



Kohinoor Mills Limited

Quarterly Report

For the period ended 31 March 2010



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COMPANY INFORMATION

Board of Directors

Mr. Aamir Fayyaz Sheikh	Chief Executive /Chairman
Mr. Asad Fayyaz Sheikh	Director
Mr. Ali Fayyaz Sheikh	Director
Mr. Rashid Ahmed	Director
Syed Mohsin Raza Naqvi	Director
Mr. Aamir Amin	Director (NIT Nominee)
Mr. Kamran Shahid	Director

Audit Committee

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

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Faisal Sharif

Legal Advisors

- Raja Mohammad Akram & Co., Advocate & Legal Consultants, Lahore.
- Malik Muhammad Ashraf Kumma, Advocate.

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

M/s. Riaz Ahmad & Co.,
Chartered Accountants.

Bankers

- Allied Bank Limited
- Al Baraka Islamic Bank B.S.C. (E.C)
- 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
- Silk Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- The Bank of Punjab
- United Bank Limited

Registered Office & Mills

8th K.M. Manga Raiwind Road,
District Kasur.
UAN: (92-42) 111-941-941
CELL LINES :(92-333) 4998801-10
LAND LINES: (92-42) 35391941-45
FAX: (92-42) 35391946 & 35393459
EMAIL: info@kohinoormills.com
WEBSITE : www.kohinoormills.com

Shares Registrar

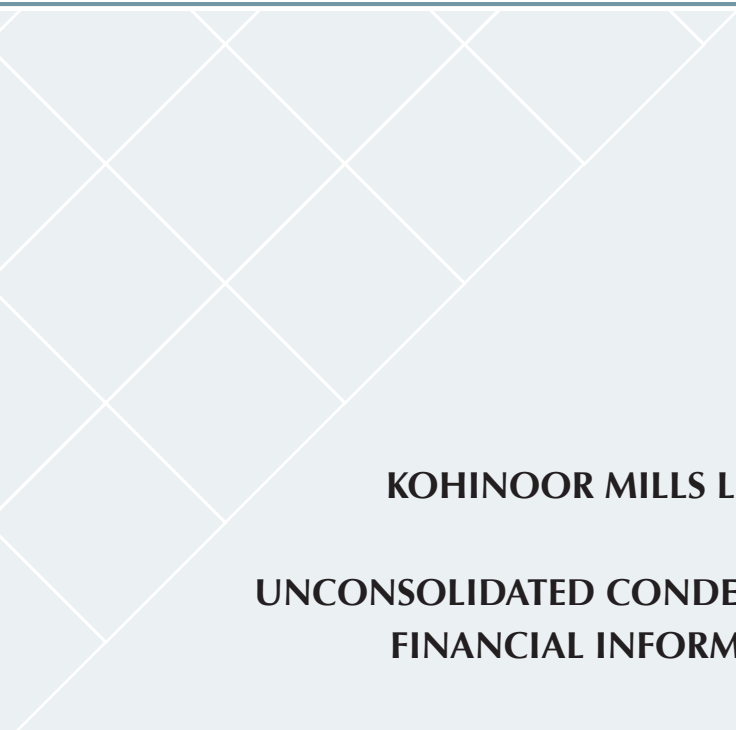
M/s. Hameed Majeed Associates (Pvt) Ltd
HM House, 7 Bank Square, Lahore.
LAND LINES: (92-42) 37235081 & 82
FAX: (92-42) 37358817

Liaison Office

87/2 Arif Jan Road,
Lahore Cantt.
LAND LINES: (92-42) 36600104-5, 36651086
FAX: (92-42) 36650994

Stock Exchange

Kohinoor Mills Limited is a public limited Company and its shares are traded under textile composite sector at all three Stock Exchanges of Pakistan.



KOHINOOR MILLS LIMITED

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED
31 MARCH 2010**

DIRECTORS' REPORT

The Directors of the Company present the un-audited interim financial statements for the nine months ended March 31, 2010. These accounts are presented in accordance with the requirements of the Companies Ordinance, 1984.

Operating & Financial Results

During the nine months ended March 31, 2010, your company earned a gross profit of Rs. 283.01 million on sales of Rs. 4,393.91 million as compared to gross profit of Rs. 688.63 million on sales of Rs. 6,186.56 million for the corresponding nine months of the previous financial year 2008-09. During the period under review, your company incurred a net loss after tax of Rs. 697.92 million as compared to a net loss after tax of Rs. 523.84 million during the corresponding period of the previous financial year. Gross margin remained at 6.4% during the current nine-months, as compared to 11.13% of the corresponding period of the previous financial year.

The turnover of your company for the period under review was lower than for the corresponding period of the previous financial year owing to depressed overseas demand due to global recession, resulting in lower gross margins. However, with the global economy recording faster than expected recovery in recent months, the consumer demand in the European and US markets has shown significant improvement, which would translate in higher export sales and better performance for your company, going forward. Further, unchecked exports of cotton yarn to China and India resulted in its shortage in the local market and unprecedented rise in prices, which further squeezed the gross margins. Impairment loss on short term investments further depressed operating results.

Weaving Division

After significant reconfiguration of its production facilities, this division is now focusing on narrow-width apparel fabric. In addition to in-house consumption of major portion of its output, the division is actively involved in product and market development and market penetration in export sector. Although the recent increase in prices of yarn put some pressure on performance of this division, but due to subsequent increase in the prices of griegee fabric, this negative impact has been largely passed through.

Dyeing Division

The overall sales volume of this division declined during the current period as a result of diminished overseas demand due to worldwide recession. However, with improvement in overseas market, the management has been able to make good order bookings for the ensuing months. Therefore, the situation in this Division is expected to improve, going forward.

Hosiery Division

The capacity utilization in this division was less than 40% during the period under review, due to depressed global demand. However, with concerted marketing efforts, management has been able to sell the entire capacity for next several months. This division is therefore expected to make a turnaround in ensuing months.

Genertek Division

This Division incurred heavy losses during the period under review, especially during second and third quarters, due to extensive gas load-shedding as standby RFO-based Niigata engines were utilized for electricity production. The planned supply of electricity from WAPDA Grid could not be actualized due to delay by LESCO. However, installation and operation of husk-fired boilers avoided further deterioration of results. The management expects that situation would improve significantly after discontinuation of gas load-shedding.

Apparel Division

Owing to decline in global demand, the Apparel Division failed to achieve the projected sales in first year of its operations, with overall capacity utilization less than 30%, resulting in huge losses for the Division. The operations in this division are temporarily suspended and the management is constantly reviewing the market situation to determine viability of the future operations of this division.

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

Q Mart Corporation is currently operating with six stores in different locations of Punjab, another store is planned to be rolled out before the end of the current year. Three further stores are planned to be opened by the end of next year - making total of ten operating stores. Moreover, the management has increased the product range being offered to increase the store's revenue and has teamed-up with local brands, renting them out the available floor-space where they offer their own products. The management is hopeful that these efforts will result in this company making profits once all the ten stores are in operation.


