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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. 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. 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

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 first quarter ended September 30, 2008. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

Operating & Financial Results

During the quarter ended September 30, 2008, your company earned a gross profit of Rs. 267 million on sales of Rs 2,085 million as compared to gross profit of Rs 203 million on sales of Rs. 1,552 million for the corresponding three months period of the previous financial year 2007-08. During the three months period ended September 30, 2008, your company incurred a net loss after tax of Rs. 189 million as compared to a net loss after tax of Rs 41 million during the corresponding three months period of the previous financial year 2007-08. Gross margin remained at 12.81% during the three months period ended September 30, 2008, as compared to 13.09% of the corresponding period of the previous financial year 2007-08.

Geo-political environment, susceptible law and order situation of the country, ongoing recession in US economy, 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. Underutilization of capacity in Hosiery and Home Textile divisions led to a slight dip in gross margins, thereby, resulting into the overall loss of the company. Further, due to sharp devaluation of Pakistani Rupee, your company incurred a heavy exchange loss of Rs. 212 million during this quarter on foreign currency loans. However your company has converted almost 65% of these foreign currency loans into rupee loans during the current quarter and is hopeful that such heavy losses will not reoccur.

Weaving Division

In this division, your company replaced 84 wider width looms producing mainly home furnishing fabric 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 in USA, results of this division will improve. Currently, this division has 100%



capacity utilization due to confirmed orders until January 2009.

Genertek Division

During the last financial year ended June 30, 2008, 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 upcoming period of gas load shedding. Further, this division has started supplying electricity to WAPDA 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 hopeful that above 90% capacity utilization will be achieved during the third quarter of the current financial year.

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 and another two stores are planned to be made operational during the current financial year.

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 in USA 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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2008

	NOTE	(Un-Audited) SEPTEMBER 30, 2008 Rupees	(Audited) JUNE 30, 2008 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	509,110,110
Reserves		<u>1,501,764,803</u>	<u>1,729,746,578</u>
Total equity		<u>2,010,874,913</u>	<u>2,238,856,688</u>
Non-current liabilities			
Long term financing - secured	5	779,220,442	902,907,809
Deferred tax		251,000,069	251,000,069
		<u>1,030,220,511</u>	<u>1,153,907,878</u>
Current liabilities			
Trade and other payables		1,234,098,587	877,736,509
Accrued markup		152,519,542	113,895,958
Short term borrowings - secured		4,423,998,309	4,127,379,652
Current portion of long term liabilities		645,271,143	529,543,297
Provision for taxation		35,094,931	41,147,079
		<u>6,490,982,512</u>	<u>5,689,702,495</u>
Total Liabilities		<u>7,521,203,023</u>	<u>6,843,610,373</u>
Contingencies and commitments	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>9,532,077,936</u>	<u>9,082,467,061</u>
ASSETS			
Non-current assets			
Fixed Assets	7	4,027,661,641	4,062,381,866
Long term investments	8	247,229,500	247,229,500
Long term security deposits		1,820,751	1,820,751
		<u>4,276,711,892</u>	<u>4,311,432,117</u>
Current assets			
Stores, spares and loose tools		418,613,772	383,642,759
Stock-in-trade		1,604,363,756	1,598,730,680
Trade debts - Considered good		1,109,214,252	775,013,196
Loans and advances		744,585,598	564,476,629
Trade deposits and short term prepayments		6,897,770	2,349,040
Other receivables		201,577,220	192,858,559
Sales tax recoverable		77,170,250	114,863,679
Short term investments		1,046,545,978	1,085,586,948
Cash and bank balances		46,397,448	53,513,454
		<u>5,255,366,044</u>	<u>4,771,034,944</u>
TOTAL ASSETS		<u>9,532,077,936</u>	<u>9,082,467,061</u>

