	902,907,809

### 5. LONG TERM FINANCING - SECURED

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Opening balance	1,392,451,981	1,454,608,249
Add: Obtained during the period / year	-	596,367,918
Less: Repaid during the period / year	115,618,753	658,524,186
	1,276,833,228	1,392,451,981
Less: Current portion shown under current liabilities	353,757,907	489,544,172
	923,075,321	902,907,809

### 6. TRADE AND OTHER PAYABLES

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Creditors	1,393,299,687	732,447,556
Advances from customers	19,344,696	58,838,775
Sales commission payable	27,776,647	21,116,199
Income tax deducted at source	9,524,753	2,314,189
Accrued and other liabilities	91,516,694	58,281,351
Unclaimed dividend	4,738,439	4,738,439
	1,546,200,916	877,736,509

### 7. CONTINGENCIES AND COMMITMENTS

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

#### 7.2 Commitments

- Contracts for capital and revenue expenditure amounting to Rupees 11.605 million (June 30, 2008: Rupees 2.60 million) and Rupees 102.556 million (June 30, 2008: Rupees 13.928 million) respectively.
- Post dated cheques issued to suppliers are amounting to Rupees 351.925 million (June 30, 2008: Rupees 6.861 million).
- Cross currency swap of Rupees NIL (June 30, 2008: Rupees 320 million)

### 8. FIXED ASSETS

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Property, plant and equipment		
Operating assets (Note 8.1)	3,806,146,007	3,891,303,330
Capital work in progress (Note 8.2)	291,834,467	164,523,280
Intangible asset - computer software	5,748,510	6,555,256
	4,103,728,984	4,062,381,866

#### 8.1 Operating assets

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Opening book value	3,891,303,330	3,828,979,329
Add: Cost of additions / transfer during the period / year (Note 8.1.1)	57,840,510	314,851,597
	3,949,143,840	4,143,830,926
Less: Book value of deletions during the period / year (Note 8.1.2)	16,690,013	2,917,554
Depreciation charged during the period / year	126,307,820	249,610,042
	3,806,146,007	3,891,303,330



	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
<b>8.1.1 Cost of additions during the period / year</b>		
Factory building	1,434,084	55,476,216
Plant and machinery	43,884,233	227,024,392
Electric installations	1,029,489	4,367,572
Furniture, fixtures and equipment	4,323,296	8,517,117
Vehicles	3,489,140	13,354,195
Computers	3,680,268	6,112,105
	57,840,510	314,851,597

#### 8.1.2 Book value of deletions during the period / year

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Plant and machinery	13,233,198	-
Furniture, fixtures and equipment	109,878	-
Vehicles	2,323,162	2,917,554
Computers	1,023,775	-
	16,690,013	2,917,554

### 8.2 Capital work in progress

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Plant and machinery	36,897,839	54,983,669
Civil works on freehold land	100,977,442	96,893,537
Electric installations	3,649,246	3,649,245
Unallocated capital expenditures	150,309,940	8,996,829
	291,834,467	164,523,280

### 9. LONG TERM INVESTMENTS

#### Investment in subsidiary company - at cost

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Q Mart Corporation (Private) Limited - unquoted 24,722,950 (June 30, 2008: 19,792,950)		
ordinary shares of Rupees 10 each	247,229,500	197,929,500
Advance for purchase of shares	12,600,000	49,300,000
	259,829,500	247,229,500

#### Available for sale

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
K-2 Hosiery (Private) Limited - unquoted 1,194,000 (June 30, 2008: 1,194,000)		
ordinary shares of Rupees 10 each	11,940,000	11,940,000
Less: Provision for impairment	11,940,000	11,940,000
	-	-
	259,829,500	247,229,500