Future Prospects

Going forward, better than expected global economic recovery, resolution of power-crisis, stable political environment and recovering law and order situation is expected to provide an improved operating environment for the company. Further, with pass-on of yarn price hike into fabric prices, the margins are also expected to improve. The management expects to benefit fully from this situation by its renewed and reinvigorated marketing efforts and healthy order book position. Overall, the company is expected to curtail its current losses in remaining part of the year.

Acknowledgment

The Board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to 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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

Kasur :
April 26, 2010

**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2010**

Note	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
80,000,000 (30 June 2009: 80,000,000) ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000 (30 June 2009: 30,000,000) preference shares of Rupees 10 each	300,000,000	300,000,000
	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital		
50,911,011 (30 June 2009: 50,911,011) ordinary shares of Rupees 10 each	509,110,110	509,110,110
Reserves	(155,306,747)	378,150,546
Total equity	353,803,363	887,260,656
Surplus on revaluation of operating fixed assets	1,021,679,658	1,037,326,061
NON-CURRENT LIABILITIES		
Long term financing - secured	5 660,473,338	948,092,066
Deferred income tax liability	99,880,087	68,862,581
	760,353,425	1,016,954,647
CURRENT LIABILITIES		
Trade and other payables	6 1,146,758,034	1,107,202,523
Accrued markup	412,300,857	165,360,822
Short term borrowings - secured	4,600,994,396	4,460,475,348
Current portion of long term financing	609,938,330	322,319,602
Provision for taxation	38,953,289	54,332,493
	<u>6,808,944,906</u>	<u>6,109,690,788</u>
Total Liabilities	7,569,298,331	7,126,645,435
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	<u>8,944,781,352</u>	<u>9,051,232,152</u>

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

	Note	Un-audited 31 March 2010	Audited 30 June 2009
-----Rupees-----			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	8	5,239,668,676	5,404,085,959
Long term investments	9	300,000,000	266,629,500
Long term security deposits		188,085	1,615,751
		5,539,856,761	5,672,331,210
CURRENT ASSETS			
Stores, spares and loose tools		350,718,561	368,032,690
Stock-in-trade		1,182,126,283	1,195,946,684
Trade debts		891,314,298	872,369,399
Loans and advances		356,748,156	239,474,981
Trade deposits and short term prepayments		5,481,161	3,208,579
Other receivables		202,473,202	158,649,122
Sales tax recoverable		108,482,228	89,247,515
Short term investments	10	287,363,114	172,525,740
Cash and bank balances		20,217,588	279,446,232
		3,404,924,591	3,378,900,942
TOTAL ASSETS		8,944,781,352	9,051,232,152



SYED MOHSIN RAZA NAQVI
DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	Note	NINE MONTHS ENDED		QUARTER ENDED	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009
		-----Rupees-----		-----Rupees-----	
SALES		4,393,905,317	6,186,557,274	1,340,244,416	2,048,184,293
COST OF SALES	11	(4,110,894,826)	(5,497,930,260)	(1,282,812,376)	(1,838,550,448)
GROSS PROFIT		283,010,491	688,627,014	57,432,040	209,633,845
DISTRIBUTION COST		(280,565,086)	(390,052,962)	(92,330,623)	(142,594,508)
ADMINISTRATIVE EXPENSES		(142,548,810)	(162,734,412)	(46,214,848)	(52,142,994)
OTHER OPERATING EXPENSES	12	(78,207,924)	(24,518,716)	(11,375)	(24,499,311)
		(501,321,820)	(577,306,090)	(138,556,846)	(219,236,813)
OTHER OPERATING INCOME		(218,311,329)	111,320,924	(81,124,806)	(9,602,969)
		46,635,220	43,855,459	17,513,163	(2,988,033)
PROFIT / (LOSS) FROM OPERATIONS		(171,676,109)	155,176,383	(63,611,643)	(12,591,002)
FINANCE COST		(492,327,198)	(631,048,138)	(173,431,348)	(122,901,740)
LOSS BEFORE TAXATION		(664,003,307)	(475,871,755)	(237,042,991)	(135,492,742)
PROVISION FOR TAXATION		(33,918,306)	(47,968,989)	(12,495,342)	(17,566,980)
LOSS AFTER TAXATION		(697,921,613)	(523,840,744)	(249,538,333)	(153,059,722)
LOSS PER SHARE - BASIC AND DILUTED		(13.71)	(10.29)	(4.90)	(3.01)

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE




SYED MOHSIN RAZA NAQVI
DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

Note	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	-----Rupees-----		-----Rupees-----	
LOSS AFTER TAXATION	(697,921,613)	(523,840,744)	(249,538,333)	(153,059,722)
OTHER COMPREHENSIVE INCOME				
Impairment loss taken to profit and loss account	60,750,902	-	-	-
Surplus / (deficit) on remeasurment of available for sale investments	120,462,872	(425,277,989)	8,326,040	30,825,491
Deferred income tax relating to surplus / (deficit) on available for sale investment	(29,435,918)	99,614,595	-	-
Other comprehensive income / (loss) for the period - net of tax	151,777,856	(325,663,394)	8,326,040	30,825,491
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(546,143,757)	(849,504,138)	(241,212,293)	(122,234,231)

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


SYED MOHSIN RAZA NAQVI
DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW
STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	31 March 2010	31 March 2009
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(664,003,307)	(475,871,755)
Adjustment for non cash charges and other items:		
Depreciation	228,245,477	173,576,970
Amortization of intangible asset	1,113,155	993,417
Dividend income	(2,076,608)	(9,114,912)
Gain on sale of operating assets	(8,629,555)	(3,788,003)
Impairment loss on equity investment	66,376,402	22,274,731
Finance cost	492,327,198	631,048,138
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	113,352,762	339,118,586
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	17,314,129	(63,388,047)
Stock-in-trade	13,820,401	268,463,372
Trade debts	(18,944,899)	(346,944,636)
Loans and advances	(117,273,175)	(94,075,196)
Trade deposits and short term prepayments	(2,272,582)	(16,814,209)
Other receivables	(62,004,887)	31,907,065
Sales tax recoverable	(19,234,715)	16,896,044
INCREASE IN CURRENT LIABILITIES		
Trade and other payables	39,555,511	439,749,387
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(149,040,217)	235,793,780
CASH GENERATED FROM / (UTILIZED IN) OPERATIONS	(35,687,455)	574,912,366
Income tax paid	(32,495,055)	(40,243,863)
Finance cost paid	(245,387,163)	(582,953,985)
NET CASH GENERATED FROM / (UTILIZED IN) OPERATING ACTIVITIES	(277,882,218)	(623,197,848)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(83,081,052)	(152,821,691)
Proceeds from disposal of property, plant and equipment	26,769,259	28,121,499
Dividend on equity investments received	2,076,608	9,114,912
Investment in subsidiary	(33,370,500)	(14,100,000)
Long term security deposits	1,427,666	210,000
NET CASH USED IN INVESTING ACTIVITIES	(86,178,019)	(129,475,280)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	-	(226,400,795)
Short term borrowings - net	140,519,048	405,892,320
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	140,519,048	179,491,525
NET DECREASE IN CASH AND CASH EQUIVALENTS	(259,228,644)	1,730,763
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	279,446,232	53,513,454
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20,217,588	55,244,217