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	NOTE	SEPTEMBER 30, 2008 Rupees	SEPTEMBER 30, 2007 Rupees
SALES		2,085,743,453	1,552,037,300
COST OF SALES	9	<u>1,818,561,220</u>	<u>1,348,941,089</u>
GROSS PROFIT		267,182,233	203,096,211
DISTRIBUTION COST		105,696,293	101,548,597
ADMINISTRATIVE EXPENSES		59,779,196	46,602,747
		<u>165,475,489</u>	<u>148,151,344</u>
OTHER OPERATING INCOME		101,706,744	54,944,867
PROFIT FROM OPERATIONS		<u>7,592,543</u>	<u>25,141,846</u>
FINANCE COST		284,319,411	108,641,185
LOSS BEFORE TAXATION		(175,020,124)	(28,554,472)
PROVISION FOR TAXATION		13,920,681	12,909,106
LOSS AFTER TAXATION		<u>(188,940,805)</u>	<u>(41,463,578)</u>
EARNINGS PER SHARE - BASIC AND DILUTED		<u>(3.71)</u>	<u>(0.91)</u>

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	SEPTEMBER 30, 2008	SEPTEMBER 30, 2007
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(175,020,124)	(28,554,472)
Adjustment for non cash charges and other items:		
Depreciation	72,690,397	68,825,646
Amortization of intangible assets	412,297	240,686
Dividend income	-	(8,102,145)
Gain on sale of operating assets	(818,838)	-
Gain on sale of shares	-	(15,281,441)
Finance cost	284,319,411	108,641,185
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	181,583,143	125,769,459
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(34,971,013)	13,159,900
Stock-in-trade	(5,633,076)	(98,877,156)
Trade debts	(334,201,056)	129,465,210
Loans and advances	(180,108,969)	(66,077,235)
Trade deposits and short term prepayments	(4,548,730)	4,140,400
Other receivables	(2,608,123)	(47,108,088)
Sales tax recoverable	37,693,429	9,820,750
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured	296,618,657	141,300,164
Trade and other payables	356,362,078	(76,049,889)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	128,603,197	9,774,056
CASH GENERATED FROM OPERATIONS	310,186,340	135,543,515
Income tax paid	(26,083,367)	(12,031,969)
Finance cost paid	(245,695,827)	(99,414,361)
	(271,779,194)	(111,446,330)
NET CASH FROM OPERATING ACTIVITIES	38,407,146	24,097,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(40,050,327)	(41,327,159)
Proceeds from disposal of property, plant and equipment	2,486,696	-
Dividend on equity investments received	-	8,102,145
Short term investments made	-	(218,005,998)
NET CASH USED IN INVESTING ACTIVITIES	(37,563,631)	(251,231,012)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(1,627,047)	(39,999,122)
Long term financing - net	(6,332,474)	(119,346,029)
Right share issue	-	290,920,060
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(7,959,521)	131,574,909
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,116,006)	(95,558,918)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	53,513,454	131,689,499
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	46,397,448	36,130,581

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	Reserves			Capital		Share capital	Total equity
	General	Unappropriated Profit / (Accumulated Loss)	Sub-Total	Surplus on revaluation of investments	Share premium		
Balance as on June 30, 2007	1,058,027,640	178,245,581	1,236,273,221	830,113,864	67,946,280	363,650,080	2,497,983,445
Right issue (363,650,080*40% shares) @ Rs. 20 per share	-	-	-	-	145,460,030	145,460,030	290,920,060
Loss for the quarter ended September 30, 2007	-	(41,463,578)	(41,463,578)	-	-	-	(41,463,578)
Fair value adjustment on investments	-	-	-	(39,977,579)	-	(39,977,579)	(39,977,579)
Balance as on September 30, 2007	1,058,027,640	136,782,003	1,194,809,643	790,136,285	213,406,310	509,110,110	2,707,462,348
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 period ended June 30, 2008	-	(273,338,625)	(273,338,625)	-	-	-	(273,338,625)
Fair value adjustment on investments	-	-	-	(131,628,271)	-	(131,628,271)	(131,628,271)
Balance as on June 30, 2008	1,058,027,640	857,832,254	1,729,746,578	658,508,014	213,406,310	509,110,110	2,238,856,888
Loss for the quarter ended September 30, 2008	-	(188,940,805)	(188,940,805)	-	-	-	(188,940,805)
Fair value adjustment on investments	-	-	-	(39,040,970)	-	(39,040,970)	(39,040,970)
Balance as on September 30, 2008	1,058,027,640	668,891,449	1,501,764,803	619,467,044	213,406,310	509,110,110	2,010,874,913

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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, distribute and sell electricity.

