

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of the members of **KOHINOOR TEXTILE MILLS LIMITED** will be held on Thursday, October 27, 2005 at 10:30 a.m. at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business :-

1. To confirm the minutes of the Extra Ordinary General Meeting held on April 20, 2005.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2005, together with the Directors' and Auditors' reports thereon.
3. To approve final dividend by way of issue of fully paid bonus shares @ 10% for the year ended June 30, 2005.
4. To appoint Auditors for the ensuing year and fix their remuneration.
5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD,



(Muhammad Ashraf)
Company Secretary

Lahore : October 06, 2005

NOTES:

1. Share transfer books of the Company will remain closed from 20-10-2005 to 27-10-2005 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the register of members as at the close of business on 19-10-2005 will be treated in time for entitlement of 10% bonus shares.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting.
3. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passports in original alongwith Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to immediately notify the change in address, if any.

FUTURE PROSPECTS

Additions, replacements and modernization of machines undertaken at Rawalpindi and Gujar Khan Divisions are progressing as per plan and will be completed during the current year. These latest machines will produce quality products and help in increasing productivity. Expansion in cut and sew facilities will add value by converting fabric into made up products.

Indigenous cotton of good quality procured at reasonable rates during the previous season will hopefully meet our needs up to next January. Requirement of man made fibers is also covered for this period.

Aforementioned arrangements are conducive for better results. However, rising trend in mark up rates and phenomenal rise in price of greige cloth for the past few months are factors which may impact expected improved financial results.

BOARD OF DIRECTORS

On completion of the term of Board of Directors, election for constitution of new Board for a term of three years was held on April 20, 2005. Following Directors were elected whose term of three years commenced on April 23, 2005:

1.	Mr. Tariq Sayeed Saigol	Chairman/Director
2.	Mr. Sayeed Tariq Saigol	Director
3.	Mr. Aamir Fayyaz Sheikh	Director
4.	Mr. Usman Said	Director
5.	Mr. Zamiruddin Azar	Director
6.	Mr. Waleed Tariq Saigol	Director
7.	Mr. Abdul Hai Mahmood Bhaimia	Director

COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and change in equity.
- b) Proper books of account of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from, has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the stock exchanges.
- h) Outstanding taxes and other government levies are given in related note(s) to the audited accounts.
- i) Key operating and financial data of last six years is annexed.

- j) Value of investment of provident fund trust, based on un-audited accounts at June 30, 2005 is as under:

(Rupees in thousand)
88,876

Provident fund

- k) During the nine months under review, five meetings of the Board of Directors were held and the attendance of the Directors was as under:

Names of Directors	Meetings attended
Mr. Tariq Sayeed Saigol	3
Mr. Aamir Fayyaz Sheikh	5
Mr. Asad Fayyaz Sheikh	1
Mr. Sayeed Tariq Saigol	2
Mr. Waleed Tariq Saigol	2
Mr. Usman Said	5
Mr. Firasat Ali (Nominee of NIT)	1
Mr. Zamiruddin Azar	2
Mr. Abdul Hai Mehmood Bhaimia	2

(However, leave of absence was granted to the Directors who could not attend the Board meetings due to pre-occupation.)

Shares traded by Directors, CEO, CFO, Company Secretary and their spouse and minor children are given as under:

	<u>No. of Shares</u>	
	Purchase	Sale
Mr. Usman Said, Director / CFO	Nil	501

PATTERN OF SHAREHOLDING

The statement of shareholding of the Company as at June 30, 2005 is annexed. This statement is in accordance with the Code of Corporate Governance and Companies Ordinance, 1984.

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee and the following non executive and executive directors are its members:

Mr. Zamiruddin Azar	Chairman
Mr. Aamir Fayyaz Sheikh	Member
Mr. Waleed Tariq Saigol	Member
Mr. Muhammad Ashraf	Secretary

AUDITORS

The auditors of the Company M/s Riaz Ahmad and Company, Chartered Accountants, have retired. The Audit Committee has recommended appointment of M/s Riaz Ahmad and Company, Chartered Accountants, as auditors of the Company for the accounting year ending June 30, 2006.

ACKNOWLEDGEMENT

The Directors are grateful for cooperation, support and patronage by Company's members, financial institutions and customers. It enabled the Company to carry out its plans for better performance. The Directors appreciate the loyalty, hard work and dedicated services of all the employees working at its various divisions and expect them to keep up the same spirit of devotion and dedication.

BY ORDER OF THE BOARD,

Lahore : September 23, 2005

Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:-

1. The Company encourages the representation of non-executive directors on its Board of Directors. At present the Board of Directors includes five independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. On completion of the term of Board of Directors election for constitution of new Board for the term of three years was held on April 20, 2005 and no casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged Orientation Course for its Directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors, including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Lahore.
September 23, 2005

Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Kohinoor Textile Mills Limited, for the period ended 30 June 2005, to comply with the respective listing regulations of the three stock exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, effective as at 30 June 2005.

Islamabad:
23 September 2005

RIAZ AHMAD & COMPANY
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of "KOHINOOR TEXTILE MILLS LIMITED" as at 30 June 2005 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in notes 4.2, 4.10 and 4.17 with which we concur;
 - ii) the expenditure incurred during the period was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2005 and of the profit, its cash flows and changes in equity for the period then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the company for the year ended 30 September 2004 were audited by another firm of chartered accountants whose report dated 02 December 2004 expressed an unqualified opinion thereon.

ISLAMABAD:
23 September 2005

RIAZ AHMAD & CO.
Chartered Accountants

BALANCE SHEET AS AT

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
120,735,325 (30 September 2004: 150,735,325)			
ordinary shares of Rs. 10 each		1,207,353	1,507,353
30,000,000 (30 September 2004: NIL)			
preference shares of Rs. 10 each		<u>300,000</u>	<u>–</u>
		<u>1,507,353</u>	<u>1,507,353</u>
Issued, subscribed and paid up share capital	5	962,158	801,798
Reserves	6	<u>2,836,794</u>	<u>3,915,337</u>
Shareholders' equity		3,798,952	4,717,135
NON-CURRENT LIABILITIES			
Long term financing	7	1,602,873	683,262
Term finance certificates	8	142,500	195,937
Liabilities against assets subject to finance lease	9	134,308	181,188
Deferred tax liability	10	<u>30,479</u>	<u>–</u>
		1,910,160	1,060,387
CURRENT LIABILITIES			
Trade and other payables	11	528,018	448,488
Accrued mark-up		42,986	29,750
Short term borrowings	12	2,115,155	1,973,540
Current portion of non-current liabilities	13	<u>420,385</u>	<u>328,915</u>
		3,106,544	2,780,693
CONTINGENCIES AND COMMITMENTS			
	14	---	---
		<u>8,815,656</u>	<u>8,558,215</u>

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

Lahore:
23 September 2005

Chief Executive

30 JUNE 2005

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,666,186	2,077,025
Long term investment	16	2,958,598	3,275,267
Long term deposits	17	20,767	32,195
Deferred tax assets		-	4,153
		5,645,551	5,388,640
CURRENT ASSETS			
Stores and spares	18	463,701	404,826
Stocks-in-trade	19	1,112,685	859,256
Trade debts	20	640,382	510,287
Advances	21	122,016	413,769
Security deposits and short term prepayments	22	27,143	14,419
Accrued interest		792	12,448
Other receivables	23	286,906	413,239
Short term investments	24	355,231	391,339
Taxation recoverable		12,909	4,797
Cash and bank balances	25	148,340	145,195
		3,170,105	3,169,575
		<u>8,815,656</u>	<u>8,558,215</u>

Director

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2005**

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
Sales	26	4,584,952	5,380,298
Cost of sales	27	4,025,831	4,664,725
Gross Profit		<u>559,121</u>	<u>715,573</u>
Selling and distribution expenses	28	185,376	202,361
Administrative expenses	29	78,703	94,994
Other operating expenses	30	13,710	15,029
		<u>277,789</u>	<u>312,384</u>
Profit from operations		281,332	403,189
Other operating income	31	39,472	193,850
		<u>320,804</u>	<u>597,039</u>
Finance cost	32	173,206	152,246
Profit before taxation		<u>147,598</u>	<u>444,793</u>
Provision for taxation	33	59,071	81,626
Profit after taxation		<u><u>88,527</u></u>	<u><u>363,167</u></u>
Earning per share - Rupees	38	<u><u>0.93</u></u>	<u><u>4.12</u></u>