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



SYED MOHSIN RAZA NAQVI
DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL		CAPITAL		REVENUE				
	Share Premium	Fair Value Reserve	Sub Total	General	Accumulated Loss	Sub Total	Total		
	-----Rupees-----								
Balance as at 01 July 2008 - (audited)	509,110,110	213,406,310	658,508,014	871,914,324	1,058,027,640	(200,195,386)	857,832,254	1,729,746,578	2,238,856,688
Total comprehensive loss for the nine months ended 31 March 2009	-	-	(325,663,394)	(325,663,394)	-	(523,840,744)	(523,840,744)	(849,504,138)	(849,504,138)
Balance as at 31 March 2009 - (Un-audited)	509,110,110	213,406,310	332,844,620	546,250,930	1,058,027,640	(724,036,130)	333,991,510	880,242,440	1,389,352,550
Total comprehensive loss for the period ended 30 June 2009	-	-	(303,381,075)	(303,381,075)	-	(198,710,819)	(198,710,819)	(502,091,894)	(502,091,894)
Balance as at 30 June 2009 - (audited)	509,110,110	213,406,310	29,463,545	242,869,855	1,058,027,640	(922,746,949)	135,280,691	378,150,546	887,260,656
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	12,686,464	-	12,686,464	12,686,464	12,686,464
Total comprehensive loss for the nine months ended 31 March 2010	-	-	151,777,856	151,777,856	-	(697,921,613)	(697,921,613)	(546,143,757)	(546,143,757)
Balance as at 31 March 2010 - (Un-audited)	509,110,110	213,406,310	181,241,401	394,647,711	1,070,714,104	(1,620,668,562)	(549,954,458)	(155,306,747)	353,803,363

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



SYED MOHSIN RAZA NAQVI
DIRECTOR

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2010

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed 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 unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2009.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 June 2009.

The following amendments to published approved accounting standards and standards relevant to the company have been adopted in the current period:

IFRS 8 'Operating Segments' introduces the 'management approach' to segment reporting. It requires presentation and disclosure of segment information based on internal reports regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The adoption of IFRS 8 has resulted in certain additional disclosures in the unconsolidated condensed interim financial information. Following accounting policy of segment reporting has been adopted during the period:

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. In this unconsolidated condensed interim financial information, comparative information has been re-presented in conformity with the revised standard. Since this

change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition to above, there are other new standards and amendments to published approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the company. However, the adoption of these new standards and amendments to standards did not have any significant impact on this unconsolidated condensed interim financial information of the company, therefore, are not analyzed in detail.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2009 except for the change in accounting estimate of valuation of investment in Security General Insurance Company Limited (Unquoted equity investment) as explained in note 10.1 to this unconsolidated condensed interim financial information.

	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
5. LONG TERM FINANCING - SECURED		
Opening balance	1,270,411,668	1,392,451,981
Add: Obtained during the period / year	-	100,000,000
Less: Repaid during the period / year	-	(222,040,313)
	<u>1,270,411,668</u>	<u>1,270,411,668</u>
Less: Current portion shown under current liabilities	(609,938,330)	(322,319,602)
	<u>660,473,338</u>	<u>948,092,066</u>
6. TRADE AND OTHER PAYABLES		
Creditors	858,386,711	899,589,981
Advances from customers	124,705,651	68,364,642
Sales commission payable	30,114,778	25,475,848
Income tax deducted at source	35,612,660	20,154,408
Security deposits-interest free	436,204	436,778
Payable to provident fund	5,399,627	1,657,598
Accrued and other liabilities	87,370,866	86,791,731
Unclaimed Dividend	4,731,537	4,731,537
	<u>1,146,758,034</u>	<u>1,107,202,523</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- 7.1.1** The Deputy Collector (Refund – Gold) by order dated 19 June 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 10.345 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. Consequently, the Company has filed an appeal before the Customs Federal Excise and Sales Tax Appellate Tribunal. Pending the outcome of appeal no provision for inadmissible input tax has been recognized in the books of account, since the Company has strong grounds against the order of taxation authority.
- 7.1.2** The Additional Collector, Sales Tax Department has raised sales tax demand amounting to Rupees 8.956 million alongwith additional tax and penalty, as a result of sales tax audit for the year 1999-2000 conducted by the Sales Tax Department. The Company is contesting the demand and management is confident that decision will be in favour of the Company. Accordingly, no provision for inadmissible input tax has been made in the books of account.
- 7.1.3** The Additional Commissioner of Income Tax (Audit) has charged turnover tax on local sales aggregating to Rupees 19.880 million for the tax years 2005 (Transitional), 2006 and 2007. Since the issue of minimum tax has been resolved by Honorable Lahore High Court in favour of taxpayers in other identical cases. The Company has filed appeals before Commissioner of Income Tax (Appeals) against the orders. Pending the outcomes of appeals, no provision has been made in the books of account as the management is confident that decision will be in favour of the Company.
- 7.1.4** The Company has filed a recovery suit of US \$ 93,225 against a customer for goods supplied to him. Matter is pending before Senior Civil Judge, Lahore. Pending the outcome of the case, no provision for doubtful recoverability of debtor is made in the books of account since the Company and its legal counsel are confident that the outcome of the case will be in favour of the Company.
- 7.1.5** Bank guarantee of Rupees 60.50 million (30 June 2009: Rupees 60.50 million) in favour of Sui Northern Gas Pipelines Limited against gas connections.
- 7.1.6** Bank guarantee of Rupees 5.50 million (30 June 2009: 5.50 million) in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess contested in Honourable Supreme Court of Pakistan.
- 7.1.7** During the nine months ended 31 March 2010, Lahore Electric Supply Company Limited (LESCO) has served a notice in connection with violation of Power Purchase Agreement. According to the aforesaid notice, the Company was using gas alongwith Refined Furnace Oil (RFO) in the ratio of 50:50 as co-fuel in order to generate electric power for sale to LESCO whereas tariff was charged to LESCO on the basis of RFO. Consequently, provisional demand of refund of Rupees 274.341 million has been raised by LESCO. No provision in the books of account has been made as the Company is in the process of resolving the matter amicably under the provisions of above said Power Purchase Agreement.