### 10. SHORT TERM INVESTMENTS

#### Available for sale

	Un-audited December 31 2008 Rupees	Audited June 30 2008 Rupees
Maple Leaf Cement Factory Limited - quoted 11,251,000 (June 30, 2008: 11,251,000)		
ordinary shares of Rupees 10 each	169,431,065	169,431,065
Impairment / deficit on revaluation of investment (Note 10.1)	(123,301,965)	(46,682,655)
	46,129,100	122,748,410
<b>Associated undertaking</b>		
Security General Insurance Company Limited - unquoted 6,076,608 (June 30, 2008: 6,076,608)		
ordinary shares of Rupees 10 each	6,647,800	6,647,800
Surplus on revaluation of investment	576,706,568	956,190,738
	583,354,368	962,838,538
	629,483,468	1,085,586,948

#### 10.1 Impairment loss

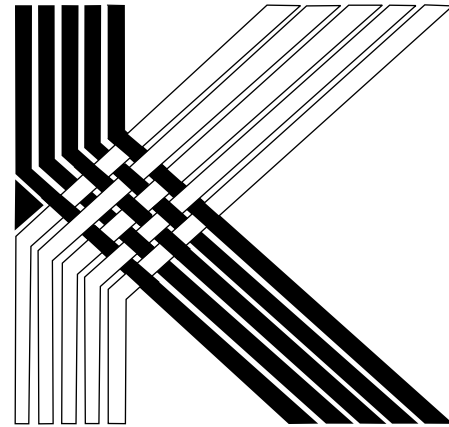
The impairment loss of Rupees 123.302 million is determined on the basis of quoted market price as at December 31, 2008. Due to current economic conditions in the country, the management believes that these circumstances are rare and share prices quoted on stock exchanges can not be considered as a fair reflection of equity values. Therefore, in compliance with SRO 150 (I)/2009 dated February 13, 2009 of Securities and Exchange Commission of Pakistan (SECP), the impairment loss on valuation of investment in Maple Leaf Cement Factory Limited is shown under the equity. This amount taken to equity including any adjustment / effect for price movement shall be taken to Profit and Loss Account on quarterly basis during the year ending on December 31, 2009. Further, the amount taken to equity as at December 31, 2008 shall be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

Had the impairment loss been recognized through Profit and Loss Account the figures recognized in this interim financial information would have been different as follows:

	Un-audited Half year ended December 31 2008 Rupees
Increase in loss for the period	123,301,965
Increase in fair value reserve	123,301,965
Increase in loss per share	2.42



	Un-audited Half year ended December 31 2008 Rupees	Un-audited Half year ended December 31 2007 Rupees
<b>11. COST OF SALES</b>		
Raw material consumed	2,580,979,069	1,948,878,244
Chemical consumed	425,394,958	225,846,016
Salaries, wages and other benefits	213,479,266	168,405,283
Employees' provident fund contributions	7,499,782	7,147,676
Cloth conversion and processing charges	43,038,477	36,008,502
Fuel, oil and power	33,891,708	27,016,463
Stores, spares and loose tools	71,553,401	71,367,052
Packing material	66,365,955	71,884,745
Repair and maintenance	17,290,793	15,487,015
Insurance	5,560,631	7,041,655
Other manufacturing expenses	37,383,887	26,656,573
Depreciation	121,109,883	128,727,258
	<u>3,623,547,810</u>	<u>2,734,466,482</u>
Work-in-process inventory		
Opening stock	380,593,492	365,947,894
Closing stock	(503,922,235)	(290,646,623)
	<u>(123,328,743)</u>	<u>75,301,271</u>
Cost of goods manufactured	3,500,219,067	2,809,767,753
Cost of yarn and cloth purchased for resale	130,556,370	27,410,133
	<u>3,630,775,437</u>	<u>2,837,177,886</u>
Finished goods inventory		
Opening stock	745,458,300	417,563,462
Closing stock	(716,853,925)	(574,461,026)
	<u>28,604,375</u>	<u>(156,897,564)</u>
	<u>3,659,379,812</u>	<u>2,680,280,322</u>
<b>12. TRANSACTIONS WITH RELATED PARTIES</b>		
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.		
<b>Subsidiary company</b>		
Sales of goods	537,638	75,586
Purchase of goods	644,949	-
Investment made	12,600,000	197,929,500
<b>Associated company</b>		
Dividend received	9,114,912	8,102,145
<b>Other related parties</b>		
Remuneration of key management personnel	20,687,133	21,677,112
Contribution to employees' provident fund trust	9,276,099	9,760,041
<b>13. AUTHORIZED FOR ISSUE</b>		
This interim financial information was authorized for issue on February 25, 2009 by the Board of Directors of the Company.		
<b>14. CORRESPONDING FIGURES</b>		
Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison, however, no significant reclassification has been made.		