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

Chief Executive

Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2005

	Note	30 Jun 2005	30 Sep 2004
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES :			
Cash generated from operations	34	381,328	509,314
Finance cost paid		(159,970)	(160,868)
WPPF paid		(12,503)	(12,859)
Taxes paid		(32,551)	(42,387)
Net cash from operating activities		176,304	293,200
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(705,984)	(296,095)
Long term deposits		2,047	21,714
Purchase of right shares		(814,293)	-
Return on bank deposits		12,806	443
Proceeds from sale of property, plant and equipment		37,855	68,170
Dividend received		146,863	15,955
Net cash used in investing activities		(1,320,706)	(189,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long term financing – secured		1,212,589	348,982
Short term borrowing		141,615	-
Right issue of ordinary shares		160,360	-
Repayment of:			
Long term financing – secured		(210,500)	(133,401)
Short term borrowing		-	(66,104)
Finance leases		(102,832)	(142,418)
Term finance certificates		(53,437)	(17,813)
Dividend paid		(248)	(79,846)
Net cash from/used in financing activities		1,147,547	(90,600)
Net increase in cash and cash equivalents		3,145	12,787
Cash and cash equivalents at the beginning of the period/year		145,195	132,408
Cash and cash equivalents at the end of the period/year	25	148,340	145,195

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

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2005

Share Capital	Reserves										Total Reserves	Total Equity
	Capital Reserves					Revenue Reserves						
	Capital Reserve	Share premium	Fair Value Reserve	Reserve for Bonus Shares	Sub Total	General Reserve	Dividend Equalization Reserve	Un-appropriated Profit	Sub Total			
----- (Rupees In thousand) -----												
Balance as at 30 September 2003												
As previously reported	801,798	18,901	151,855	-	-	170,756	749,783	9,509	26,003	785,295	956,051	1,757,849
Effect of change in accounting policy (Note 4.2 and 4.10)	-	-	-	1,090,177	-	1,090,177	-	-	80,180	80,180	1,170,357	1,170,357
Balance as at 30 September 2003-As restated	801,798	18,901	151,855	1,090,177	-	1,260,933	749,783	9,509	106,183	865,475	2,126,408	2,928,206
Final dividend for the year ended 30 September 2003	-	-	-	-	-	-	-	-	(80,180)	(80,180)	(80,180)	(80,180)
Effect of change in accounting policy (Note 4.10)	-	-	-	1,505,942	-	1,505,942	-	-	-	-	1,505,942	1,505,942
Net profit for the year ended 30 September 2004	-	-	-	-	-	-	-	-	363,167	363,167	363,167	363,167
Reserve for bonus shares	-	-	(80,180)	-	80,180	-	-	-	-	-	-	-
Transfer to general reserves	-	-	-	-	-	-	340,708	-	(340,708)	-	-	-
Balance as at 30 September 2004-As restated	801,798	18,901	71,675	2,596,119	80,180	2,766,875	1,090,491	9,509	48,462	1,148,462	3,915,337	4,717,135
Deficit on revaluation of investment of fair value	-	-	-	(1,167,070)	-	(1,167,070)	-	-	-	-	(1,167,070)	(1,167,070)
Bonus shares issued	80,180	-	-	-	(80,180)	(80,180)	-	-	-	-	(80,180)	-
Right shares issued at premium	80,180	-	80,180	-	-	80,180	-	-	-	-	80,180	160,360
Net profit for the period ended 30 June 2005	-	-	-	-	-	-	-	-	88,527	88,527	88,527	88,527
Reserve for bonus shares @ 10%	-	-	(96,216)	-	96,216	-	-	-	-	-	-	-
Transfer to general reserves	-	-	-	-	-	-	100,000	-	(100,000)	-	-	-
Balance as at 30 June 2005	962,158	18,901	55,639	1,429,049	96,216	1,599,805	1,190,491	9,509	36,989	1,236,989	2,836,794	3,798,952

The annexed notes form an integral part of these accounts.

Chief Executive

Director

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2005

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated at 42 Lawrence Road, Lahore. The principal activity of the company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as modified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3. CHANGE IN THE FINANCIAL YEAR

During the current year, the company has changed its financial year from September to June in pursuance of SRO No. 684(I)/2004, dated August 10, 2004 of Central Board of Revenue (CBR). As a result of which, these financial statements have been prepared for the nine months period ended on June 30, 2005 and the comparative amounts for profit and loss account, statement of changes in equity, cash flow statement and related notes of 12 months are not comparable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Preparation

These financial statements have been prepared under the historical cost convention, except modified by long term and short term investments at fair value.

4.2 Dividend

In the previous years, proposed or declared dividend after the balance sheet date was recognized as a liability. After the amendments in the Fourth Schedule to the companies Ordinance, 1984, promulgated by Notification No. 589(I)/2004, dated July 05, 2004, dividend will be recognized as a liability in the year in which it is declared and approved to meet the requirement of International Accounting Standard (IAS) 10 "Events After the Balance Sheet Date".

The effect of change in accounting policy has been reflected in the statement of changes in equity in accordance with the recommended benchmark treatment of IAS – 8, Net Profit or Loss for the Period, Fundamental Errors and changes in Accounting Policies. The change in accounting policy has not resulted in any change in the profit for the current period.

4.3 Employee benefits

The Company operates an approved defined contribution provident fund for all its employees. Equal monthly contributions are made both by the company and employees at the rate of 8.33 percent of basic salary and cost of living allowance to the fund.

4.4 Taxation

Current

The Company falls in the ambit of presumptive tax regime regarding export sales under section 154 of the Income Tax Ordinance, 2001. Provision for income tax is made in the financial statements accordingly. However, provision for tax on other income is based on taxable income at the prevailing current rates after considering the rebates and tax credit available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except where deferred tax arises on the items credited or charged to equity in which case it is included in equity.

4.5 Trade and other payables

Liabilities for trade and other amounts payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services.

4.6 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.7 Finance leases

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related rental obligations, net off finance charges, are included in liabilities against assets subject to finance lease.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the balance outstanding. Finance charge of the rental is charged to profit over the lease term.

4.8 Property, plant, equipment and depreciation

a. Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost. Cost in relation to certain property, plant and equipment signifies acquisition cost and borrowing costs as referred to in note 4.16.

Depreciation of all operating property, plant and equipment is charged to income on reducing balance method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 15.1. Full year's depreciation is charged on addition, while no depreciation is charged on assets disposed during the year. Impairment loss or its reversal, if any, is also charged to income.

Major repairs and renewals are capitalized. Minor repairs and maintenance are charged to income as and when incurred. Gain or loss on disposal or retirement of an asset is recognized as an income or expense.

b. Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. Depreciation is charged on the basis and rates similar to those applied for owned assets.

4.9 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and that the cost of such asset can also be measured reliably. Intangible asset is stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized over the useful life of the asset.

4.10 Investments

Equity investment in subsidiary and associated companies

The company has changed its accounting policy with respect to investments in subsidiary and associated companies. Previously these were stated at cost. Now investments in subsidiary and associates are classified as "Available for Sale" under International Accounting Standard (IAS) – 39 "Financial Instruments: Recognition and Measurement". Investments classified as available for sale are initially measure at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investment for which a quoted market price is not available, is measured at cost as it is not possible to apply any other valuation methodology. Gain and losses on remeasurement to fair value are recognized directly in equity, through the statement of changes in equity.

Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the benchmark treatment of IAS-8 "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policy".

Had there been no change, the long term investment, short term investments and fair value reserve for the nine months period ended 30 June 2005 would have been lower by Rupees 1,176.15 million, Rs. 252.899 and Rs. 1,429.049 million respectively.

Other investments

The other investments made by the company are classified for the purpose of measurement into the following categories:

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for Sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investment for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Gain and losses on remeasurement to fair value are recognized directly in equity, through the statement of changes in equity.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

4.11 Stores and Spares

Stores, spares and loose tools are valued at moving average cost. Items in transit are valued at costs comprising invoice value plus other charges paid thereon upto the balance sheet date.

4.12 Stock in Trade

Stock of raw material, work-in-process and finished goods are valued at the lower of cost and net realizable value except process wastes, which are valued at net realizable value. Material in transit are valued at cost comprising invoice value plus other charges paid thereon. Cost and net realizable value are defined as under:

Cost

- I) For raw material – weighted average cost.
- II) For work-in-process and finished goods – annual average cost consisting of cost of material, labour and appropriate production overhead.

4.13 Net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make sale.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash equivalents comprise cash in hand, cash at banks and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.15 Revenue Recognition

- a) Revenue from local sales is recognized on dispatch of goods to customers while in case of export sales, it is recognized on the date of bill of lading.
- b) Dividend on equity investments is recognized as income when the company's right to receive payment is established.
- c) Interest on bank deposits is recognized on accrual basis.

4.16 Borrowings costs

Borrowing cost are capitalized upto the date of commissioning of respective fixed asset out of the proceeds of such borrowings. All other mark up, interest and other charges are charged to income

4.17 Foreign currencies

Transactions in foreign currency during the year are translated into Pak Rupees at the rates of exchange prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing on the balance sheet date except where forward exchange contracts have been made, in which case the contracted rates are applied. Exchange gains and losses are taken to the profit and loss accounts.