7.2 Commitments

- (i) Contracts for capital and revenue expenditures are amounting to Rupees 93.699 million (30 June 2009: Rupees NIL) and Rupees 23.491 million (30 June 2009: Rupees 59.107 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 251.306 million (30 June 2009: Rupees 83.989 million).

	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
8. FIXED ASSETS		
Property, plant and equipment		
Operating assets (Note 8.1)	5,164,684,611	5,328,205,754
Capital work in progress (Note 8.2)	71,114,576	70,897,560
Intangible assets - computer software	3,869,489	4,982,645
	<u>5,239,668,676</u>	<u>5,404,085,959</u>
8.1 Operating assets		
Opening book value	5,328,205,754	3,891,303,330
Cost of additions during the period / year (Note 8.1.1)	82,864,038	649,151,458
Surplus on revaluation	-	1,074,078,415
	<u>5,411,069,792</u>	<u>5,614,533,203</u>
Less: Book value of deletions during the period / year (Note 8.1.2)	(18,139,704)	(26,794,230)
Depreciation charged during the period / year	(228,245,477)	(259,533,219)
	<u>5,164,684,611</u>	<u>5,328,205,754</u>
8.1.1 Cost of additions during the period / year		
Residential building	-	118,006
Factory Building	37,737	110,133,265
Plant and machinery	78,198,187	513,153,535
Electric installations	145,603	4,012,671
Furniture, fixtures and equipments	262,548	6,052,297
Vehicles	3,387,836	10,869,643
Computers	832,127	4,812,041
	<u>82,864,038</u>	<u>649,151,458</u>
8.1.2 Book value of deletions during the period / year		
Plant and machinery	12,994,153	21,030,033
Vehicles	4,566,122	13,134
Furniture, fixture and equipment	48,972	5,751,063
Computers	530,457	-
	<u>18,139,704</u>	<u>26,794,230</u>

	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
8.2 Capital work in progress		
Plant and machinery	16,710,729	65,569,609
Civil works on freehold land	-	86,353
Electric installations	30,966,673	5,193,448
Unallocated capital expenditures	23,437,174	48,150
	<u>71,114,576</u>	<u>70,897,560</u>
9. LONG TERM INVESTMENTS		
Investment in wholly owned subsidiary company-at cost		
Q Mart Corporation (Private) Limited - unquoted 30,000,000 (30 June 2009 : 24,722,950) ordinary shares of Rupees 10 each	300,000,000	247,229,500
Advance for purchase of shares	-	19,400,000
	<u>300,000,000</u>	<u>266,629,500</u>
Available for sale		
Associated company		
K-2 Hosiery (Private) Limited - Unquoted 1,194,000 (30 June 2009: 1,194,000) Ordinary shares of Rupees 10 each	11,940,000	11,940,000
Less: Provision for diminution in value of investment	(11,940,000)	(11,940,000)
	<u>300,000,000</u>	<u>266,629,500</u>
10. SHORT TERM INVESTMENTS		
Available for sale		
Quoted		
Maple Leaf Cement Factory Limited 11,251,000 (30 June 2009: 11,251,000) ordinary shares of Rupees 10 each	169,431,065	169,431,065
Surplus / (deficit) on revaluation of investment	8,326,040	(60,750,902)
Less: Impairment loss charged to profit and loss account	(127,127,305)	(60,750,903)
	<u>50,629,800</u>	<u>47,929,260</u>
Unquoted		
Security General Insurance Company Limited Associated Undertaking (Note 10.1) 2,076,608 (30 June 2009: 2,076,608) ordinary shares of Rupees 10 each	2,271,806	2,271,806
Add: Surplus on revaluation of investment	234,461,508	122,324,674
	<u>236,733,314</u>	<u>124,596,480</u>
	<u>287,363,114</u>	<u>172,525,740</u>

10.1 Investment in Security General Insurance Company Limited is measured at fair value of Rupees 114 per share. Fair value is calculated using net assets based valuation technique on the basis of market / fair value of assets as per unaudited financial statements of investee company for the year ended 31 December 2009. Previously, in June 2009 the company sold 4 million shares of Security General Insurance Company Limited at the price of Rupees 60 per share. Therefore, it was more appropriate to value the remaining 2,076,608 shares of Security General Insurance Company Limited at the rate of Rupees 60 per share as on 30 June 2009 which was based on arm's length transaction between knowledgeable willing parties as allowed by IAS 39, 'Financial Instruments: Recognition and Measurement'. It is impracticable to determine the financial impact of this change in accounting estimate as the arm's length price of this unquoted investment is not known at balance sheet date. Therefore, financial impact of this change in accounting estimate is not being disclosed in this unconsolidated condensed interim financial information.

10.2 Security General Insurance Company Limited is an associated undertaking due to common directorship.

(Un-audited)

Nine Months Ended	
31 March 2010	31 March 2009

-----Rupees-----

11. COST OF SALES

Raw material consumed	2,912,036,592	3,480,851,707
Chemical consumed	447,570,511	606,780,971
Salaries, wages and other benefits	207,497,542	315,694,528
Employee's provident fund contributions	8,961,583	11,198,178
Cloth conversion and processing charges	24,608,390	74,898,753
Fuel, oil and power	64,527,921	282,325,661
Stores, spares and loose tools	132,028,381	115,090,680
Packing material	63,633,027	111,906,594
Repair and maintenance	15,045,718	23,823,028
Insurance	5,265,231	8,211,684
Other manufacturing expenses	28,172,482	53,366,141
Depreciation	219,983,505	165,586,299
	4,129,330,883	5,249,734,224
Work-in-process inventory		
Opening stock	312,470,941	380,593,492
Closing stock	(321,179,012)	(337,833,545)
	(8,708,071)	42,759,947
Cost of goods manufactured	4,120,622,812	5,292,494,171
Cost of yarn and cloth purchased for resale	31,794,447	134,234,326
	4,152,417,259	5,426,728,497
Finished goods inventory		
Opening stock	631,137,184	745,458,300
Closing stock	(672,659,617)	(674,256,537)
	(41,522,433)	71,201,763
	4,110,894,826	5,497,930,260

(Un-audited)

Nine Months Ended	
31 March 2010	31 March 2009

-----Rupees-----

12. OTHER OPERATING EXPENSES

Impairment loss on equity investment	66,376,402	22,274,731
Donations (Note 12.1)	40,888	-
Exchange loss	11,784,946	-
Penalties	-	943,985
Others	5,688	1,300,000
	<u>78,207,924</u>	<u>24,518,716</u>

12.1 None of the directors and their spouses have any interest in the donee's fund.

13. SEGMENT INFORMATION

13.1 The company has five reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Weaving:	Production of different quality of greige fabric using yarn.
Dyeing:	Processing of greige fabric for production of dyed fabric.
Hosiery:	Manufacturing of different quality of socks.
Power Generation:	Generation and distribution of power.
Apparel:	Processing of greige fabric for production of printed and dyed fabric and manufacturing of home textile articles.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.

