



**FINANCIAL STATEMENTS
HALF YEAR ENDED
31 DECEMBER 2005**

KOHINOOR
TEXTILE MILLS LIMITED
A Kohinoor Maple Leaf Group Company

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
MR. SAYEED TARIQ SAIGOL
MR. WALEED TARIQ SAIGOL
MR. USMAN SAID
MR. ZAMIRUDDIN AZAR
MR. S.M. IMRAN
MR. ABDUL HAI MEHMOOD BHAIMIA

Chairman / Chief Executive

COMPANY SECRETARY

MR. MUHAMMAD ASHRAF

AUDIT COMMITTEE

MR. ZAMIRUDDIN AZAR
MR. WALEED TARIQ SAIGOL
MR. S.M. IMRAN
MR. MUHAMMAD ASHRAF

Chairman
Member
Member
Secretary

CHIEF FINANCIAL OFFICER

MR. USMAN SAID

AUDITORS

M/S. RIAZ AHMAD & COMPANY
CHARTERED ACCOUNTANTS

MANAGER INTERNAL AUDIT

MR. AHSAN JAMEEL RATHORE

BANKERS

AL BARAKA ISLAMIC BANK B.S.C. (E.C.)
ALLIED BANK LIMITED
ASKARI COMMERCIAL BANK LIMITED
BANK ALFALAH LIMITED
FAYSAL BANK LIMITED
MCB BANK LIMITED
NATIONAL BANK OF PAKISTAN
NDLC-IFIC BANK LTD (NIB)
PICIC COMMERCIAL BANK LIMITED
PRIME COMMERCIAL BANK LIMITED
THE BANK OF PUNJAB
UNITED BANK LIMITED
UNION BANK LIMITED

REGISTERED OFFICE & SHARES DEPARTMENT

42-LAWRENCE ROAD, LAHORE.
TEL : (92-042) 6302261-62 FAX : (92-042) 6368721

MILLS

- PESHAWAR ROAD, RAWALPINDI.
TEL : (92-051) 5473941-3 FAX : (92-051) 5473083
- 8th K.M., MANGA RAIWIND ROAD, DISTRICT KASUR.
TEL: (92-042) 5391941 FAX: (92-042) 5391947
- GULYANA ROAD, GUJAR KHAN, DISTRICT RAWALPINDI.
TEL: (92-0571) 564472-73 FAX: (92-0571) 564336

WEB SITE www.kmlq.com

DIRECTORS' REVIEW

In compliance with requirements of Section 245 of the Companies Ordinance, 1984, as amended through Companies (Amendment) Ordinance 2002, accounts for the six months ended December 31, 2005 are being presented to the shareholders. These accounts are un-audited but have been subject to limited review by the Auditors as required by the Code of Corporate Governance.

OPERATING AND FINANCIAL RESULTS

Installation of new equipment in both cloth processing and spinning departments proceeded smoothly in the last quarter. However, some pieces of machinery in both these sections are still under installation and will be completed in the next two months.

Considerable delays have occurred in civil construction of the new stitching halls. This has resulted in under utilization of finishing capacity as major sales of the Company are now in finished, retail ready form. The new facilities are nearing completion and installation of cutting and sewing equipment will commence in March 06. The complete facility should be fully operational by end June 2006.

Dual fuel system has recently been installed at the Power Plant and almost 40% of fuel requirement is being met by use of natural gas. This has lowered the cost of power generation substantially. However, our cost is still higher than the power purchased from WAPDA owing to extremely high cost of furnace oil. To further lower the cost of power, the Company has established letter of credit for import of gas generators and related heat recovery systems. These will be operational by end June 2006.

Financial costs for the period are substantially higher as compared to previous corresponding period owing to: i) additional financing for new machines and; ii) increase in rates of mark up.

Good quality indigenous cotton for the season was procured during the last months of the period under review at reasonable rates.

Operating results of 'spinning' and 'weaving' segments were satisfactory while "processing and cut and sew" operations did not perform positively due to under utilization owing to delay in 'stitching' facility enhancement.