During the current period, the company has changed its accounting policy with respect to capitalization of exchange differences in pursuance of revised Fourth Schedule to the Companies Ordinance, 1984. Previously exchange differences on loans utilized for the acquisition of fixed assets were charged to income. The company now charges all exchange differences to profit and loss account.

The change in accounting policy as referred to above has no effect on the amounts reported for the current year.

4.18 Financial assets and liabilities

Other financial assets and liabilities are recognized at the time the company becomes a party to the contractual provisions of the instruments and are measured at cost, which is fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit and loss account currently.

4.19 Off setting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

4.20 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in profit and loss account.

4.21 Related party transaction

Transactions and contracts with the related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method except in circumstances where it is in the interest of the company to do so with prior approval of the board of directors.

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
1,596,672 ordinary shares of Rs. 10 each allotted on reorganization of Kohinoor Industries Limited		15,967	15,967
26,156,000 ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited		261,560	261,560
26,858,897 ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited		268,589	268,589
18,468,336 (2004: 10,450,363) ordinary shares of Rs. 10 each issued as bonus shares		184,684	104,504
23,135,776 (2004: 15,117,803) ordinary shares of Rs. 10 each issued of cash		231,358	151,178
		<u>962,158</u>	<u>801,798</u>
5.1 Reconciliation of the number of shares outstanding;			
Number of shares outstanding at the beginning of the period/year		80,179,735	80,179,135
Add: 10% Bonus issue of shares during the period/year		8,017,973	-
10% Right issue of shares during the period/year		8,017,973	-
		16,035,946	-
		<u>96,215,681</u>	<u>80,179,735</u>
5.2 Zimpex (Private) Limited, which is an associated company, held 18,360,338 (2004: 18,025,282) ordinary shares of Rupees 10 each at 30 June 2005.			
6. RESERVES			
Capital Reserves		18,901	18,901
Share premium	6.1	55,639	71,675
Fair value reserve	6.2	1,429,049	2,596,119
Reserve for issue of bonus shares		96,216	80,180
		<u>1,599,805</u>	<u>2,766,875</u>
Revenue reserves			
General reserve		1,190,491	1,090,491
Dividend equalization reserves		9,509	9,509
Unappropriated profit		36,989	48,462
		<u>1,236,989</u>	<u>1,148,462</u>
		<u>2,836,794</u>	<u>3,915,337</u>
6.1 This reserve can be utilized by the company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.			
6.2 This represents the surplus on revaluation of long term and short term investments to their fair values.			

	Note	30 Jun 2005	30 Sep 2004
		Rupees in thousand	
7. LONG TERM FINANCING			
From banking companies and other financial institutions - Secured			
National Bank of Pakistan (NBP)	7.1	49,212	31,700
MCB Bank Limited – formerly Muslim Commercial Bank limited (MCB-1)	7.2	23,734	33,905
MCB Bank Limited – formerly Muslim Commercial Bank limited (MCB-2)	7.3	125,000	162,500
The Bank of Punjab (BOP)	7.4	292,177	107,920
Union Bank Limited (UNB)	7.5	109,600	109,262
Pakistan Industrial Credit and Investment Corporation Limited (PICIC)	7.6	69,204	82,937
United Bank Limited (UBL)	7.7	162,500	200,000
Allied Bank Limited (ABL-1)	7.8	83,886	–
Allied Bank Limited (ABL-2)	7.9	500,000	–
Askari Commercial Bank Limited	7.10	350,000	–
PICIC Commercial Bank Limited (PCBL)		–	100,000
Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Limited (SPIAICPL)	7.11	65,000	–
		<u>1,830,313</u>	<u>828,224</u>
Less: Current portion	13	<u>234,917</u>	<u>152,439</u>
		1,595,396	675,785
Other loans - Unsecured			
Kohinoor Sugar Mills Limited (KSML)	7.12	4,794	4,794
Kohinoor Industries Limited (KIL)	7.13	2,683	2,683
		<u>7,477</u>	<u>7,477</u>
		<u>1,602,873</u>	<u>683,262</u>

7.1 National Bank of Pakistan (NBP)

This represents demand finance facility of Rs. 60 million, obtained for import of textile machinery for balancing, modernization and is allowed for a period of four and a half year including a grace period of six months. The tentative expiry period of the facility is March 2008. The facility is repayable in sixteen (16) quarterly installments. It is secured by first exclusive charge on machinery amounting to Rs. 80 million and personal guarantees of sponsor directors. It carries mark up at the rate of 6-months KIBOR plus 1.50% with a floor of 4% per annum.

7.2 MCB Bank Limited – formerly Muslim Commercial Bank Limited (MCB-1)

This represents demand finance loan of Rs. 40.793 million, obtained for import of textile machinery for BMR and is repayable in twelve (12) equal quarterly installment commencing from April 12, 2004. It is secured by first registered exclusive charge for Rs. 55 million over imported machinery and personal guarantees of sponsor directors. It carries mark up at the rate of 6-months KIBOR plus 1.75% with a floor of 5% per annum.

7.3 MCB Bank Limited – formerly Muslim Commercial Bank Limited (MCB-2)

This represents demand finance loan of R. 200 million, obtained for import of Picanol Airjet Looms and is repayable in sixteen (16) equal quarterly installments commencing from March 31, 2004. It is secured by first registered pari passu charge on fixed assets of the company (Raiwind Division) and personal guarantees of sponsor directors of the company. It carries mark up at the rate of 5% per annum.

7.4 The Bank of Punjab (BOP)

This represents demand finance facility of Rs. 300 million, obtained for import of state of art machinery and is allowed for a period of four years with a grace period of six months. The loan is repayable in equal half yearly installments commencing after conclusion of grace period. It is secured by bank's exclusive hypothecation charge on machinery imported and personal guarantees of sponsor directors. It carries mark up at the rate of 6-months KIBOR plus 100 basis points (bps) with a floor of 4.25% per annum, payable quarterly .

7.5 Union Bank Limited (UNB)

This represents the term finance facility of Rs. 110 million, obtained for import of state of art machinery and allowed for a period of five years including a grace period of one year. The facility is payable in sixteen (16) equal quarterly installments. It is secured by first exclusive charge on machinery and personal guarantees of sponsor director. It carries mark up at the rate of 6-month KIBOR plus 2.25% per annum with no floor and cap.

7.6 Pakistan Industrial Credit and Investment Corporation Limited (PICIC)

This represents a loan of rupees 100 million obtained from PICIC against import of Air Jet Looms for Raiwind Division. It is repayable in twenty (20) equal quarterly installments, commencing from October 03, 2003. It is secured by first legal mortgage ranking pari passu with the existing first charge already created in favour of PICIC on the company's (Raiwind Division) present and future immovable properties wherever situated including all buildings, fixed plants, machinery and fixtures and personal guarantees of the sponsor directors. It carries mark up at the rate from 7.50% to 9% (2004: 7.50%)per annum.

7.7 United Bank Limited (UBL)

This represents the term loan facility of Rs. 200 million, to finance BMR at Kohinoor Textile Mills Limited (Rawalpindi and Gujar Khan Divisions) and to refinance loans of other banks. The term loan facility is allowed for a period of five years with one year grace period and is repayable in sixteen (16) equal quarterly installments, commencing from December 31, 2004. It carries mark up at rate of 6 months treasury bills cut-off rate plus 275 basis points with a floor of 4.5 % per annum. It is secured by first pari passu charge for Rs. 266 million of all existing and future fixed assets of Kohinoor Textile Mills Limited (Raiwind Division) and personal guarantees of the sponsor directors.

7.8 Allied Bank Limited (ABL-1)

This represents term finance facility of Rs. 200 million, obtained for import of state of art machinery and is allowed for a period of five years with a grace period of one year. The facility is repayable in sixteen (16) equal quarterly installments commencing after conclusion of grace period. It is secured by first exclusive charge on machinery imported. It carries mark up at the rate of 6-months KIBOR ask side plus 1.75% per annum with no floor and cap.

7.9 Allied Bank Limited (ABL-2)

This represents the demand finance facility of Rs. 500 million, obtained for BMR and is allowed for a period of five years with a grace period of one year. The facility is repayable in sixteen (16) equal quarterly installments commencing after expiry of moratorium period. It is secured by first specific pari passu charge over surplus piece of land measuring 43 acres, 7 kanals and 12 marlas at Rawalpindi. It carries mark up at the rate of 6-months KIBOR plus 2% per annum.