13.2 SEGMENT RESULTS

	Weaving		Dyeing		Hosiery		Power Generation		Apparel		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Nine Months ended	31 Mar 2009	Nine Months ended	31 Mar 2009	Nine Months ended	31 Mar 2009	Nine Months ended	31 Mar 2009	Nine Months ended	31 Mar 2009	Nine Months ended	31 Mar 2009	Nine Months ended	31 Mar 2009
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	972,437,429	1,138,864,142	2,590,042,735	3,303,920,273	527,922,698	1,018,409,161	293,228,362	466,751,781	10,274,092	258,611,918	-	-	4,393,905,317	6,186,557,274
-External	850,284,593	814,984,956	22,222,040	126,798,535	-	679,494	353,388,898	379,091,206	-	-	(1,225,895,531)	(1,321,554,191)	-	-
-Intersegment	1,822,722,022	1,953,849,098	2,612,264,775	3,430,718,808	527,922,698	1,019,088,655	646,617,260	845,842,987	10,274,092	258,611,918	(1,225,895,531)	(1,321,554,191)	4,393,905,317	6,186,557,274
Cost of sales	(1,766,327,443)	(1,802,347,259)	(2,296,279,277)	(2,962,716,901)	(559,743,159)	(940,974,639)	(689,244,309)	(735,264,158)	(25,196,168)	(378,181,493)	1,225,895,531	1,321,554,191	(4,110,894,826)	(5,497,930,260)
Gross profit / (loss)	56,394,729	151,301,839	315,985,498	468,001,907	(31,820,461)	78,114,015	(42,627,049)	110,578,829	(14,922,076)	(119,569,576)	-	-	283,010,491	688,627,014
Distribution cost	(48,795,723)	(62,170,192)	(179,882,953)	(195,851,556)	(49,307,945)	(105,673,422)	-	-	(2,578,465)	(26,357,791)	-	-	(280,565,086)	(390,052,962)
Administrative expenses	(33,962,581)	(37,382,999)	(43,769,959)	(41,496,445)	(46,142,560)	(53,303,352)	(16,857,637)	(15,525,325)	(1,816,074)	(15,026,291)	-	-	(142,548,811)	(162,734,412)
Profit / (loss) from operations before taxation and unallocated income / expenses	(82,758,304)	(99,553,192)	(223,652,912)	(237,348,001)	(95,450,505)	(138,976,774)	(16,857,637)	(15,525,325)	(4,394,539)	(41,384,082)	-	-	(423,113,896)	(552,787,374)
Unallocated income and expenses:	(26,363,725)	51,948,648	92,332,586	230,653,906	(127,270,966)	(80,862,759)	(59,484,686)	95,053,504	(19,316,615)	(160,953,638)	-	-	(140,103,405)	135,839,640
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss after taxation	(557,818,208)	(659,680,384)	(697,921,613)	(823,840,744)	-	-	-	-	-	-	-	-	-	-

Profit / (loss) from operations before taxation and unallocated income / expenses

Unallocated income and expenses:

Finance cost

Other operating expenses

Other operating income

Taxation

Loss after taxation

13.3 SEGMENT ASSETS

	Weaving		Dyeing		Hosiery		Power Generation		Apparel		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	31 March 2010	30 June 2009	31 March 2010	30 June 2009	31 March 2010	30 June 2009	31 March 2010	30 June 2009	31 March 2010	30 June 2009	31 March 2010	30 June 2009
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
SEGMENT ASSETS	2,659,559,743	2,797,779,444	2,711,130,097	2,571,363,945	1,544,383,722	1,638,357,776	1,015,341,978	1,185,497,089	361,946,534	416,283,969	8,292,342,074	8,609,282,223
Unallocated Assets:	-	-	-	-	-	-	-	-	-	-	652,419,277	441,949,929
	-	-	-	-	-	-	-	-	-	-	8,944,761,352	9,051,232,152

13.4

During the nine months ended 31 March 2010, operations of apparel division have been temporarily closed due to working capital shortfall. The management has intention to start the operation after restructuring of financing and injection of fresh equity in the company.

14. 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. Detail of transactions with related parties are as follows:

	(Un-audited)	
	Nine Months Ended	
	31 March 2010	31 March 2009
	-----Rupees-----	
Subsidiary company		
Sales of goods	78,227	993,455
Purchase of goods	2,635,018	2,441,532
Investment made	52,770,500	49,300,000
Share deposit money	33,370,500	14,100,000
Associated company		
Dividend received	2,076,608	9,114,912
Insurance premium paid	54,185	-
Other related parties		
Remuneration of key management personnel	26,391,665	38,568,867
Contribution to employees' provident fund trust	13,051,441	16,222,565

15. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2009.

16. AUTHORIZED FOR ISSUE


This unconsolidated condensed interim financial information was authorized for issue on 26 April 2010 by the Board of Directors of the Company.

17. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison, however, no significant reclassification has been made.



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



SYED MOHSIN RAZA NAQVI
DIRECTOR



**KOHINOOR MILLS LIMITED AND ITS
SUBSIDIARY**

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED
31 MARCH 2010**

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2010**

Note	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
80,000,000 (30 June 2009: 80,000,000) ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000 (30 June 2009: 30,000,000) preference shares of Rupees 10 each	300,000,000	300,000,000
	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital 50,911,011 (30 June 2009: 50,911,011) ordinary shares of Rupees 10 each	509,110,110	509,110,110
Reserves	(224,765,661)	330,101,669
Total equity	<u>284,344,449</u>	<u>839,211,779</u>
Surplus on revaluation of operating fixed assets	1,021,679,658	1,037,326,061
NON-CURRENT LIABILITIES		
Long term financing - secured	5 660,473,338	948,092,066
Deferred income tax liability	99,880,087	68,862,581
	760,353,425	1,016,954,647
CURRENT LIABILITIES		
Trade and other payables	6 1,193,735,754	1,147,863,697
Accrued markup	412,300,858	165,360,822
Short term borrowings - secured	4,600,994,396	4,460,475,348
Current portion of long term financing	609,938,330	322,319,602
Provision for taxation	38,953,289	54,458,171
	<u>6,855,922,627</u>	<u>6,150,477,640</u>
Total Liabilities	7,616,276,052	7,167,432,287
CONTINGENCIES AND COMMITMENTS		
	7	
TOTAL EQUITY AND LIABILITIES	<u>8,922,300,159</u>	<u>9,043,970,127</u>