Sales for the period under review were Rs. 3,260,996 thousand compared to previous corresponding period of Rs. 2,958,549 thousand. For the period, the Company earned gross profit of Rs. 437,167 thousand compared to previous period of Rs. 386,151 thousand. Operating profit was recorded at Rs. 239,360 thousand compared to the corresponding period at Rs. 139,406 thousand. After accounting for other operating income, financial costs and provision for taxation, net profit after taxation amounted to Rs. 4,093 thousand compared to previous corresponding period of Rs. 204,970 thousand.

FUTURE PROSPECTS

It is expected that civil works will be completed in the ensuing quarters and installation and relocation of new machines, which have been received at site will be completed. This enhanced capacity will contribute towards better financial results.

Increase in rates of natural gas will further burden manufacturing cost of textile products. This is of great concern as energy is now a major cost of production.

Sale of surplus land has been delayed due to procedural difficulties which are being resolved.

The Board of Directors has decided to disinvest the Company's investments in its associate, Kohinoor Weaving Mills Limited.

ACKNOWLEDGEMENT

The Directors place on record their acknowledgement and appreciation of co-operation of the Company's members, financial institutions, customers and suppliers and dedication and devotion of the Company's employees.

For and on behalf of the Board

Lahore
February 23, 2006

Chief Executive

REVIEW REPORT TO THE MEMBERS

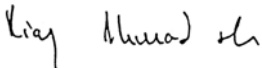
We have reviewed the annexed balance sheet of **Kohinoor Textile Mills Limited** as at 31 December 2005, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on review engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The figures of the profit and loss account, cash flow statement and statement of changes in equity for the half year ended 31 December 2004 have not been reviewed by us, as we are required to review only the cumulative figures for the half year ended 31 December 2005.

Based on our review, except for the matter referred to in the preceding paragraph nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

ISLAMABAD:
23 February 2006


RIAZ AHMAD & COMPANY
Chartered Accountants

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	(UN-AUDITED)	(AUDITED)
		31 December	June 30
		2005	2005
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
120,735,325 (30 June 2005: 120,735,325)			
ordinary shares of Rs. 10 each		1,207,353	1,207,353
30,000,000 (30 June 2005: 30,000,000)			
preference shares of Rs. 10 each		300,000	300,000
		1,507,353	1,507,353
Issued, subscribed and paid up share capital			
		1,058,374	962,158
Reserves		5,794,783	2,836,794
Shareholders' equity		6,853,157	3,798,952
NON-CURRENT LIABILITIES			
Long term financing	4	2,010,195	1,602,873
Term finance certificates		106,875	142,500
Liabilities against assets subject to finance lease		121,144	134,308
Deferred tax liability		46,129	30,479
		2,284,343	1,910,160
CURRENT LIABILITIES			
Trade and other payables		697,721	528,018
Accrued mark-up		79,251	42,986
Short term borrowings		2,306,390	2,115,155
Current portion of non-current liabilities		530,569	420,385
		3,613,931	3,106,544
CONTINGENCIES AND COMMITMENTS 5			
		-	-
		12,751,431	8,815,656
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,187,497	2,666,186
Long term investments		5,934,160	2,958,598
Long term deposits		12,350	20,767
		9,134,007	5,645,551
CURRENT ASSETS			
Stores and spares		321,896	463,701
Stock-in-trade		1,497,200	1,112,685
Trade debts		636,497	640,382
Advances		289,885	122,016
Security deposits and short term prepayments		31,341	27,143
Other receivables		299,898	287,698
Short term investments		429,781	355,231
Taxation recoverable		17,850	12,909
Cash and bank balances		93,076	148,340
		3,617,424	3,170,105
		12,751,431	8,815,656

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

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)

	Quarter Ended 31 December		Half Year Ended 31 December	
	2005	2004	2005	2004
	(Rupees in thousand)			
Sales	1,638,537	1,550,774	3,260,996	2,958,549
Cost of sales	1,440,845	1,309,002	2,823,829	2,572,398
Gross profit	197,692	241,772	437,167	386,151
Selling and distribution expenses	56,813	83,854	140,873	188,607
Administrative expenses	26,553	24,596	53,592	53,714
Other operating expenses	294	4,686	3,342	4,424
	83,660	113,136	197,807	246,745
Profit from operations	114,032	128,636	239,360	139,406
Other operating income/(loss)	(7,459)	18,532	1,852	176,478
	106,573	147,168	241,212	315,884
Finance cost	112,533	44,332	205,114	73,933
Profit/(loss) before taxation	(5,960)	102,836	36,098	241,951
Provision for taxation	23,905	19,808	32,005	36,981
Profit/(loss) after taxation	(29,865)	83,028	4,093	204,970
Basic earnings Per share (Rupees)	(0.28)	0.78	0.04	1.94