## Kohinoor Mills Limited and Subsidiary Company

Kasur:  
February 25, 2009

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
ASAD FAYYAZ SHEIKH  
DIRECTOR




## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

	NOTE	Un Audited December 31 2008 Rupees	Audited June 30 2008 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital	5	509,110,110	509,110,110
Reserves		<u>954,552,425</u>	<u>1,699,283,914</u>
<b>Total equity</b>		<u>1,463,662,535</u>	<u>2,208,394,024</u>
<b>Non-current liabilities</b>			
Long term financing - secured	6	923,075,321	902,907,809
Deferred tax		144,461,119	244,075,714
Provision for gratuity		<u>1,034,248</u>	<u>1,034,248</u>
		1,068,570,688	1,148,017,771
<b>Current liabilities</b>			
Trade and other payables		1,561,582,983	904,729,013
Accrued markup		158,407,329	113,895,958
Short term borrowings - secured		4,371,847,561	4,127,379,652
Current portion of long term liabilities		353,757,907	529,543,297
Provision for taxation		<u>29,309,039</u>	<u>41,701,652</u>
		6,474,904,819	5,717,249,572
<b>Total Liabilities</b>		<u>7,543,475,507</u>	<u>6,865,267,343</u>
<b>Contingencies and commitments</b>	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,007,138,042</u>	<u>9,073,661,367</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	8	4,274,522,974	4,232,985,156
Goodwill		33,884,785	33,884,785
Long term security deposits		<u>1,820,751</u>	<u>4,038,673</u>
		4,310,228,510	4,270,908,614
<b>Current assets</b>			
Stores, spares and loose tools		424,479,808	383,642,759
Stock-in-trade		1,746,292,276	1,619,307,232
Trade debts - Considered good		960,828,600	775,013,196
Loans and advances		595,318,965	569,890,089
Trade deposits and short term prepayments		15,442,277	2,950,736
Other receivables		161,173,404	193,459,420
Sales tax recoverable		92,813,559	114,863,679
Short term investments	9	629,483,468	1,085,586,948
Cash and bank balances		<u>71,077,175</u>	<u>58,038,694</u>
		4,696,909,532	4,802,752,753
<b>TOTAL ASSETS</b>		<u>9,007,138,042</u>	<u>9,073,661,367</u>

The annexed notes form an integral part of this interim financial information. The impact of investment's impairment of holding company on profit and loss account is given in note 9.1.

Kasur:  
February 25, 2009

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
ASAD FAYYAZ SHEIKH  
DIRECTOR




## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

Notes	Half year ended		Quarter ended	
	December 31 2008 Rupees	December 31 2007 Rupees	December 31 2008 Rupees	December 31 2007 Rupees
SALES	4,199,556,992	3,056,778,290	2,084,219,634	1,497,539,750
COST OF SALES	10 3,709,141,690	2,698,667,037	1,865,358,080	1,343,310,400
GROSS PROFIT	490,415,302	358,111,253	218,861,554	154,229,350
DISTRIBUTION COST	257,837,588	208,743,518	146,884,951	103,131,547
ADMINISTRATIVE EXPENSES	129,078,066	116,302,140	61,501,299	68,291,866
OTHER OPERATING EXPENSES	19,405	123,977	-	123,977
	386,935,059	325,169,635	208,386,250	171,547,390
OTHER OPERATING INCOME	103,480,243	32,941,618	10,475,304	(17,318,040)
PROFIT FROM OPERATIONS	46,941,283	52,844,961	38,347,326	27,621,228
FINANCE COST	150,421,526	85,786,579	48,822,630	10,303,188
LOSS BEFORE TAXATION	508,262,122	233,919,393	223,820,111	125,202,227
PROVISION FOR TAXATION	(357,840,594)	(148,132,814)	(174,997,481)	(114,899,039)
LOSS AFTER TAXATION	30,402,009	30,870,212	16,333,358	17,925,100
	(388,242,603)	(179,003,026)	(191,330,839)	(132,824,139)
EARNINGS PER SHARE - BASIC AND DILUTED	(7.63)	(3.70)	(3.76)	(2.61)

The annexed notes form an integral part of this interim financial information. The impact of investment's impairment of holding company on profit and loss account is given in note 9.1.

Kasur:  
February 25, 2009

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
ASAD FAYYAZ SHEIKH  
DIRECTOR



**CONDENSED INTERIM CONSOLIDATED  
CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	December 31 2008 Rupees	December 31 2007 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(357,840,595)	(148,132,814)
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	131,499,436	137,189,096
Amortization of intangible asset	1,224,987	961,330
Dividend income	(9,114,912)	(8,102,145)
Gain on sale of operating assets - net	(818,838)	(579,811)
Gain on sale of shares	-	(33,172,322)
Finance cost	508,262,122	233,919,393
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL</b>	273,212,200	182,082,727
<b>(INCREASE) / DECREASE IN CURRENT ASSETS</b>		
Stores, spares and loose tools	(40,837,049)	(21,779,178)
Stock-in-trade	(126,985,044)	(137,960,144)
Trade debts - considered good	(185,815,405)	139,880,557
Loans and advances	(25,428,877)	5,392,156
Trade deposits and short term prepayments	(12,491,542)	(5,037,753)
Other receivables	40,947,831	40,716,887
Sales tax recoverable	22,050,120	3,235,229
<b>INCREASE IN CURRENT LIABILITY</b>		
Trade and other payables	656,853,970	246,313,557
<b>EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES</b>	328,294,004	270,761,311
<b>CASH GENERATED FROM OPERATIONS</b>	601,506,204	452,844,038
Income tax paid	(51,456,436)	(28,999,109)
Finance cost paid	(463,750,751)	(233,147,342)
	(515,207,187)	(262,146,451)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	86,299,017	190,697,587
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(175,930,098)	(379,570,208)
Proceeds from disposal of property, plant and equipment	2,486,696	1,277,580
Dividend on equity investments received	9,114,912	8,102,145
Short term investment made	-	(27,399,230)
Long term security deposits	2,217,922	(986,922)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(162,110,568)	(398,576,635)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of redeemable capital	-	(39,999,125)
Long term financing - net	(155,617,878)	(363,707,565)
Short term borrowings - net	244,467,909	386,805,196
Dividend paid	-	(63,061,014)
Right share issue	-	290,920,060
<b>NET CASH FROM FINANCING ACTIVITIES</b>	88,850,031	210,957,552
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	13,038,481	3,078,504
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	58,038,694	131,689,499
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	71,077,175	134,768,003