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

	Note	Un-audited 31 March 2010	Audited 30 June 2009
-----Rupees-----			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	8	5,411,262,002	5,568,535,396
Goodwill		33,884,785	33,884,785
Long term security deposits		2,406,007	3,833,673
Deferred income tax asset		22,248,857	22,248,857
		5,469,801,651	5,628,502,711
CURRENT ASSETS			
Stores, spares and loose tools		350,718,561	368,032,690
Stock-in-trade		1,216,355,159	1,226,956,394
Trade debts		891,314,298	872,369,399
Loans and advances		363,556,599	242,098,522
Trade deposits and short term prepayments		5,860,413	3,504,104
Other receivables		204,118,699	159,790,633
Sales tax recoverable		108,482,228	88,960,634
Short term investments	9	287,363,114	172,525,740
Cash and bank balances		24,729,437	281,229,300
		3,452,498,508	3,415,467,416
TOTAL ASSETS		8,922,300,159	9,043,970,127



SYED MOHSIN RAZA NAQVI
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	Note	NINE MONTHS ENDED		QUARTER ENDED	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009
		-----Rupees-----		-----Rupees-----	
SALES		4,542,758,262	6,281,554,520	1,393,353,215	2,081,997,528
COST OF SALES	10	(4,237,612,109)	(5,576,749,209)	(1,328,010,335)	(1,867,607,518)
GROSS PROFIT		305,146,153	704,805,311	65,342,880	214,390,010
DISTRIBUTION COST		(282,096,479)	(407,493,976)	(92,969,252)	(149,656,388)
ADMINISTRATIVE EXPENSES		(185,073,313)	(187,817,594)	(60,700,603)	(58,739,528)
OTHER OPERATING EXPENSES	11	(78,727,802)	(24,860,538)	(531,253)	(24,841,134)
		(545,897,594)	(620,172,108)	(154,201,108)	(233,237,050)
OTHER OPERATING INCOME		(240,751,441)	84,633,203	(88,858,228)	(18,847,040)
		47,665,295	46,020,384	18,066,088	(920,899)
PROFIT / (LOSS) FROM OPERATIONS		(193,086,146)	130,653,587	(70,792,140)	(19,767,939)
FINANCE COST		(492,327,198)	(631,048,137)	(173,050,235)	(122,786,016)
LOSS BEFORE TAXATION		(685,413,344)	(500,394,550)	(243,842,375)	(142,553,955)
PROVISION FOR TAXATION		(33,918,306)	(47,968,989)	(12,495,342)	(17,566,980)
LOSS AFTER TAXATION		(719,331,650)	(548,363,539)	(256,337,717)	(160,120,935)
LOSS PER SHARE - BASIC AND DILUTED		(14.13)	(10.77)	(5.04)	(3.15)

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


SYED MOHSIN RAZA NAQVI
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

Note	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	-----Rupees-----		-----Rupees-----	
LOSS AFTER TAXATION	(719,331,650)	(548,363,539)	(256,337,717)	(160,120,935)
OTHER COMPREHENSIVE INCOME				
Impairment loss taken to profit and loss account	60,750,902	-	-	-
Surplus / (deficit) on remeasurment of available for sale investments	120,462,872	(425,277,989)	8,326,040	30,825,491
Deferred income tax relating to surplus / (deficit) on available for sale investment	(29,435,918)	99,614,595	-	-
Other comprehensive income / (loss) for the period - net of tax	151,777,856	(325,663,394)	8,326,040	30,825,491
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(567,553,794)	(874,026,933)	(248,011,677)	(129,295,444)

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


AAMIR FAYYAZ SHEIKH
 CHIEF EXECUTIVE


SYED MOHSIN RAZA NAQVI
 DIRECTOR

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	31 March 2010	31 March 2009
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(685,413,344)	(500,394,550)
Adjustment for non cash charges and other items:		
Depreciation	236,794,675	181,341,171
Amortization of intangible asset	1,654,188	1,620,778
Dividend income	(2,076,608)	(9,114,912)
Gain on sale of operating fixed assets	(8,629,555)	(3,788,003)
Impairment loss on equity investment	66,376,402	22,274,731
Finance cost	492,327,198	631,048,138
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	101,032,956	322,987,353
(Increase) / decrease in current assets		
Stores, spares and loose tools	17,314,129	(63,388,047)
Stock-in-trade	10,601,235	259,124,172
Trade debts	(18,944,899)	(346,944,636)
Loans and advances	(121,458,077)	(83,813,329)
Trade deposits and short term prepayments	(2,356,310)	(16,539,379)
Other receivables	(62,208,397)	33,549,766
Sales tax recoverable	(19,521,594)	16,896,044
Increase in current liability		
Trade and other payables	45,872,057	454,569,572
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(150,701,856)	253,454,163
CASH GENERATED FROM / (UTILIZED IN) OPERATIONS	(49,668,900)	576,441,516
Income tax paid	(32,921,209)	(51,456,436)
Finance cost paid	(245,387,163)	(582,953,985)
	(278,308,372)	(634,410,421)
NET CASH GENERATED FROM / (UTILIZED IN) OPERATING ACTIVITIES	(327,977,272)	(57,968,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(99,315,172)	(159,966,853)
Proceeds from disposal of property, plant and equipment	26,769,259	28,121,499
Dividend on equity investments received	2,076,608	9,114,912
Long term security deposits	1,427,666	371,000
NET CASH USED IN INVESTING ACTIVITIES	(69,041,639)	(122,359,442)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	-	(226,400,795)
Short term borrowings - net	140,519,048	405,892,320
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	140,519,048	179,491,525
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(256,499,863)	(836,822)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	281,229,300	58,038,694
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24,729,437	57,201,872

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


SYED MOHSIN RAZA NAQVI
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	RESERVES							TOTAL EQUITY	
	CAPITAL		REVENUE			Total			
	Share Premium	Fair Value Reserve	Sub Total	General	Accumulated Loss		Sub Total		
	-----Rupees-----								
Balance as at 01 July 2008 - (audited)	509,110,110	213,406,310	658,508,014	871,914,324	1,058,027,640	(230,658,050)	827,369,590	1,699,283,914	2,208,394,024
Total comprehensive loss for the nine months ended 31 March 2009	-	-	(325,663,394)	(325,663,394)	-	(548,363,539)	(548,363,539)	(874,026,933)	(874,026,933)
Balance as at 31 March 2009 - (Un-audited)	509,110,110	213,406,310	332,844,620	546,250,930	1,058,027,640	(779,021,589)	279,006,051	825,256,981	1,334,367,091
Total comprehensive loss for the period ended 30 June 2009	-	-	(303,381,075)	(303,381,075)	-	(191,774,237)	(191,774,237)	(495,155,312)	(495,155,312)
Balance as at 30 June 2009 - (audited)	509,110,110	213,406,310	29,463,545	242,869,855	1,058,027,640	(970,795,826)	87,231,814	330,101,669	839,211,779
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	12,686,464	-	12,686,464	12,686,464	12,686,464
Total comprehensive loss for the nine months ended 31 March 2010	-	-	151,777,856	151,777,856	-	(719,331,650)	(719,331,650)	(567,553,794)	(567,553,794)
Balance as at 31 March 2010 - (Un-audited)	509,110,110	213,406,310	181,241,401	394,647,711	1,070,714,104	(1,690,127,476)	(619,413,372)	(224,765,661)	284,344,449

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



SYED MOHSIN RAZA NAQVI
DIRECTOR

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2010

1. THE GROUP AND ITS OPERATIONS

Holding company

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

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed 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 consolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2009.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the group for the year ended 30 June 2009.