2. STATEMENT OF COMPLIANCE

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. These condensed interim 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. BASIS OF PREPARATION

The accounting policies and methods of computation 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 June 30, 2008.

3.1 Critical Accounting Estimates and Judgements

Judgements and estimates made by the management in the preparation of these condensed quarterly financial statements are the same as those applied to the annual published financial statements for the year ended June 30, 2008.

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-Audited September 30, 2008 (Number of shares)	Audited June 30, 2008		Un-Audited September 30, 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 per scheme of arrangement	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 share	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>

5. 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	6,332,479	658,524,186
Closing balance	1,386,119,502	1,392,451,981
Less: Current portion	606,899,060	489,544,172
Non-current portion	<u>779,220,442</u>	<u>902,907,809</u>

6. CONTINGENCIES AND COMMITMENTS

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

6.2 Commitments in respect of :

- 6.2.1 Contracts for capital expenditure amount to Rupees 18.705 million (June 30, 2008: Rupees 2.6 million) and for revenue contracts Rupees 160.801 million (June 30, 2008: Rupees 13.928 million).
- 6.2.2 Post dated cheques issued to suppliers amounting to Rupees 300.295 million (June 30, 2008: Rupees 6.861 million).
- 6.2.3 Cross currency swap of Rupees 268.750 million (outstanding notional amount) as on September 30, 2008 (June 30, 2008: Rupees 320 million).



	Un-Audited September 30, 2008 Rupees	Audited June 30, 2008 Rupees
7. FIXED ASSETS		
Property, plant and equipment		
Operating assets (Note 7.1)	3,848,423,790	3,891,303,330
Capital work in progress (Note 7.2)	172,881,801	164,523,280
Intangible assets - computer software	6,356,050	6,555,256
	<u>4,027,661,641</u>	<u>4,062,381,866</u>
7.1 Operating assets		
Opening book value	3,891,303,300	3,828,979,329
Cost of additions during the period / year (Note 7.1.1)	31,478,745	261,220,485
	<u>3,922,782,045</u>	<u>4,090,199,814</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	1,667,858	2,917,554
Add: Transfer of assets from held for disposal		
Cost	-	199,597,352
Depreciation	-	(145,966,240)
	-	53,631,112
Less: Depreciation charged during the period / year	72,690,397	249,610,042
	<u>3,848,423,790</u>	<u>3,891,303,330</u>
7.1.1 Cost of additions during the period / year		
Factory Building	3,731,731	55,476,216
Plant and machinery	22,773,230	173,393,280
Electric installations	205,753	4,367,572
Furniture, fixtures and equipments	2,398,401	8,517,117
Vehicles	1,300,000	13,354,195
Computers	1,069,630	6,112,105
	<u>31,478,745</u>	<u>261,220,485</u>
7.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	2,040,500	-
Vehicles	2,471,825	5,739,627
Computers	136,629	-
	4,648,954	5,739,627
Less: Accumulated depreciation		
Plant and machinery	1,552,432	-
Vehicles	1,378,732	2,822,073
Computers	49,932	-
	2,981,096	2,822,073
	<u>1,667,858</u>	<u>2,917,554</u>
7.2 Capital work in progress		
Plant and machinery	58,932,317	54,983,669
Civil works on freehold land	95,901,880	96,893,537
Electric installations	4,026,847	3,649,245
Unallocated capital expenditures	14,020,757	8,996,829
	<u>172,881,801</u>	<u>164,523,280</u>
8. LONG TERM INVESTMENTS		
Investment in subsidiary company-at cost		
Q Mart Corporation (Private) Limited - unquoted 19,792,950 (June 30, 2008 : 19,792,950) ordinary shares of Rupees 10 each	197,929,500	197,929,500
Advance for purchase of shares	49,300,000	49,300,000
	<u>247,229,500</u>	<u>247,229,500</u>
Available for sale		
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
	-	-
	<u>247,229,500</u>	<u>247,229,500</u>