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

Kasur:  
February 25, 2009

AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

ASAD FAYYAZ SHEIKH  
DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Reserves				Sub-Total	Total	Total equity
	Share capital	Capital		Revenue Unappropriated Profit / (Accumulated Loss)			
		Share premium	Fair value reserve				
<b>Balance as on June 30, 2007</b>	363,650,080	67,946,280	830,113,864	898,060,144	1,058,027,640	1,236,273,221	2,134,333,365
Issue of right shares in proportion of one share for every 2.5 shares @ Rupees 20 each	145,460,030	145,460,030	-	-	-	-	290,920,060
Dividend for the year ended June 30, 2007 @ Rupees 1.25 per share	-	-	-	(63,638,764)	(63,638,764)	(63,638,764)	(63,638,764)
Loss for the half year ended December 31, 2007	-	-	-	-	(179,003,026)	(179,003,026)	(179,003,026)
Fair value adjustment on investments - net off deferred tax	-	-	(78,315,946)	-	-	-	(78,315,946)
<b>Balance as on December 31, 2007</b>	509,110,110	213,406,310	751,797,918	965,204,228	1,058,027,640	993,631,431	1,958,635,659
Loss for the half year ended June 30, 2008	-	-	-	-	(166,261,841)	(166,261,841)	(166,261,841)
Fair value adjustment on investments - net off deferred tax	-	-	(93,289,904)	-	-	-	(93,289,904)
<b>Balance as on June 30, 2008</b>	509,110,110	213,406,310	658,508,014	871,914,324	1,058,027,640	827,369,590	1,699,283,914
Loss for the half year ended December 31, 2008	-	-	-	-	(388,242,603)	(388,242,603)	(388,242,603)
Fair value adjustment on investments - net off deferred tax	-	-	(356,488,885)	-	-	-	(356,488,885)
<b>Balance as on December 31, 2008</b>	509,110,110	213,406,310	302,019,129	515,425,439	1,058,027,640	439,126,986	954,552,425

**Balance as on June 30, 2007**

Issue of right shares in proportion of one share for every 2.5 shares @ Rupees 20 each  
Dividend for the year ended June 30, 2007 @ Rupees 1.25 per share

Loss for the half year ended December 31, 2007  
Fair value adjustment on investments - net off deferred tax

**Balance as on December 31, 2007**  
Loss for the half year ended June 30, 2008

Fair value adjustment on investments - net off deferred tax

**Balance as on June 30, 2008**  
Loss for the half year ended December 31, 2008

Fair value adjustment on investments - net off deferred tax  
**Balance as on December 31, 2008**

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

Kasur:  
February 25, 2009

AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

ASAD FAYYAZ SHEIKH  
DIRECTOR



## SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

### 1. THE GROUP AND ITS OPERATIONS

#### Holding company

Kohinoor Mills Limited is a public limited company incorporated on December 21, 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 sell electricity.

#### Subsidiary company

Wholly owned subsidiary company Q Mart Corporation (Private) 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 carry on business as a retailer in all types of general merchandise.

### 2. BASIS OF PREPARATION

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

These condensed interim consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard 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 June 30, 2008.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and method of computations adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the preceding annual published consolidated financial statements of the Group for the year ended June 30, 2008.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgements and estimates made by the management in the preparation of this interim financial information are the same as those applied to the preceding annual published consolidated financial statements for the year ended June 30, 2008 except for the change as stated below:

#### 4.1 Change in accounting estimate

During the half year ended December 31, 2008, the Holding Company has changed the accounting estimate for valuation of unquoted available for sale investments. Fair value of unquoted, available for sale investments is now determined by using dividend stream method. Previously, valuation was carried out using net assets based valuation model. Effect of this change in estimate is recognized prospectively in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in this accounting estimate, short term investments, fair value reserve and deferred tax liability would have been lower by Rupees 243.064 million, Rupees 179.260 million and Rupees 63.804 million respectively with nil effect on the loss for the half year ended December 31, 2008.

### 5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-Audited December 31 2008 (Number of shares)	Audited June 30 2008		Un-Audited December 31 2008 Rupees	Audited June 30 2008 Rupees
14,000,000	14,000,000	Ordinary shares of Rupees 10 each as paid in cash	140,000,000	140,000,000
18,780,031	18,780,031	Ordinary shares of Rupees 10 each as fully paid bonus shares	187,800,310	187,800,310
3,584,977	3,584,977	Ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as	35,849,770	35,849,770
14,546,003	14,546,003	Ordinary shares of Rupees 10 each issued as right shares @ Rupees 20 per shares each	145,460,030	145,460,030
<u>50,911,011</u>	<u>50,911,011</u>		<u>509,110,110</u>	<u>509,110,110</u>