The following amendments to published approved accounting standards and standards relevant to the group have been adopted in the current period:

IFRS 8 'Operating Segments' introduces the 'management approach' to segment reporting. It requires presentation and disclosure of segment information based on internal reports regularly reviewed by the group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The adoption of IFRS 8 has resulted in certain additional disclosures in the consolidated condensed interim financial information. Following accounting policy of segment reporting has been adopted during the period:

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The group has preferred to present two statements; a profit and loss account and a statement of comprehensive income.

In this consolidated condensed interim financial information, comparative information has been re-presented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition to above, there are other new standards and amendments to published approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the group. However, the adoption of these new standards and amendments to standards did not have any significant impact on this consolidated condensed interim financial information of the group, therefore, are not analyzed in detail.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the group for the year ended 30 June 2009 except for the change in accounting estimate of valuation of investment in Security General Insurance Company Limited (Unquoted equity investment) as explained in note 10.1 to this consolidated condensed interim financial information.

	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
5. LONG TERM FINANCING - SECURED		
Opening balance	1,270,411,668	1,392,451,981
Add: Obtained during the period / year	-	100,000,000
Less: Repaid during the period / year	-	(222,040,313)
	<hr/>	<hr/>
	1,270,411,668	1,270,411,668
Less: Current portion shown under current liabilities	(609,938,330)	(322,319,602)
	<hr/>	<hr/>
	660,473,338	948,092,066
	<hr/> <hr/>	<hr/> <hr/>
6. TRADE AND OTHER PAYABLES		
Creditors	902,327,672	936,111,082
Advances from customers	124,705,650	68,364,642
Sales commission payable	30,504,778	25,475,848
Income tax deducted at source	35,615,633	20,287,619
Security deposits-interest free	436,204	436,778
Payable to provident fund	6,156,150	3,365,203
Accrued and other liabilities	89,258,130	89,090,988
Unclaimed Dividend	4,731,537	4,731,537
	<hr/>	<hr/>
	1,193,735,754	1,147,863,697
	<hr/> <hr/>	<hr/> <hr/>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Holding Company

- 7.1.1** The Deputy Collector (Refund – Gold) by order dated 19 June 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 10.345 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. Consequently, the Company has filed an appeal before the Customs Federal Excise and Sales Tax Appellate Tribunal. Pending the outcome of appeal no provision for inadmissible input tax has been recognized in the books of account, since the Company has strong grounds against the order of taxation authority.
- 7.1.2** The Additional Collector, Sales Tax Department has raised sales tax demand amounting to Rupees 8.956 million alongwith additional tax and penalty, as a result of sales tax audit for the year 1999-2000 conducted by the Sales Tax Department. The Company is contesting the demand and management is confident that decision will be in favour of the Company. Accordingly, no provision for inadmissible input tax has been made in the books of account.
- 7.1.3** The Additional Commissioner of Income Tax (Audit) has charged turnover tax on local sales aggregating to Rupees 19.880 million for the tax years 2005 (Transitional), 2006 and 2007. Since the issue of minimum tax has been resolved by Honorable Lahore High Court in favour of taxpayers in other identical cases. The Company has filed appeals before Commissioner of Income Tax (Appeals) against the orders. Pending the outcomes of appeals, no provision has been made in the books of account as the management is confident that decision will be in favour of the Company.
- 7.1.4** The Company has filed a recovery suit of US \$ 93,225 against a customer for goods supplied to him. Matter is pending before Senior Civil Judge, Lahore. Pending the outcome of the case, no provision for doubtful recoverability of debtor is made in the books of account since the Company and its legal counsel are confident that the outcome of the case will be in favour of the Company.
- 7.1.5** Bank guarantee of Rupees 60.50 million (30 June 2009: Rupees 60.50 million) in favour of Sui Northern Gas Pipelines Limited against gas connections.
- 7.1.6** Bank guarantee of Rupees 5.50 million (30 June 2009: 5.50 million) in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess contested in Honourable Supreme Court of Pakistan.
- 7.1.7** During the nine months ended 31 March 2010, Lahore Electric Supply Company Limited (LESCO) has served a notice in connection with violation of Power Purchase Agreement. According to the aforesaid notice, the Company was using gas alongwith Refined Furnace Oil (RFO) in the ratio of 50:50 as co-fuel in order to generate electric power for sale to LESCO whereas tariff was charged to LESCO on the basis of RFO. Consequently, provisional demand of refund of Rupees 274.341 million has been raised by LESCO. No provision in the books of account has been made as the Company is in the process of resolving the matter amicably under the provisions of above said Power Purchase Agreement.

Subsidiary Company

- 7.1.8 The Company had acquired a piece of freehold land and paid buyania of Rupees 0.500 million but the seller has filed a suit for the increase of price in the local court. The management is confident that case will be decided in their favour.
- 7.1.9 The Company has received a notice from EOBI for the payment of employees benefits amounting to Rupees 0.209 million. The case is still pending in the Court of EOBI adjudicating authority but the management is confident that case will be decided in their favour.

7.2 Commitments

Holding Company

- (i) Contracts for capital and revenue expenditures are amounting to Rupees 93.699 million (30 June 2009: Rupees NIL) and Rupees 23.491 million (30 June 2009: Rupees 59.107 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 251.306 million (30 June 2009: Rupees 83.989 million).

Subsidiary Company

- (iii) Post dated cheques issued to suppliers are amounting to Rupees Nil (30 June 2009: Rupees 2.685 million).