7.10 Askari Commercial Bank Limited (ACBL)

This represents the demand finance facility of Rs. 350 million, converted from short term finances and is allowed for a period of three years with one year moratorium. The facility is repayable in eight (8) equal quarterly installments commencing after expiry of moratorium period. It is secured by first specific pari passu charge over surplus piece of land measuring 43 acres, 7 kanals and 12 marlas at Rawalpindi. It carries mark up at the rate of 6-months KIBOR plus 125 basis points per annum. Formal sanction letter and repayment schedule is awaited from the bank.

7.11 Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Limited (SPIAICPL)

This represents the term finance facility of Rs. 65 million, obtained for import of textile machinery and is allowed for a period of five years with a grace period of six months. The facility is repayable in eighteen (18) equal quarterly installments commencing from February 19, 2005. it is secured by first exclusive charge on machinery imported. It carries mark up at the rate of 6-months KIBOR average ask plus 1.75% per annum.

7.12 Kohinoor Sugar Mills Limited (KSML)

A civil suit has been filed by KSML for recovery of disputed liability which is being contested by the Company.

7.13 Kohinoor Industries Limited (KIL)

The balance is an old one, un-reconciled, unconfirmed and disputed.

	Note	30 Jun 2005	30 Sep 2004
(Rupees in thousand)			
8. Term Finance Certificates (TFCs) – Secured			
Term Finance Certificates		213,750	267,187
Less : Current portion	13	<u>71,250</u>	<u>71,250</u>
		<u>142,500</u>	<u>195,937</u>

The company has issued privately placed term finance certificates comprising 57 sets of Rs. 5 million each (each set comprise 20 scrips of Rs. 0.250 million each) to raise Rs. 285 millions to refinance existing borrowings availed by the company.

The term finance certificates are redeemable in twenty (20) quarterly installments commencing from August 01, 2003. First four redemption installments comprise of token principal redemption of Re. 1 and profit on each TFC. The balance principal redemption is payable in sixteen (16) equal quarterly installments alongwith profits. The rate of return on term finance certificates is to be determined at seven days before commencement of each quarter for the tenor of the relevant quarter and it will be 6-months KIBOR plus 2% per annum.

The Company may redeem the TFCs by way of exercise of the Call Option by giving written notice and/or public notice to the TFCs holders and the trustee at least ninety (90) days prior to the option date(s). The first Option date fall on the fourth redemption date and each subsequent redemption date shall also be an Option date. The date of maturity of the TFCs is May 01, 2008.

These TFCS are secured by way of first pari passu charge on all present and future fixed assets of the company amounting to 1.5 times of the outstanding coupon amount and personal guarantees of sponsor directors.

Faysal Bank Limited has been appointed as trustee under the trust deed and is paid a fee at the rate of 0.05% per annum of the outstanding coupon amount at the beginning of the year.

	Note	30 Jun 2005	30 Sep 2004
(Rupees in thousand)			
9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES			
Minimum lease payments		279,599	303,963
Less: Un-amortized finance charges		<u>31,073</u>	<u>17,549</u>
Present value of minimum lease payments		248,526	286,414
Less: Current portion	13	<u>114,218</u>	<u>105,226</u>
		<u>134,308</u>	<u>181,188</u>

9.1 The present value of minimum lease payments has been discounted at an implicit interest rate ranges from 6.27% to 18.35% (2004: from 8.50% to 20%) per annum to arrive at their present value.

The lease rentals are payable in monthly and quarterly installments. In case of any default an additional charge at the rate of 0.1 percent per day shall be payable. Taxes, repairs, replacements and insurance costs are to be borne by the company. The lease agreements carry renewal and purchase option at the end of the lease term. There are no financial restrictions in lease agreements. These are secured by deposit of Rupees 30.501 million (2004: 32.27 million) included in long term security deposits, demand promissory notes, personal guarantees and pledge of sponsors' shares in public limited companies.

9.2 Minimum lease payments and present value of minimum lease payments are regrouped as under:

	30 June 2005		30 September 2004	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Due not later than one year	129,158	114,218	119,267	105,226
Due later than one year but not later than five years	150,441	134,308	184,696	181,188
	<u>279,599</u>	<u>248,526</u>	<u>303,963</u>	<u>286,414</u>

Note 30 Jun 2005 30 Sep 2004
(Rupees in thousand)

10. DEFERRED TAXATION

The liability for deferred taxation comprises timing differences relating to:

Taxable temporary difference

Accelerated tax depreciation allowance	68,414	33,084
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Deductible temporary differences

Tax losses carry forward	(37,237)	(37,237)
Provision for doubtful debts	(698)	-
	<u>(37,935)</u>	<u>(37,237)</u>
	<u>30,479</u>	<u>(4,153)</u>

11. TRADE AND OTHER PAYABLES

Creditors		402,127	321,836
Accrued liabilities		95,314	84,910
Customers deposit-interest free repayable on demand		9,109	16,381
Workers' profit participation fund	11.1	11,576	16,311
Unclaimed dividend		2,905	3,153
Due to associated undertakings	11.2	-	2,601
Withholding tax payable		4,236	2,628
Others		2,751	668
		<u>528,018</u>	<u>448,488</u>

11.1 Workers' profit participation fund

Balance at the beginning of the period/year		16,311	15,303
Allocation for the period/year	30	7,768	13,867
		<u>24,079</u>	<u>29,170</u>
Interest on funds utilized in the Company's business		262	269
		<u>24,341</u>	<u>29,439</u>
		<u>12,765</u>	<u>13,128</u>
		<u>11,576</u>	<u>16,311</u>

	Note	30 Jun 2005	30 Sep 2004
		(Rupees in thousand)	
11.2 Due to associated undertakings:			
Kohinoor Weaving Mills Limited		–	2,250
Zimpex (Private) Limited		–	351
		<u>–</u>	<u>2,601</u>
12. SHORT TERM BORROWINGS – Secured			
From banking companies:			
Running finances	12.1	693,630	749,942
Export refinance	12.2	1,421,525	1,223,598
		<u>2,115,155</u>	<u>1,973,540</u>

12.1 The facilities for running finances available from various banks aggregate to Rupees 2,208 million (2004: Rupees 2,708 million). The rate of mark-up range from 2.30% to 9.57% (2004: from 2.20% to 5.50%) per annum. These arrangements are secured by pledge of stocks and marketable securities, hypothecation of work-in-process, letter of credits, firm contracts, book debts, second and third registered charge of fixed assets of the company.

12.2 The export refinance facilities obtained from various banks aggregate to Rupees 2,260 million (2004: Rupees 2,430 million). The rates of mark-up range from 2.30% to 9.57% (2004: from 2.20% to 5.50%). These arrangements are secured by pledge of stocks and marketable securities, hypothecation of work-in-process, letters of credit, firm contracts, book debts, second and third registered charge of fixed assets of the company.

13. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing – secured	7	234,917	152,439
Term finance certificates	8	71,250	71,250
Liabilities against assets subject to finance leases	9	114,218	105,226
		<u>420,385</u>	<u>328,915</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- a) In framing the assessment for the assessment year 2002-03, the tax authorities has assessed loss for the year at Rs. 16.486 million by charging to tax the dividend income separately against the declared income of Rs. 5.101 million in addition to disallowing profit and loss expenses previous accepted by them. The company has disputed the contention of the tax authorities for these demands and has filed appeal with the Income Tax Appellate Tribunal against the order of the tax authorities. Pending the outcome of the appeal no provision has been made in these financial statements for the additional demand for the assessment year 2002-03. which on the basis adopted by the authorities would amount to Rs. 2.541 million, since the company has strong grounds against the assessment framed by the tax authorities.
- b) The company and the tax authorities has filed appeals before different appellate authorities regarding sales tax matters. Pending the outcome of appeals filed by the company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rs. 5.880 million, since the company has strong grounds against the assessments framed by the tax authorities.

14.2 Commitments in respect of

- a) Contract for capital expenditure amount to Rs. 147.232 million (2004: Rs. 218.740 million).
- b) Letters of credit other than for capital expenditure amount to Rs. 134.809 million (2004: Rs. 102.363 million).