	Un-Audited September 30, 2008 Rupees	Un-Audited September 30, 2007 Rupees
9. COST OF SALES		
Raw material consumed	1,202,414,766	943,225,020
Chemical consumed	203,778,603	109,564,808
Salaries, wages and other benefits	101,123,083	87,069,533
Employees' provident fund contributions	3,179,007	3,812,140
Cloth conversion and processing charges	14,038,853	20,731,434
Fuel, oil and power	21,220,990	72,989,816
Stores, spares and loose tools	42,774,514	39,812,476
Packing material	33,129,776	41,760,099
Repair and maintenance	11,043,167	5,233,892
Insurance	3,069,589	4,323,909
Other manufacturing expenses	20,756,140	15,880,079
Depreciation	70,563,266	66,083,697
	<u>1,727,091,754</u>	<u>1,410,486,903</u>
Work-in-process inventory		
Opening stock	380,608,144	365,947,894
Closing stock	(363,997,085)	(400,851,423)
	<u>16,611,059</u>	<u>(34,903,529)</u>
Cost of goods manufactured	1,743,702,813	1,375,583,374
Cost of yarn and cloth purchased for resale	54,493,959	14,363,128
	<u>1,798,196,772</u>	<u>1,389,946,502</u>
Finished goods inventory		
Opening stock	745,526,754	417,563,462
Closing stock	(725,162,306)	(458,568,875)
	<u>20,364,448</u>	<u>(41,005,413)</u>
	<u>1,818,561,220</u>	<u>1,348,941,089</u>

10. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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.

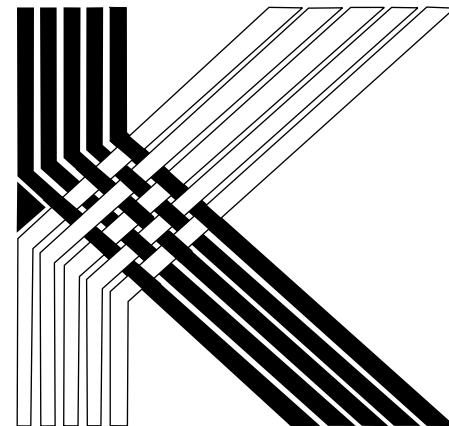
Sales of goods and services	-	75,586
Purchase of goods and services	-	880,413

11. AUTHORIZED FOR ISSUE

These condensed interim financial statements were authorized for issue on October 29, 2008 by the Board of Directors of the company.

12. CORRESPONDING FIGURES

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



Kohinoor Mills Limited and Subsidiary Company

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2008

	NOTE	(Un-Audited) SEPTEMBER 30, 2008 Rupees	(Audited) JUNE 30, 2008 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	509,110,110
Reserves		<u>1,463,350,584</u>	<u>1,699,283,914</u>
Total equity		<u>1,972,460,694</u>	<u>2,208,394,024</u>
Non-current liabilities			
Long term financing - secured	5	779,220,442	902,907,809
Deferred tax		244,075,714	244,075,714
Provision for gratuity		1,261,373	1,034,248
		<u>1,024,557,529</u>	<u>1,148,017,771</u>
Current liabilities			
Trade and other payables		1,273,389,483	904,729,013
Accrued markup		152,519,542	113,895,958
Short term borrowings - secured		4,423,998,309	4,127,379,652
Current portion of long term liabilities		645,271,143	529,543,297
Provision for taxation		35,242,901	41,701,652
		<u>6,530,421,378</u>	<u>5,717,249,572</u>
Total Liabilities		<u>7,554,978,907</u>	<u>6,865,267,343</u>
Contingencies and commitments	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>9,527,439,601</u>	<u>9,073,661,367</u>
ASSETS			
Non-current assets			
Fixed Assets	7	4,196,429,570	4,232,985,156
Goodwill		33,884,785	33,884,785
Long term security deposits		4,038,673	4,038,673
		<u>4,234,353,028</u>	<u>4,270,908,614</u>
Current assets			
Stores, spares and loose tools		418,613,772	383,642,759
Stock-in-trade		1,627,584,364	1,619,307,232
Trade debts - Considered good		1,109,214,252	775,013,196
Loans and advances		753,456,506	569,890,089
Trade deposits and short term prepayments		7,374,174	2,950,736
Other receivables		202,516,930	193,459,420
Sales tax recoverable		77,170,250	114,863,679
Short term investments		1,046,545,978	1,085,586,948
Cash and bank balances		50,610,347	58,038,694
		<u>5,293,086,573</u>	<u>4,802,752,753</u>
TOTAL ASSETS		<u>9,527,439,601</u>	<u>9,073,661,367</u>