### 6. LONG TERM FINANCING - SECURED

Opening balance	1,392,451,981	1,454,608,249
Add: Obtained during the period / year	-	596,367,918
Less: Repaid during the period / year	115,618,753	658,524,186
Closing balance	1,276,833,228	1,392,451,981
Less: Current portion	353,757,907	489,544,172
Non-current portion	<u>923,075,321</u>	<u>902,907,809</u>

### 7. CONTINGENCIES AND COMMITMENTS

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

7.2 Commitments in respect of :

7.2.1 Contracts for capital expenditure amount to Rupees 11.605 million (June 30, 2008: Rupees 2.6 million) and for revenue contracts Rupees 102.556 million (June 30, 2008: Rupees 13.928 million).



7.2.2 Post dated cheques issued to suppliers amounting to Rupees 351.925 million (June 30, 2008: Rupees 6.861 million).

7.2.3 Cross currency swap of Rupees NIL (June 30, 2008: Rupees 320 million)

	Un-Audited December 31 2008 Rupees	Audited June 30 2008 Rupees
<b>8. FIXED ASSETS</b>		
Property, plant and equipment	3,959,816,420	4,048,882,146
Operating assets (Note 8.1)	305,193,879	173,365,349
Capital work in progress (Note 8.2)	9,512,675	10,737,661
Intangible assets - computer software	<u>4,274,522,974</u>	<u>4,232,985,156</u>

#### 8.1 Operating assets

Opening book value	4,048,882,146	3,828,979,329
Cost of additions during the period / year (Note 8.1.1)	59,123,723	428,896,785
	4,108,005,869	4,257,876,114
Less: Book value of deletions during the period / year (Note 8.1.2)	16,690,013	3,308,860
Add: Transfer of assets held for disposal	-	-
Cost	-	199,597,352
Depreciation	-	(145,966,240)
	-	53,631,112
Less: Depreciation charged during the period / year	131,499,436	259,316,220
	<u>3,959,816,420</u>	<u>4,048,882,146</u>

#### 8.1.1 Cost of additions during the period / year

Freehold land	-	23,798,007
Residential building	-	92,926,531
Factory building	1,535,484	55,476,216
Building on leasehold land	-	3,611,914
Plant and machinery	43,884,233	173,393,280
Electric installations	1,080,285	21,772,602
Furniture, fixtures and equipments	4,323,296	32,669,559
Vehicles	4,301,261	17,791,796
Computers	3,999,164	7,456,880
	<u>59,123,723</u>	<u>428,896,785</u>

#### 8.1.2 Book value of deletions during the period / year

Cost of deletions		
Plant and machinery	51,924,146	-
Furniture, fixture and equipments	126,828	220,659
Vehicles	5,553,464	6,158,627
Computers	1,992,356	-
	59,596,794	6,379,286
Less: Accumulated depreciation		
Plant and machinery	38,690,948	-
Furniture, fixture and equipments	16,950	93,975
Vehicles	3,230,302	2,976,451
Computers	968,581	-
	42,906,781	3,070,426
	<u>16,690,013</u>	<u>3,308,860</u>

#### 8.2 Capital work in progress

Land	-	500,000
Plant and machinery	36,897,839	54,983,669
Civil works on freehold land	104,023,291	102,189,756
Electric installations	3,649,246	3,649,245
Unallocated capital expenditures	160,623,503	12,042,679
	<u>305,193,879</u>	<u>173,365,349</u>

### 9. SHORT TERM INVESTMENTS

#### Available for sale

Maple Leaf Cement Factory Limited - quoted 11,251,000 (June 30, 2008: 11,251,000)	169,431,065	169,431,065
Impairment / deficit on revaluation of investment (Note 10.1)	(123,301,965)	(46,682,655)
	46,129,100	122,748,410