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	2,556,487	2,074,453
Capital work in progress	15.2	109,699	2,572
		<u>2,666,186</u>	<u>2,077,025</u>

15.1 OPERATING FIXED ASSETS

Description	C o s t			Accumulated Depreciation			Book Value as at June 30, 2005	Rate % age
	As at October 01, 2004	Additions / (deletions)	As at June 30, 2005	As at October 01, 2004	Depreciation charge / (deletion) for the period	As at June 30, 2004		
----- (R u p e e s i n t h o u s a n d) -----								
Owned								
Freehold land	120,862	-	120,862	-	-	-	120,862	-
Office Buildings	37,679	884	38,563	13,541	1,590	15,131	23,432	5
Factory Buildings	409,082	30,517	439,599	218,455	15,943	234,398	205,201	10
Other Buildings	8,996	571	9,567	1,915	287	2,202	7,365	5
Residential Buildings	57,706	3,761	61,467	22,785	1,677	24,462	37,005	5
School and Hospital	1,385	-	1,385	647	28	675	710	5
Plant and Machinery	2,358,338	621,095 (211,325)	2,768,108	1,115,219	134,769 (144,026)	1,105,962	1,662,146	10
Service and Other Equipment	27,795	744 (14)	28,525	15,704	962 (11)	16,655	11,870	10
Furniture & Fixture	44,572	4,472 (16)	49,028	21,016	2,102 (13)	23,105	25,923	10
Office Equipment	52,291	3,128 (8)	55,411	21,031	2,579 (8)	23,602	31,809	10
Vehicles	56,561	22,946 (5,109)	74,398	28,629	7,316 (3,007)	32,938	41,460	20
	3,175,267	688,118 (216,472)	3,646,913	1,458,942	167,253 (147,065)	1,479,130	2,167,783	
Leased								
Plant and machinery	490,840	145,000 (146,040)	489,800	132,712	31,040 (56,779)	106,973	382,827	10
Vehicle	-	6,914	6,914	-	1,037	1,037	5,877	20
	490,840	151,914 (146,040)	494,714	132,712	32,077 (56,779)	108,010	388,704	
2005 :	<u>3,666,107</u>	<u>840,032</u> <u>(362,512)</u>	<u>4,143,627</u>	<u>1,591,654</u>	<u>199,330</u> <u>(203,844)</u>	<u>1,587,140</u>	<u>2,556,487</u>	
2004 :	<u>3,500,619</u>	<u>387,569</u> <u>(222,081)</u>	<u>3,666,107</u>	<u>1,498,373</u>	<u>217,350</u> <u>(124,069)</u>	<u>1,591,654</u>	<u>2,074,453</u>	

15.1.1 Deletion in leased assets represents the transfer to owned plant and machinery.

15.1.2 Machinery having cost, accumulated depreciation and book value of Rs. 145.537 million, 96.083 million and 49.455 million respectively was grouped in current asset as held for disposal.

15.1.3 Depreciation charge for the period/year has been allocated as follows:

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
Cost of sales	27	184,778	199,433
Administrative expenses	29	14,552	17,917
		<u>199,330</u>	<u>217,350</u>

15.1.2 Detail of assets disposed off during the period

Description	Qty.	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Profit/ (Loss)	Mode of Sale	Sold to
----- (R u p e e s i n t h o u s a n d) -----								
Luwa Filter Compact Filter	1 No.	2,472	-	2,472	2,472	-	Lease back	Faysal Bank Limited, Lahore
Murata Machcone No. 7ii	1 Set	7,094	5,618	1,476	3,800	2,324	Negotiation	Babri Cotton Mills Ltd. Habibabad Kohat
Drawing Frame Toyoda	1 Set	1,759	1,433	326	1,800	1,474	Negotiation	Redco Textile Mills Ltd. Islambad
Cleaner, Parcopine, Axi-Flow Beater	1 Set	230	150	80	450	370	Negotiation	Al-Barkat Enterprises, 8 KM Lahore Road Sheikhpura
Bale Breaker	4 Nos.	318	233	85	784	699	Negotiation	Meo Engineering Company Plot # 25-C St. 3 Gulshan Colony, Quaidabad Landhi, Karachi
Drawing Frames	1 No.	6,314	5,261	1,053	1,800	747	Negotiation	Amna Textile Industries, Faisalabad
Comber Reilers	6 No.	1,315	857	458	423	(35)	Negotiation	Ikhlas Hussain, Faisalabad
Ring Frames – Russian	14 Set	10,755	8,541	2,214	2,100	(114)	Negotiation	Tariq Cottex, Tata Factory, Factory area, Faisalabad.
Ring Frames – Russian	31 Set	22,995	18,261	4,734	4,390	(344)	Negotiation	Shahid Muneeb & Company, 113-Gulistan Market, Faisalabad.
Ring Frames – Toyoda	13 Set	975	335	640	1,664	1,024	Negotiation	Shahid Muneeb & Company, 113-Gulistan Market, Faisalabad.
Savio Esparo	1 No.	2,420	1,134	1,286	4,168	2,882	Negotiation	Kashir Textile Mills Limited, Faisalabad
Savio Esparo	1 No.	2,420	1,134	1,286	3,650	2,364	Negotiation	Saif Textile Mills Limited, Kashmir Complex, Blue area, Islamabad
Diaper Manufacturing Machine	1 Set	4,745	3,660	1,085	5,000	3,915	Negotiation	Mr. Noor ud Din, 33 Main Gulberg, Lahore
Calander Machine	1 No.	1,016	530	486	686	200	Negotiation	Al-Noor Pro. & Textile Mills Pvt. Sargodha Road, Faisalabad.
Suzuki Cultus LOX-6067	1 No.	520	349	171	350	179	Negotiation	Mrs. Fozia Gulzar w/o Sohail Sadiq P-369 Model Town Lahore
Honda Civic LRE-7300	1 No.	1,240	605	635	975	340	Negotiation	Mr. Asif Maqbool Sukhra M-9 Ise Bldg., 19 Khyaban-e-Awan-e-Iqbal, Lahore
Suzuki Baleno LXL-9158	1 No.	538	397	141	450	309	Negotiation	Mr. Razwan mazhar S/O Mazar-ul-haq C/O New Rawal Hotel Rawalpindi
Toyota Corolla LXL-3366	1 No.	737	544	193	585	392	Negotiation	Mr. Manzoor, Jail Road, Lahore
Toyota Corolla LOY-3496	1 No.	791	685	106	525	419	Negotiation	Malik Bashir, Gulberg FB Area, Karimabad, Karachi.
Honda VTI LRU-250	1 No.	996	199	797	950	153	Negotiation	Kohinoor Weaving Mills Limited
Other assets with book value less than Rs. 50,000	-	1,285	1,056	229	833	604		
		70,935	50,982	19,953	37,855	17,902		

30 Jun 2005 30 Sep 2004
(Rupees in thousand)

15.2. CAPITAL WORK IN PROGRESS

Civil works and buildings	7,337	1,064
Plant and Machinery	<u>102,362</u>	<u>1,508</u>
	<u>109,699</u>	<u>2,572</u>

16. LONG TERM INVESTMENT

Investment in related party/subsidiary – available for sale

Quoted

Maple Leaf Cement Factory Ltd.

135,715,498(2004: 90,476,999) ordinary shares of
Rs. 10 each fully paid equity held : 50.13 % (2004 : 50.13%)

Fair value of investment at the beginning of the period/year

3,275,267 1,795,968

Add: Subscribed for right shares

45,238,499 ordinary shares @ Rs. 18 per share

814,293 -

(Deficit) / Surplus on remeasurement at the period / year end

4,089,560 1,795,968

Fair value of investment at the end of the period / year

(1,130,962) 1,479,299

2,958,598 3,275,267

	Note	30 Jun 2005	30 Sep 2004
(Rupees in thousand)			
17. LONG TERM DEPOSITS			
Security deposits		36,243	38,290
Less: current portion	22	15,476	6,095
		<u>20,767</u>	<u>32,195</u>
18. STORES AND SPARES			
Stores including in transit Rs. 116.285 million (2004: Rs. Nil)		350,708	217,728
Spares		63,538	187,098
Machinery held for disposal		49,455	–
		<u>463,701</u>	<u>404,826</u>
19. STOCKS – IN – TRADE			
Raw material including in transit Rs. Nil (2004: Rs. 0.647 million)		542,433	317,868
Work in process		68,038	84,697
Finished goods		502,214	456,691
		<u>1,112,685</u>	<u>859,256</u>
20. TRADE DEBTS			
Considered good:			
Related parties	20.1	79,203	47,155
Others		561,179	463,132
		<u>640,382</u>	<u>510,287</u>
Considered doubtful:			
Others		1,995	–
		<u>642,377</u>	<u>510,287</u>
Less: Provision for doubtful debts		1,995	–
		<u>640,382</u>	<u>510,287</u>
20.1 Related parties:			
Kohinoor Weaving Mills Limited		79,203	46,447
Samin Textile Mills Limited		–	708
		<u>79,203</u>	<u>47,155</u>
21. ADVANCES – considered good			
Advances to :			
– Executives		5,822	3,085
– Other Employees		893	3,142
– Suppliers		109,119	171,514
		<u>115,834</u>	<u>177,741</u>
Letters of credit		6,182	236,028
		<u>122,016</u>	<u>413,769</u>
22. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Current portion of security deposits	17	15,476	6,095
Prepayments		11,667	8,324
		<u>27,143</u>	<u>14,419</u>
23. OTHER RECEIVABLES			
Sales tax refundable		222,133	197,639
Custom duty receivable		3,642	3,642
Export rebate		48,153	33,578
Insurance claims		3,623	428
Due from associated undertakings	23.1	–	1,031
Dividend receivable		–	135,715
Others		9,355	41,206
		<u>286,906</u>	<u>413,239</u>