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	NOTE	SEPTEMBER 30, 2008 Rupees	SEPTEMBER 30, 2007 Rupees
SALES		2,115,337,359	1,559,238,540
COST OF SALES	8	1,843,783,610	1,355,356,637
GROSS PROFIT		<u>271,553,749</u>	<u>203,881,903</u>
DISTRIBUTION COST		<u>110,952,637</u>	<u>105,611,970</u>
ADMINISTRATIVE EXPENSES		<u>67,576,767</u>	<u>48,010,275</u>
		<u>178,529,404</u>	<u>153,622,245</u>
		93,024,345	50,259,658
OTHER OPERATING INCOME		<u>8,593,957</u>	<u>25,223,733</u>
PROFIT FROM OPERATIONS		<u>101,618,302</u>	<u>75,483,391</u>
FINANCE COST		<u>284,442,011</u>	<u>108,717,166</u>
LOSS BEFORE TAXATION		<u>(182,823,709)</u>	<u>(33,233,775)</u>
PROVISION FOR TAXATION		<u>14,068,651</u>	<u>12,945,112</u>
LOSS AFTER TAXATION		<u>(196,892,360)</u>	<u>(46,178,887)</u>
EARNINGS PER SHARE - BASIC AND DILUTED		<u>(3.87)</u>	<u>(1.01)</u>

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR



**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	SEPTEMBER 30, 2008	SEPTEMBER 30, 2007
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(182,823,709)	(33,233,775)
Adjustment for non cash charges and other items:		
Depreciation	75,528,698	69,751,913
Amortization of intangible assets	621,417	367,014
Dividend income	-	(8,102,145)
Gain on sale of operating assets	(818,838)	-
Gain on sale of shares	-	(15,281,441)
Provision for gratuity	227,125	-
Finance cost	284,442,011	108,717,166
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	177,176,704	122,218,732
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(34,971,013)	13,159,900
Stock-in-trade	(8,277,132)	(106,576,815)
Trade debts	(334,201,056)	129,465,210
Loans and advances	(183,566,417)	(66,077,236)
Trade deposits and short term prepayments	(4,423,438)	4,140,400
Other receivables	(395,696)	(38,400,631)
Sales tax recoverable	37,693,429	9,820,750
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured	296,618,657	141,300,164
Trade and other payables	368,660,470	(59,383,099)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	137,137,804	27,448,643
CASH GENERATED FROM OPERATIONS	314,314,508	149,667,375
Income tax paid	(29,189,216)	(12,653,046)
Finance cost paid	(245,818,427)	(99,490,342)
	(275,007,643)	(112,143,388)
NET CASH FROM OPERATING ACTIVITIES	39,306,865	37,523,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(41,262,387)	(209,810,983)
Proceeds from disposal of property, plant and equipment	2,486,696	-
Dividend on equity investments received	-	8,102,145
Short term investments made	-	(57,169,958)
Long term security deposits	-	(425,214)
NET CASH USED IN INVESTING ACTIVITIES	(38,775,691)	(259,304,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(1,627,047)	(39,999,122)
Long term financing - net	(6,332,474)	(119,346,029)
Right share issue	-	290,920,060
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(7,959,521)	131,574,909
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,428,347)	(90,205,114)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	58,038,694	131,689,499
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	50,610,347	41,484,385