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)

	Note	31 December 2005	31 December 2004
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	113,168	78,435
Finance cost paid		(168,849)	(68,740)
Workers' profit participation fund paid		(537)	(3,847)
Taxes paid		(21,296)	(16,050)
Net cash used in operating activities		(77,514)	(10,202)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(647,161)	(348,153)
Long term deposits		8,417	(96,495)
Return on bank deposits		941	332
Proceeds from sale of plant and equipment		26,073	52,606
Dividend received		-	145,829
NET CASH USED IN INVESTING ACTIVITIES		(611,730)	(245,881)
Cash flows from financing activities			
Proceeds from:			
Long term financing – secured		999,428	514,850
Short term borrowing		191,235	-
Repayment of :			
Long term financing – secured		(453,088)	(53,283)
Short term borrowings		-	(61,507)
Finance leases		(66,999)	(77,411)
Term finance certificates		(35,625)	(35,625)
Dividend paid		(971)	(1,403)
Net cash generated from financing activities		633,980	285,621
Net (decrease)/increase in cash and cash equivalents		(55,264)	29,538
Cash and cash equivalents at the beginning of the period		148,340	129,019
Cash and cash equivalents at the end of the period		93,076	158,557

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2005

(UN - AUDITED)

(Rupees in Thousand)

	RESERVES										Total Reserves	Total Equity
	Share Capital	CAPITAL RESERVES					General Reserve	REVENUE RESERVES				
		Capital Reserve	Share premium	Fair Value Reserve	Reserve for Bonus Shares	Sub-Total		Dividend Equalization Reserve	Unappropriated Profit	Sub-Total		
Balance as at 30 June 2004	801,798	18,901	151,855	2,791,343	-	2,962,099	749,783	9,509	292,533	1,051,825	4,013,924	4,815,722
Deficit on revaluation of investment to fair value	-	-	-	(583,724)	-	(583,724)	-	-	-	-	(583,724)	(583,724)
Deferred / prior year taxation adjustment	-	-	-	-	-	-	-	-	(25,305)	(25,305)	(25,305)	(25,305)
Net profit for the half year ended 31 December 2004	-	-	-	-	-	-	-	-	204,970	204,970	204,970	204,970
Reserve for bonus shares	-	-	(80,180)	-	80,180	-	-	-	-	-	-	-
Transfer to general reserves	-	-	-	-	-	340,708	-	-	(340,708)	-	-	-
Balance as at 31 December 2004	801,798	18,901	71,675	2,207,619	80,180	2,378,375	1,090,491	9,509	131,490	1,231,490	3,609,865	4,411,663
Deficit on revaluation of investment to fair value	-	-	-	(778,570)	-	(778,570)	-	-	-	-	(778,570)	(778,570)
Bonus share 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 half year ended 30 June 2005	-	-	-	-	-	-	-	-	5,499	5,499	5,499	5,499
Reserve for bonus shares	-	-	(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
Gain on revaluation of investment to fair value	-	-	-	3,050,112	-	3,050,112	-	-	-	-	3,050,112	3,050,112
Bonus shares issued	96,216	-	-	-	(96,216)	(96,216)	-	-	-	-	(96,216)	-
Net profit for the half year ended 31 December 2005	-	-	-	-	-	-	-	-	4,093	4,093	4,093	4,093
Balance as at 31 December 2005	1,058,374	18,901	55,639	4,479,161	-	4,553,701	1,190,491	9,509	41,082	1,241,082	5,794,783	6,853,157

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

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)**

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 is 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 trading textile products.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and have been reviewed by the auditors as required by the Code of Corporate Governance and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the period ended 30 June 2005, except for the changes as stated in notes 3.1 and 3.2.

3.1 Operating fixed assets and depreciation

In the previous years/periods, no depreciation was charged on assets deleted during the year while full year's depreciation was charged on additions. However, as required by IAS-16 "Property, Plant and Equipment" the company has revised its accounting estimate and now depreciation on additions is charged from the month in which the asset is available for use and on deletions up to the month in which the asset is deleted. Had there been no change in this estimate, profit for the period and book value of property, plant and equipment would have been lower by Rupees 15.604 million respectively.