	Note	30 Jun 2005	30 Sep 2004
		(Rupees in thousand)	
23.1 Due from associated undertakings:			
Hyundai Kohinoor Motors (Private) Limited		–	600
Maple Leaf Cement Factory Limited		–	431
		<u>–</u>	<u>1,031</u>
24. SHORT TERM INVESTMENTS			
Investment in related parties/associates – available for sale			
Quoted			
Kohinoor Weaving Mills Limited			
11,125,608 (2004: 10,114,190) Ordinary shares of Rs. 10 each fully paid. Equity held 33.65% (2004: 33.65%)			
Fair value of investment at the beginning of the period / year		384,339	357,696
(Deficit) / Surplus on remeasurement at the period/year end		<u>(36,108)</u>	<u>26,643</u>
Fair value of investment at the end of the period/year		348,231	384,339
Unquoted			
Security General Insurance Company Limited			
1,137,519 (2004: 1,034,108) Ordinary shares of Rs. 10 each fully paid Equity held 9.40% (2004: 9.40%)			
		<u>7,000</u>	<u>7,000</u>
		<u>355,231</u>	<u>391,339</u>
25. CASH AND BANK BALANCES			
Cash in hand		766	3,419
Cash at bank :			
- On current accounts including cheques under clearance of Rs. 14.347 million (2004: Rs. 15.031 million)		134,185	25,853
- On deposit accounts		<u>13,389</u>	<u>115,923</u>
		<u>147,574</u>	<u>141,776</u>
		<u>148,340</u>	<u>145,195</u>
The balances in deposit accounts carry interest ranging from 1.5% to 5.00 % (2004: from 3.30% to 6.00%) per annum.			
The balances in current accounts include US \$ 13,420 (2004: US \$ Nil)			
26. SALES			
Export		2,702,755	3,363,069
Local – net of sales tax	26.1	<u>1,992,525</u>	<u>2,174,686</u>
		4,695,280	5,537,755
Less : Commission to selling agents		<u>110,328</u>	<u>157,457</u>
		<u>4,584,952</u>	<u>5,380,298</u>

26.1 Local sales are exclusive of sales tax amounting to Rupees 262.545 million (2004: 323.615 million).

	Note	30 Jun 2005	30 Sep 2004
(Rupees in thousand)			
27 . COST OF GOODS SALE			
Raw materials consumed	27.1	1,889,660	2,374,786
Salaries, wages, allowances and other benefits		223,935	257,268
Provident fund contributions		6,740	8,126
Dyes and chemicals consumed		167,366	184,187
Processing charges		72,300	72,457
Stores and spares consumed		94,088	128,229
Packing materials		80,231	76,563
Fuel and power		439,310	508,816
Repair and maintenance		40,882	49,762
Insurance		7,113	10,078
Other factory overheads		17,606	19,864
Depreciation	15.1	184,778	199,433
		<u>3,224,009</u>	<u>3,889,569</u>
Work-in-process			
Opening stock		84,697	85,946
Closing stock		(68,038)	(84,697)
		<u>16,659</u>	<u>1,249</u>
Cost of goods manufactured		<u>3,240,668</u>	<u>3,890,818</u>
Finished goods			
Opening stock		259,715	228,039
Closing stock		(205,745)	(259,715)
		<u>53,970</u>	<u>(31,676)</u>
Cost of sales – own manufactured goods		<u>3,294,638</u>	<u>3,859,142</u>
Opening stock of purchased finished goods		196,976	173,720
Add: Finished goods purchased		830,686	828,839
		<u>1,027,662</u>	<u>1,002,559</u>
Less: Closing stock of purchased finished goods		<u>296,469</u>	<u>196,976</u>
Cost of sales – purchased finished goods		<u>731,193</u>	<u>805,583</u>
		<u>4,025,831</u>	<u>4,664,725</u>
27.1 Raw material consumed			
Opening stock		317,221	411,569
Add: Purchase		<u>2,114,872</u>	<u>2,280,438</u>
		<u>2,432,093</u>	<u>2,692,007</u>
Less: Closing stock		<u>542,433</u>	<u>317,221</u>
		<u>1,889,660</u>	<u>2,374,786</u>
28. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits		11,564	13,270
Provident fund contributions		475	626
Outward freight and handling		2,040	2,587
Clearing and forwarding		141,908	154,592
Traveling and conveyance		7,853	9,367
Insurance		764	1,564
Vehicles' running		2,682	2,541
Electricity, gas and water		236	259
Postage, telephone and telex		4,469	6,286
Legal and professional		231	153
Sales promotion and advertisement		7,065	5,469
Provision for doubtful debts		1,995	-
Miscellaneous expenses		4,094	5,647
		<u>185,376</u>	<u>202,361</u>

	Note	30 Jun 2005	30 Sep 2004
		(Rupees in thousand)	
29. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		25,491	29,029
Provident fund contributions		683	834
Traveling		6,379	6,441
Repairs and maintenance		4,599	7,043
Rent, rates and taxes		2,079	2,141
Insurance		791	1,210
Vehicles' running		3,330	4,993
Printing, stationery and periodicals		2,461	2,906
Electricity, gas and water		1,041	1,255
Postage, telephone and telex		3,093	3,712
Legal and professional		2,212	3,172
Depreciation		14,552	17,917
Miscellaneous expenses	15.1	11,992	14,341
		<u>78,703</u>	<u>94,994</u>
30. OTHER OPERATING EXPENSES			
Auditors' remuneration	30.1	485	462
Donations	30.2	5,457	700
Workers' profit participation fund	11.1	7,768	13,867
		<u>13,710</u>	<u>15,029</u>
30.1 Auditors' remuneration			
Audit fee		275	260
Certification including half yearly review		125	125
Out of pocket expenses		85	77
		<u>485</u>	<u>462</u>
30.2			
None of the directors and their spouses have any interest in the donees' fund.			
31. OTHER OPERATING INCOME			
Income from financial assets:			
Exchange gain		-	48
Income on bank deposits		1,150	443
		<u>1,150</u>	<u>491</u>
Income from related parties:			
Dividend income from;			
Maple Leaf Cement Factory Limited		-	135,715
Kohinoor Weaving Mills Limited		11,148	12,455
Kohinoor Genertek Limited		-	3,500
		<u>11,148</u>	<u>151,670</u>
Income from non-financial assets:			
Scrap sales		8,504	10,789
Gain on disposal of property, plant and equipment		17,902	30,251
Export quota sale		-	91
Miscellaneous		768	558
		<u>27,174</u>	<u>41,689</u>
		<u>39,472</u>	<u>193,850</u>
32. FINANCE COST			
Mark-up/finance charges/interest on:			
Long term financing – Secured		56,608	51,285
Short term borrowings		85,667	64,618
Finance leases		15,846	25,851
Workers' profit participation fund		262	269
		<u>158,383</u>	<u>142,023</u>
Bank charges and commission		5,200	10,223
Exchange loss		9,623	-
		<u>173,206</u>	<u>152,246</u>

	Note	30 Jun 2005 (Rupees in thousand)	30 Sep 2004
33. PROVISION FOR TAXATION			
Current year			
Current		30,128	50,352
Deferred		<u>30,479</u>	<u>(4,153)</u>
		60,607	46,199
Prior year			
Current		<u>(5,689)</u>	<u>15,011</u>
Deferred		<u>4,153</u>	<u>20,416</u>
		<u>(1,536)</u>	<u>35,427</u>
		<u>59,071</u>	<u>81,626</u>
33.1 Tax charge reconciliation		%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate:			
Applicable tax rate as per Income Tax ordinance, 2001		35.00	35.00
Tax effect of amounts that are:			
Chargeable to tax at different rates		<u>(2.25)</u>	<u>(10.23)</u>
Tax effect under presumptive tax regime and others		<u>(12.53)</u>	<u>(13.45)</u>
Effect of changes in prior years tax		<u>(1.03)</u>	<u>7.96</u>
Deferred tax		<u>20.83</u>	<u>(0.93)</u>
		<u>5.02</u>	<u>(16.65)</u>
Average effective tax rate charged to profit and loss account		<u>40.02</u>	<u>18.35</u>
34. CASH GENERATED FROM OPERATIONS			
Profit before taxation		147,598	444,793
Adjustment for non-cash charges and other items:			
Depreciation		199,330	217,350
Finance cost		163,583	152,246
Net gain on sale of fixed assets		(17,902)	(30,251)
Dividend income		(11,148)	(151,670)
Return on bank deposits		(1,150)	(443)
Provision for doubtful debts		1,995	-
Exchange loss		9,623	-
Provision for WPPF		7,768	13,867
Working capital changes	34.1	<u>(118,369)</u>	<u>(136,578)</u>
		<u>381,328</u>	<u>509,314</u>
34.1. Working capital changes			
(Increase)/decrease in current assets:			
Stores and spares		(9,420)	(177,191)
Stock-in-trade		(253,429)	71,923
Trade debts		(132,090)	73,262
Advances		204,782	(244,589)
Security deposits and short term prepayments		(3,343)	(2,680)
Other receivables		<u>(9,382)</u>	<u>118,348</u>
		<u>(202,882)</u>	<u>(160,927)</u>
Increase/(decrease in current liabilities			
Trade and other payables		84,513	24,349
		<u>(118,369)</u>	<u>(136,578)</u>