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

Kasur :
October 29, 2008

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

GUL NAWAZ
DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	Reserves				Sub-Total	Total	Total equity
	Share capital	Capital Surplus on revaluation of investments	General	Revenue Unappropriated Profit / (Accumulated Loss)			
Balance as on June 30, 2007	363,650,080	830,113,864	898,060,144	1,058,027,640	1,236,273,221	2,134,333,365	2,497,983,445
Right issue (363,650,080*40% shares) @ Rs. 20 per share	145,460,030	-	145,460,030	-	-	145,460,030	290,920,060
Loss for the quarter ended September 30, 2007	-	-	-	(46,178,887)	(46,178,887)	(46,178,887)	(46,178,887)
Fair value adjustment on investments	-	(39,977,579)	-	-	-	(39,977,579)	(39,977,579)
Balance as on September 30, 2007	509,110,110	790,136,285	1,003,542,595	1,058,027,640	1,190,094,334	2,193,636,929	2,702,747,039
Dividend for the year ended June 30, 2007 @ Rupees 1.25 per share	-	-	-	-	-	(63,638,764)	(63,638,764)
Loss for the period ended June 30, 2008	-	-	-	-	-	(299,085,980)	(299,085,980)
Fair value adjustment on investments	-	(131,628,271)	-	-	-	(131,628,271)	(131,628,271)
Balance as on June 30, 2008	509,110,110	213,406,310	658,508,014	871,914,324	1,058,027,640	1,699,283,914	2,208,394,024
Loss for the quarter ended September 30, 2008	-	-	-	-	-	(196,892,360)	(196,892,360)
Fair value adjustment on investments	-	-	-	-	-	(39,040,970)	(39,040,970)
Balance as on September 30, 2008	509,110,110	213,406,310	619,467,044	832,873,354	1,058,027,640	1,463,350,584	1,972,460,694

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

Kasur :
October 29, 2008

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

GUL NAWAZ
DIRECTOR



SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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, distribute and sell electricity.

Subsidiary company

Wholly owned subsidiary company Q Mart Corporation (Private) Limited is a private limited company incorporated on July 18, 2005 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. STATEMENT OF COMPLIANCE

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

The accounting policies and methods of computation 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 Group for the year ended June 30, 2008.

3.1 Critical Accounting Estimates and Judgements

Judgements and estimates made by the management in the preparation of these condensed quarterly financial statements are the same as those applied to the annual published financial statements for the year ended June 30, 2008.

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-Audited September 30, 2008 (Number of shares)	Audited June 30, 2008		Un-Audited September 30, 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 per scheme of arrangement	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 share	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>

5. 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	6,332,479	658,524,186
Closing balance	1,386,119,502	1,392,451,981
Less: Current portion	606,899,060	489,544,172
Non-current portion	<u>779,220,442</u>	<u>902,907,809</u>



6. CONTINGENCIES AND COMMITMENTS

- 6.1 There has been no change in contingencies since the date of preceding annual published financial statements.
- 6.2 Commitments in respect of :
- 6.2.1 Contracts for capital expenditure amount to Rupees 18.705 million (June 30, 2008: Rupees 2.6 million) and for revenue contracts Rupees 160.801 million (June 30, 2008: Rupees 13.928 million).
- 6.2.2 Post dated cheques issued to suppliers amounting to Rupees 300.295 million (June 30, 2008: Rupees 6.861 million).
- 6.2.3 Cross currency swap of Rupees 268.750 million (outstanding notional amount) as on September 30, 2008 (June 30, 2008: Rupees 320 million).