#### Associated undertaking

Security General Insurance Company Limited - unquoted 6,076,608 (June 30, 2008: 6,076,608) ordinary shares of Rupees 10 each	6,647,800	6,647,800
Surplus on revaluation of investment	576,706,568	956,190,738
	583,354,368	962,838,538
	<u>629,483,468</u>	<u>1,085,586,948</u>

#### 9.1 Impairment loss

The impairment loss of Rupees 123.302 million is determined on the basis of quoted market price as at December 31, 2008. Due to current economic conditions in the country, the management believes that these circumstances are rare and share prices quoted on stock exchanges can not be considered as a fair reflection of equity values. Therefore, in compliance with SRO 150 (I)/2009 dated February 13, 2009 of Securities and Exchange Commission of Pakistan (SECP), the impairment loss on valuation of investment in Maple Leaf Cement Factory Limited is shown under the equity. This amount taken to equity including any adjustment / effect for price movement shall be taken to Profit and Loss Account on quarterly basis during the year ending on December 31, 2009. Further, the amount taken to equity as at December 31, 2008 shall be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend. Had the impairment loss been recognized through Profit and Loss Account the figures recognized in this interim financial information would have been different as follows:



**Un-audited  
Half year ended  
December 31  
2008  
Rupees**

Increase in loss for the period	123,301,965
Increase in fair value reserve	<u>123,301,965</u>
Increase in loss per share	<u>2.42</u>

**10. COST OF SALES****Holding Company**

	<b>Un-Audited Half year ended December 31 2008 Rupees</b>	<b>Un-Audited Half year ended December 31 2007 Rupees</b>
Raw material consumed	2,580,979,069	1,967,264,959
Chemical consumed	425,394,958	225,846,016
Salaries, wages and other benefits	213,479,266	168,405,283
Employee's provident fund contributions	7,499,782	7,147,676
Cloth conversion and processing charges	43,038,477	36,008,502
Fuel, oil and power	33,891,708	27,016,463
Stores, spares and loose tools	70,908,452	71,367,052
Packing material	66,365,955	71,884,745
Repair and maintenance	17,290,793	15,487,015
Insurance	5,560,632	7,041,655
Other manufacturing expenses	37,383,887	26,656,573
Depreciation	<u>121,109,883</u>	<u>128,727,258</u>
	3,622,902,862	2,752,853,197
Work-in-process inventory		
Opening stock	<u>380,593,492</u>	<u>365,947,894</u>
Closing stock	<u>503,922,235</u>	<u>290,646,623</u>
	<u>(123,328,743)</u>	<u>75,301,271</u>
Cost of goods manufactured	3,499,574,118	2,828,154,468
Cost of yarn and cloth purchased for resale	<u>130,556,370</u>	<u>27,410,133</u>
	3,630,130,489	2,855,564,601

**Finished goods inventory**

Opening stock	<u>745,458,300</u>	<u>417,563,462</u>
Closing stock	<u>716,853,925</u>	<u>574,461,026</u>
	<u>28,604,375</u>	<u>(156,897,564)</u>
	3,658,734,864	2,698,667,037

**Subsidiary Company**

Opening stock	<u>20,576,552</u>	-
Purchase during the year	<u>53,683,945</u>	-
	74,260,497	-
Closing stock	<u>(23,853,671)</u>	-
	<u>50,406,826</u>	-
Cost of sales	<u>3,709,141,690</u>	<u>2,698,667,037</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.

**Associated company**

Dividend received	9,114,912	8,102,145
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**Other related parties**

Remuneration of key management personnel	22,427,133	22,892,125
Contribution to employees' provident fund trust	9,276,099	9,760,041

**12. AUTHORIZED FOR ISSUE**

These condensed consolidated financial statements were authorized for issue on February 25, 2009 by the Board of Directors of the holding company.

**13. CORRESPONDING FIGURES**

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison.

Kasur:  
February 25, 2009

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
ASAD FAYYAZ SHEIKH  
DIRECTOR