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statement for the period/year for remuneration including certain benefits to the chief executive, directors and executives of the company is as follows:

	Chief Executive		Directors		Executives	
	2005	2004	2005	2004	2005	2004
Number of persons	1	1	2	2	14	14
	----- (Rupees in thousand) -----					
Managerial remuneration	1,997	2,400	2,545	2,063	10,916	12,287
Contribution to provident fund	128	154	55	70	569	627
Housing and utilities	43	83	117	175	1,393	1,744
Medical	-	-	649	326	1,249	1,811
Group insurance	77	93	33	42	2,782	2,338
Club subscription	30	44	-	-	-	-
Others	-	-	127	322	1,204	1,203
	<u>2,275</u>	<u>2,774</u>	<u>3,526</u>	<u>2,998</u>	<u>18,113</u>	<u>20,010</u>

In addition, the Chief Executive and certain directors are provided with free transport, residential telephone facilities for both business and personal use and free medical facilities.

The Chief Executive is also provided free furnished accommodation.

The aggregate amount charged in the financial statements in respect of directors' fee paid to 3 (2004: 1) directors was Rs. 9,000 (2004: Rs. 4,500).

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary, associated companies, directors of the company, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Note	30 Jun 2005	30 Sep 2004
		(Rupees in thousand)	
Purchase of goods and services		301,541	413,841
Sale of goods and services		983,519	822,761
Sale of property, plant and equipment		950	600
Purchase of property, plant and equipment		825	31,803
Dividend income		11,148	151,670
Contribution to provident fund	36.1	7,898	9,586

36.1 Contributions to the provident fund are in accordance with the terms of the entitlement of employees.

37. NUMBER OF EMPLOYEES

	2005	2004
Number of employees at period/year end	<u>5,231</u>	<u>4,743</u>

38. BASIC EARNING PER SHARE

Net profit for the year	Rupees in thousand	<u>88,527</u>	<u>363,167</u>
Weighted average ordinary shares in issue	Numbers	<u>95,406,837</u>	<u>88,197,709</u>
Basic earning per share	Rupees	<u>0.93</u>	<u>4.12</u>

No figure for diluted earnings per share has been presented as the company has not issued any instrument carrying options which would have an impact on the basic earnings per share, when exercised.

30 Jun 2005

30 Sep 2004

39. PLANT CAPACITY AND ACTUAL PRODUCTION**SPINNING :****- Rawalpindi Division****(Numbers)**

Spindles (average) Installed / worked: 77,187 73,728

(Kilograms in thousand)100% plant capacity converted into 20s count
based on 3 shifts per day for 817 shift (2004: 1,098 shifts) 24,488 32,188Actual production converted into 20s count
based on 3 shifts per day for 817 shifts (2004 : 1,098 Shifts) 22,675 29,601**- Gujar Khan Division :****(Numbers)**

Spindles (average) installed / worked; 51,762 55,894

(Kilograms in thousand)100% plant capacity converted into 20s count
based on 3 shifts per day for 819 shifts (2004: 1,092 shift) 16,019 20,990Actual production converted into 20s count
Based on 3 shifts per day for 819 shift (2004 : 1,092 Shifts) 15,026 19,321**WEAVING :****(Numbers)****- Raiwind Division**

Looms Installed / worked 216 216

(Square meters in thousand)100% plant capacity at 60 picks based on 3 shifts per day for
819 shifts (2004: 1098 shifts) 51,480 68,640Actual production converted to 60 picks based on 3 shifts per day
819 shifts (2004: 1098 shifts) 45,007 60,587**PROCESSING OF CLOTH****(Meters in thousand)**

Capacity at 3 shifts per day for 819 shifts (2004: 1092 shifts) 25,485 33,675

Actual at 3 shifts per day for 819 shifts (2004: 1092 shifts) 17,623 22,003

POWER PLANT**(Mega Watts)**

Annual rated capacity (Based on 365 days) 102,667 102,667

Actual generation

- Main Engines 46,378 60,153

- Standby generators 768 1,202

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality, interruption in electric and gas.
- The generation of power was limited to actual demand.

40. FINANCIAL ASSETS AND LIABILITIES

	Interest/mark-up bearing						Non-interest / markup						Total	
	Maturity upto one year		Maturity after one year but less than five years		Maturity after five years		Maturity upto one year		Maturity after one year but less than five years		Maturity after five years			
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
----- (R u p e e s i n t h o u s a n d) -----														
Financial assets														
Long term Investment	-	-	-	-	-	-	-	-	-	-	2,958,598	3,275,267	2,958,598	3,275,267
Long term deposits	-	-	-	-	-	-	15,746	6,095	18,896	30,324	1,871	1,871	36,243	38,290
Trade debts	-	-	-	-	-	-	640,382	510,287	-	-	-	-	640,382	510,287
Advances	-	-	-	-	-	-	6,715	6,227	-	-	-	-	6,715	6,227
Accrued interest	-	-	-	-	-	-	792	12,448	-	-	-	-	792	12,448
Other receivables	-	-	-	-	-	-	8,290	141,218	-	-	-	-	8,290	141,218
Short term investments	-	-	-	-	-	-	355,231	391,339	-	-	-	-	355,231	391,339
Cash and bank balances	13,389	115,923	-	-	-	-	134,951	29,272	-	-	-	-	148,340	145,195
	13,389	115,923	-	-	-	-	1,161,837	1,096,886	18,896	30,324	2,960,469	3,277,138	4,154,591	4,520,271
Off balance sheet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	13,389	115,923	-	-	-	-	1,161,837	1,096,886	18,896	30,324	2,960,469	3,277,138	4,154,591	4,520,271
Financial liabilities														
Long term financing	234,917	152,439	1,595,396	675,785	-	-	-	-	-	-	7,477	7,477	1,837,790	835,701
Term finance certificates	71,250	71,250	142,500	195,937	-	-	-	-	-	-	-	-	213,750	267,187
Liabilities against assets subject to finance lease	114,218	105,226	134,308	181,188	-	-	-	-	-	-	-	-	248,526	286,414
Trade and other payables	-	-	-	-	-	-	512,206	429,549	-	-	-	-	512,206	429,549
Accrued mark up	-	-	-	-	-	-	42,986	29,750	-	-	-	-	42,986	29,750
Short term borrowings	2,115,155	1,973,540	-	-	-	-	-	-	-	-	-	-	2,115,155	1,973,540
	2,535,540	2,302,455	1,872,204	1,052,910	-	-	555,192	459,299	-	-	7,477	7,477	4,970,413	3,822,141
Off balance sheet														
Commitments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-	282,041	321,103	-	-	-	-	282,041	321,103
	-	-	-	-	-	-	282,041	321,103	-	-	-	-	282,041	321,103
Total financial liabilities	2,535,540	2,302,455	1,872,204	1,052,910	-	-	837,233	780,402	-	-	7,477	7,477	5,252,454	4,143,244
On balance sheet gap	(2,522,151)	(2,186,532)	(1,872,204)	(1,052,910)	-	-	606,645	637,587	18,896	30,324	2,952,992	3,269,661	(815,822)	698,130
Off balance sheet gap	-	-	-	-	-	-	(282,041)	(321,103)	-	-	-	-	(282,041)	(321,103)

40.1 Financial risk management

Overall, risks arising from the Company's financial assets and liabilities are limited. The Company manages its exposure to financial risk in the following manner:

a) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The company uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has long term Rupee based loans at variable rates and fixed rates. Variable rate Rupee loans risks are minimized by instituting State Bank of Pakistan discount rate along with caps and floor. This protects the Company against any adverse movement in market interest rates.

c) Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The company's credit risk is primarily attributable to its receivables and its bank balances. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. Out of total financial assets of Rs. 4,154.591 million (2004: Rs. 4,520.271 million), the financial assets which are subject to credit risk amounted to Rs. 336.500 million (2004: Rs. 382.360 million). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure of credit risk, the Company applies credit limits to its customers. Exports are mainly against banks' letter of credit.