Un-audited **Audited**
31 March **30 June**
2010 **2009**
-----Rupees-----

8. FIXED ASSETS

Property, plant and equipment		
Operating assets (Note 8.1)	5,327,436,599	5,483,272,820
Capital work in progress (Note 8.2)	76,890,063	76,673,047
Intangible assets - computer software	6,935,340	8,589,529
	5,411,262,002	5,568,535,396
	5,411,262,002	5,568,535,396

8.1 Operating assets

Opening book value	5,483,272,820	4,048,882,146
Cost of additions during the period / year (Note 8.1.1)	99,098,158	660,674,728
Surplus on revaluation of land and buildings	-	1,074,078,415
	5,582,370,978	5,783,635,289
Less: Book value of deletions during the period / year (Note 8.1.2)	(18,139,704)	(27,683,048)
Depreciation charged during the period / year	(236,794,675)	(272,679,421)
	5,327,436,599	5,483,272,820
	5,327,436,599	5,483,272,820

	Un-audited 31 March 2010	Audited 30 June 2009
	-----Rupees-----	
8.1.1 Cost of additions during the period / year		
Residential building	4,623,773	118,006
Factory building	3,258,506	110,333,971
Building on leasehold land	-	6,164,493
Plant and machinery	78,198,187	513,153,535
Electric installations	2,828,262	5,879,581
Furniture, fixtures and equipment	4,706,538	7,118,958
Vehicles	3,387,836	12,429,568
Computers	2,095,056	5,476,616
	<u>99,098,158</u>	<u>660,674,728</u>
8.1.2 Book value of deletions during the period / year		
Plant and machinery	12,994,153	21,030,033
Furniture, fixture and equipments	48,972	13,134
Computers	530,457	-
Vehicles	4,566,122	6,639,881
	<u>18,139,704</u>	<u>27,683,048</u>
8.2 Capital work in progress		
Land	-	500,000
Plant and machinery	17,416,249	65,569,609
Civil works on freehold land	5,775,487	5,361,840
Electric installations	30,966,673	5,193,448
Advance against plant and machinery	22,731,654	-
Unallocated capital expenditures	-	48,150
	<u>76,890,063</u>	<u>76,673,047</u>
9. SHORT TERM INVESTMENTS		
Available for sale		
Quoted		
Maple Leaf Cement Factory Limited		
11,251,000 (30 June 2009: 11,251,000)		
ordinary shares of Rupees 10 each	169,431,065	169,431,065
Surplus / (deficit) on revaluation of investment	8,326,040	(60,750,902)
Impairment loss charged to profit and loss account	(127,127,305)	(60,750,903)
	<u>50,629,800</u>	<u>47,929,260</u>
Unquoted		
Security General Insurance Company Limited		
Associated Undertaking (Note 9.1)		
2,076,608 (30 June 2009: 2,076,608)		
ordinary shares of Rupees 10 each	2,271,806	2,271,806
Add: Surplus on revaluation of investment	234,461,508	122,324,674
	<u>236,733,314</u>	<u>124,596,480</u>
	<u>287,363,114</u>	<u>172,525,740</u>

9.1 Investment in Security General Insurance Company Limited is measured at fair value of Rupees 114 per share. Fair value is calculated using net assets based valuation technique on the basis of market / fair value of assets as per unaudited financial statements of investee company for the year ended 31 December 2009. Previously, in June 2009 the holding company sold 4 million shares of Security General Insurance Company Limited at the price of Rupees 60 per share. Therefore, it was more appropriate to value the remaining 2,076,608 shares of Security General Insurance Company Limited at the rate of Rupees 60 per share as on 30 June 2009 which was based on arm's length transaction between knowledgeable willing parties as allowed by IAS 39, 'Financial Instruments: Recognition and Measurement'. It is impracticable to determine the financial impact of this change in accounting estimate as the arm's length price of this unquoted investment is not known at balance sheet date. Therefore, financial impact of this change in accounting estimate is not being disclosed in this unconsolidated condensed interim financial information.

9.2 Security General Insurance Company Limited is an associated undertaking due to common directorship.

(Un-audited)

Nine Months Ended	
31 March 2010	31 March 2009

-----Rupees-----

10. COST OF SALES

Holding Company

Raw material consumed	2,912,036,592	3,480,851,707
Chemical consumed	447,570,511	606,780,971
Salaries, wages and other benefits	207,497,541	315,694,528
Employee's provident fund contributions	8,961,583	11,198,178
Cloth conversion and processing charges	24,608,390	74,898,753
Fuel, oil and power	64,527,921	282,325,661
Stores, spares and loose tools	129,315,136	112,649,148
Packing material	63,633,027	111,906,594
Repair and maintenance	15,045,718	23,823,028
Insurance	5,265,231	8,211,685
Other manufacturing expenses	28,172,482	53,366,141
Depreciation	219,983,505	165,586,299
	<u>4,126,617,637</u>	<u>5,247,292,690</u>
Work-in-process inventory		
Opening stock	312,470,941	380,593,492
Closing stock	(321,179,012)	(337,833,545)
	<u>(8,708,071)</u>	<u>42,759,947</u>
Cost of goods manufactured	<u>4,117,909,566</u>	<u>5,290,052,637</u>
Cost of yarn and cloth purchased for resale	31,794,447	134,234,326
	<u>4,149,704,013</u>	<u>5,424,286,963</u>
Finished goods inventory		
Opening stock	631,137,184	745,458,300
Closing stock	(672,659,617)	(674,256,535)
	<u>(41,522,433)</u>	<u>71,201,765</u>
	<u>4,108,181,581</u>	<u>5,495,488,729</u>
Subsidiary Company		
Opening stock	31,009,710	20,576,552
Purchase during the year	132,649,696	90,599,680
	<u>163,659,406</u>	<u>111,176,232</u>
Closing stock	(34,228,877)	(29,915,752)
	<u>129,430,529</u>	<u>81,260,480</u>
Cost of sales	<u>4,237,612,109</u>	<u>5,576,749,209</u>

(Un-audited)

Nine Months Ended	
31 March 2010	31 March 2009

-----Rupees-----

11. OTHER OPERATING EXPENSES

Impairment loss on equity investment	66,376,402	22,274,731
Donations (Note 11.1)	40,888	-
Exchange loss	11,784,946	-
Penalties	-	943,985
Others	525,566	1,641,822
	<u>78,727,802</u>	<u>24,860,538</u>

11.1 None of the directors and their spouses have any interest in the donee's fund.

12. SEGMENT INFORMATION

12.1 The group has six reportable business segments. The following summary describes the operation in each of the group's reportable segments:

Weaving:	Production of different quality of greige fabric using yarn.
Dyeing:	Processing of greige fabric for production of dyed fabric.
Hosiery:	Manufacturing of different qualities of socks.
Power Generation:	Generation and distribution of power.
Apparel:	Manufacturing of garments using processed fabric.
Retail:	Carrying out retail business in all types of general merchandise.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.

13. TRANSACTIONS WITH RELATED PARTIES

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

	(Un-audited)	
	Nine Months Ended	
	31 March 2010	31 March 2009
	-----Rupees-----	
Associated company		
Dividend received	2,076,608	9,114,912
Insurance premium paid	54,185	-
Other related parties		
Remuneration of key management personnel	26,391,665	41,178,867
Contribution to employees' provident fund trust	13,051,441	16,347,080

14. FINANCIAL RISK MANAGEMENT

The group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the group for the year ended 30 June 2009.

15. AUTHORIZED FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on 26 April 2010 by the Board of Directors of the group.

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison, however, no significant reclassification has been made.



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



SYED MOHSIN RAZA NAQVI
DIRECTOR



Kohinoor
Mills Limited

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Distt. Kasur, Pakistan.