	Un-Audited September 30, 2008 Rupees	Audited June 30, 2008 Rupees
7. FIXED ASSETS		
Property, plant and equipment		
Operating assets (Note 7.1)	4,003,164,305	4,048,882,146
Capital work in progress (Note 7.2)	182,935,930	173,365,349
Intangible assets - computer software	10,329,335	10,737,661
	<u>4,196,429,570</u>	<u>4,232,985,156</u>
7.1 Operating assets		
Opening book value	4,048,882,116	3,828,979,329
Cost of additions during the period / year (Note 7.1.1)	31,478,745	428,896,785
	4,080,360,861	4,257,876,114
Less: Book value of deletions during the period / year (Note 7.1.2)	1,667,858	3,308,860
Add: Transfer of assets from held for disposal		
Cost	-	199,597,352
Depreciation	-	(145,966,240)
	-	53,631,112
Less: Depreciation charged during the period / year	75,528,698	259,316,220
	<u>4,003,164,305</u>	<u>4,048,882,146</u>
7.1.1 Cost of additions during the period / year		
Freehold land	-	23,798,007
Residential building	-	92,926,531
Factory building	3,731,731	55,476,216
Building on leasehold land	-	3,611,914
Plant and machinery	22,773,230	173,393,280
Electric installations	205,753	21,772,602
Furniture, fixtures and equipments	2,398,401	32,669,559
Vehicles	1,300,000	17,791,796
Computers	1,069,630	7,456,880
	<u>31,478,745</u>	<u>428,896,785</u>
7.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	2,040,500	-
Furniture, fixture and equipments	-	220,659
Vehicles	2,471,825	6,158,627
Computers	136,629	-
	4,648,954	6,379,286
Less: Accumulated depreciation		
Plant and machinery	1,552,432	-
Furniture, fixture and equipments	-	93,975
Vehicles	1,378,732	2,976,451
Computers	49,932	-
	2,981,096	3,070,426
	<u>1,667,858</u>	<u>3,308,860</u>
7.2 Capital work in progress		
Land	-	500,000
Plant and machinery	58,932,317	54,983,669
Civil works on freehold land	102,910,159	102,189,756
Electric installations	4,026,847	3,649,245
Unallocated capital expenditures	17,066,607	12,042,679
	<u>182,935,930</u>	<u>173,365,349</u>



	Un-Audited September 30, 2008 Rupees	Un-Audited September 30, 2007 Rupees
8. COST OF SALES		
Holding Company		
Raw material consumed	1,202,414,766	943,225,020
Chemical consumed	203,778,603	109,564,808
Salaries, wages and other benefits	101,123,083	87,069,533
Employees' provident fund contributions	3,179,007	3,812,140
Cloth conversion and processing charges	14,038,853	20,731,434
Fuel, oil and power	21,220,990	72,989,816
Stores, spares and loose tools	42,774,514	39,812,476
Packing material	33,129,776	41,760,099
Repair and maintenance	11,043,167	5,233,892
Insurance	3,069,589	4,323,909
Other manufacturing expenses	20,756,140	15,880,079
Depreciation	70,563,266	66,083,697
	<u>1,727,091,754</u>	<u>1,410,486,903</u>
Work-in-process inventory		
Opening stock	380,608,144	365,947,894
Closing stock	(363,997,085)	(400,851,423)
	<u>16,611,059</u>	<u>(34,903,529)</u>
Cost of goods manufactured	1,743,702,813	1,375,583,374
Cost of yarn and cloth purchased for resale	54,493,959	14,363,128
	<u>1,798,196,772</u>	<u>1,389,946,502</u>
Finished goods inventory		
Opening stock	745,526,754	417,563,462
Closing stock	(725,162,306)	(458,568,875)
	<u>20,364,448</u>	<u>(41,005,413)</u>
	<u>1,818,561,220</u>	<u>1,348,941,089</u>
Subsidiary Company		
Opening stock	20,576,552	-
Purchased during the period	27,866,446	13,752,777
	48,442,998	13,752,777
Closing stock	(23,220,608)	(7,337,229)
	<u>25,222,390</u>	<u>6,415,548</u>
Cost of sales	<u>1,843,783,610</u>	<u>1,355,356,637</u>

9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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
Purchase of goods and services	-	880,413

10. AUTHORIZED FOR ISSUE

These condensed consolidated financial statements were authorized for issue on October 29, 2008 by the Board of Directors of the holding company.

11. CORRESPONDING FIGURES

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

Kasur :
October 29, 2008


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


GUL NAWAZ
DIRECTOR