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

40.2 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September 2005 by the Board of Directors of the Company

42. COMPARATIVE FIGURES

Due to revision of the Fourth Schedule to Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(I)/2004 dated July 05, 2004, previous year's figures have been rearranged and / or reclassified, for the purpose of comparison. The entire reclassifications and rearrangements due to revision are impracticable to list and disclose.

Chief Executive

Director

KEY OPERATING AND FINANCIAL DATA SIX YEARS SUMMARY

	2004-2005 9-Months	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Net Sales (Rs. 000)	4,584,952	5,380,298	5,035,894	4,322,868	2,540,628	2,322,032
Profitability (Rs. 000)						
Gross profit	559,116	715,573	682,104	498,281	330,786	486,472
Operating profit	320,804	597,039	411,166	234,606	163,098	338,338
Profit before tax	147,598	444,793	167,017	55,416	29,009	109,015
Provision for income tax	59,071	81,626	11,765	35,383	12,763	11,335
Profit after tax	88,527	363,167	155,252	20,033	16,246	97,680
Financial Position (Rs. 000)						
Tangible fixed assets-net	2,666,186	2,077,025	2,036,198	1,615,053	880,630	645,472
Investment & Other assets	2,979,365	3,311,615	996,869	977,844	510,303	319,570
	5,645,551	5,388,640	3,033,067	2,592,897	1,390,933	965,042
Current assets	3,170,105	3,169,575	2,563,232	2,121,847	1,331,025	1,095,660
Current liabilities	3,106,544	2,780,693	2,511,289	2,110,963	1,324,258	1,094,286
Net working capital	63,561	388,882	51,943	10,884	6,767	1,374
Capital employed	5,709,112	5,777,522	3,085,010	2,603,781	1,397,700	966,416
Less: Redeemable Capital, long term loan & other liabilities	1,910,160	1,060,387	1,246,981	921,004	435,526	463,597
Shareholders Equity	3,798,952	4,717,135	1,838,029	1,682,777	962,174	502,819
Represented By :						
Share capital	962,158	801,798	801,798	801,798	533,209	271,649
Reserves & un-appropriated Profit	2,836,794	3,915,337	1,036,231	880,979	428,966	231,170
	3,798,952	4,717,135	1,838,029	1,682,777	962,175	502,819
Ratios :						
Gross Profit to sales (%age)	12.19	13.30	13.54	11.53	13.02	20.95
Net Profit to sales (%age)	1.93	6.75	3.08	0.47	0.64	4.29
Debt : equity ratio	33:67	40 : 60	41 : 59	35 : 65	31 : 69	48 : 52
Current ratio	1.02	1.14	1.02	1.01	1.01	1.00
Breakup value per share of Rs. 10 each	39.48	58.83	22.92	20.99	18.05	18.51
Quantitative Data						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	22,675	29,601	29,227	28,545	26,077	24,724
KGM Division	15,026	19,321	17,668	16,081	--	--
	37,701	48,922	46,895	44,626	26,077	24,724
Sales/Tran. for weaving (actual count)						
KTM Division	5,461	7,784	8,149	8,982	9,345	10,403
KGM Division	2,192	2,575	2,296	2,071	--	--
	7,653	10,359	10,445	11,053	9,345	10,403
Cloth (Linear meters "000") :						
Processing (Rawalpindi Division)						
Production	17,623	22,003	25,069	20,835	17,551	20,006
Sales	16,991	21,443	24,349	20,375	17,674	19,252
Weaving (Raiwind Division)						
Production	16,409	21,771	19,578	13,510	--	--
Sales	16,267	20,791	21,899	17,541	--	--

PATTERN OF SHAREHOLDING

1. Incorporation Number
2. Name of Company
3. Pattern of holding of shares held by the shareholders as at

C-67 LR OF 1968 – 1969
KOHINOOR TEXTILE MILLS LIMITED
30.06.2005

4.

NO. OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL SHARES HELD
	FROM	TO	
2820	1	100	79,379
1102	101	500	324,956
304	501	1000	232,498
582	1001	5000	1,416,072
105	5001	10000	714,692
47	10001	15000	568,926
18	15001	20000	315,750
13	20001	25000	307,105
21	25001	30000	589,566
10	30001	35000	329,967
8	35001	40000	301,849
2	40001	45000	88,553
10	45001	50000	491,243
5	50001	55000	254,016
2	55001	60000	112,100
6	60001	65000	374,161
2	65001	70000	131,316
3	75001	80000	238,904
3	85001	90000	261,120
2	90001	95000	185,400
4	95001	100000	396,800
1	110001	115000	115,000
1	115001	120000	120,000
1	120001	125000	124,500
1	125001	130000	127,844
2	130001	135000	266,913
1	140001	145000	140,863
2	150001	155000	304,900
1	160001	165000	163,018
1	170001	175000	175,000
1	195001	200000	195,100
2	205001	210000	418,826
1	215001	220000	215,500
1	225001	230000	227,420
1	290001	295000	293,600
2	295001	300000	597,664
1	330001	335000	333,000
1	360001	365000	361,000
1	370001	375000	375,000
1	375001	380000	377,000
1	395001	400000	395,250
1	410001	415000	410,300
1	415001	420000	420,000
1	460001	465000	465,000
1	470001	475000	474,400
1	535001	540000	537,300
2	675001	680000	1,355,565
1	695001	700000	700,000
1	710001	715000	712,900
1	780001	785000	783,497
1	785001	790000	788,020
1	845001	850000	848,270
1	995001	1000000	1,000,000
1	1290001	1295000	1,294,580
1	1705001	1710000	1,708,200
1	1745001	1750000	1,745,700
1	2295001	2300000	2,299,000
1	2545001	2550000	2,550,000
1	2975001	2980000	2,976,350
1	2985001	2990000	2,989,560
1	3140001	3145000	3,142,768
1	3455001	3460000	3,458,720
1	4335001	4340000	4,337,988
1	5255001	5260000	5,256,520
1	7110001	7115000	7,111,792
1	17820001	17825000	17,824,142
1	17980001	17985000	17,983,338
5,120	T O T A L		96,215,681

Note: The Slabs not applicable above have not been shown.

5. Shareholder's Categories	No. of Shareholders	Shares Held	Percentage
5.1 Directors, CEO & their Spouse and Minor Children			
Mr. Tariq Sayeed Saigol (Chairman/Director)		3,142,768	3.2664
Mr. Aamir Fayyaz Sheikh (Director)		24,567	0.0255
Mr. Sayeed Tariq Saigol (Director)		208,826	0.2170
Mr. Zamiruddin Azar (Director)		3,921	0.0041
Mr. Usman Said (Director)		2,832	0.0029
Mr. Waleed Tariq Saigol (Director)		13,844	0.0144
Mr. Abdul Hai Mehmood Bhaimia (Director)		14,360	0.0149
Mrs. Shehla Tariq Saigol		297,664	0.3094
	9	6,685,132	6.9481
5.2 Associated Companies, Undertakings and Related Parties			
M/s Zimpex (Private) Limited	1	18,360,338	19.0825
5.3 NIT and ICP			
M/s Investment Corporation of Pakistan		176,906	0.1839
M/s National Bank of Pakistan, Trustee Deptt.		4,344,377	4.5152
M/s National Investment Trust Limited		366	0.0004
	3	4,521,649	4.6995
5.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions	28	4,458,787	4.6342
5.5 Insurance Companies	9	1,043,177	1.0842
5.6 Modarabas and Mutual Funds	14	3,311,695	3.4419
5.7 Shareholders holding 10% refer 5.2 & 5.8 c			
5.8 General Public			
a. Local Individuals	4954	27,829,910	28.9245
b. Joint Stock Companies	80	11,784,644	12.2481
c. Foreign Investor(s)	9	18,142,608	18.8562
5.9 Others			
Securities & Exchange Commission		1	0.0000
Deputy Administrator Abandoned Properties		2,518	0.0026
M/s Fikree Development Corp. Ltd.		2,311	0.0024
M/s Hussain Trustees Ltd.		216	0.0002
M/s The Ida Rieu Poor Welfare Association		295	0.0003
University of Sind		493	0.0005
M/s United Executors & Trustee Company Ltd.		144	0.0001
The Okhai Memon Madressah Association		1	0.0000
Friends Stock Linkers		5,563	0.0058
Trustees Moosa Lawai Foundation		11,076	0.0115
Artal Restaurant Int. Ltd. Emp. P.F		4,000	0.0042
Management Comm of Tameer-e-Millat Foundation		358	0.0004
The Karachi Stock Exchange (G) Ltd – Future Cont		50,765	0.0528
	13	77,741	0.0808
Grand Total	5,120	96,215,681	100.0000