3.2 Assets subject to finance lease

In accordance with the revision in accounting estimate disclosed in Note 3.1, the company has also revised its accounting estimate in respect of charging of depreciation on assets subject to finance lease. Accordingly, depreciation on additions to assets subject to finance lease is also charged from the month in which the asset is available for use and on deletions upto the month in which the asset subject to finance lease is deleted. Had there been no change in this estimate, profit for the period and book value of property, plant and equipment would have been lower by Rupees 1.042 million respectively.

	31 December 2005	30 June 2005
	(Rupees in thousand)	
4. LONG TERM FINANCING		
Secured	2,002,718	1,595,396
Unsecured	<u>7,477</u>	<u>7,477</u>
	<u><u>2,010,195</u></u>	<u><u>1,602,873</u></u>

5. CONTINGENCIES AND COMMITMENTS

5.1 There has been no significant change in contingencies since the last audited financial statements.

5.2 Commitments in respect of :

- (i) Letters of credit for capital expenditure amount to Rupees 300,657 thousand (30 June 2005 : Rupees 147,232 thousand).
- (ii) Letters of credit other than for capital expenditure amount to Rupees 186,615 thousand (30 June 2005 : Rupees 134,809 thousand).

	31 December 2005	30 June 2005
	(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENT		
Owned		
Written down value at the beginning of the period	2,167,783	1,716,325
Add : Additions during the period (Note 6.1)	547,185	688,118
Less : Disposed off during the period (Note 6.1)	34,772	69,407
	512,413	618,711
Less : Depreciation charged during the period	112,864	167,253
Written down value at the end of the period	2,567,332	2,167,783
Leased		
Written down value at the beginning of the period	388,704	358,128
Add : Addition during the period (Note 6.2)	25,000	151,914
Less : Disposed off during the period (Note 6.2)	54,411	89,261
	(29,411)	62,653
Less : Depreciation Charged during the period	17,163	32,077
Written down value at the end of the period	342,130	388,704
Capital work in progress	278,035	109,699
	3,187,497	2,666,186

	31 December 2005		30 June 2005	
	Addition	Deletion	Addition	Deletion
	(Rupees in thousand)		(Rupees in thousand)	
6.1 Detail of additions / deletions – owned				
Buildings	27,999	–	35,733	–
Plant and Machinery	504,477	30,043	621,095	67,299
Service and Other Equipments	702	–	744	3
Furniture & Fixtures	1,309	44	4,472	3
Office Equipments	2,204	62	3,128	–
Vehicles	10,494	4,623	22,946	2,102
	547,185	34,772	688,118	69,407
6.2 Detail of additions / deletions – Leased				
Plant and Machinery	25,000	54,411	145,000	89,261
Vehicles	–	–	6,914	–
	25,000	54,411	151,914	89,261

	Half Year Ended	
	31 December 2005	31 December 2004
	(Rupees in thousand)	
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	36,098	241,951
Adjustment for non-cash charges and other items		
Depreciation	130,027	117,311
Finance cost	205,114	73,601
Gain on sale of property, plant and equipment	(5,249)	(23,777)
Dividend income	–	(145,829)
Return on bank deposits	(159)	(332)
Provision for WPPF	2,144	3,847
Working capital changes (Note 7.1)	(254,807)	(188,337)
	113,168	78,435
7.1 WORKING CAPITAL CHANGES		
(Increase)/ decrease in current assets		
Stores and spares	141,805	(107,900)
Stock-in-trade	(384,515)	(65,481)
Trade debts	3,885	(51,310)
Advances	(167,869)	(117,751)
Security deposits and short term prepayments	(4,198)	(12,357)
Other receivables	(12,982)	101,915
	(423,874)	(252,884)
Increase in current liabilities		
Trade and other payables	169,067	64,547
	(254,807)	(188,337)

8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties and key management personnel. Detail of transaction with related parties are as follows

	Half Year Ended	
	31 December 2005	31 December 2004
	(Rupees in thousand)	
Purchase of goods and services	311,482	241,642
Purchase of property, plant and equipment	–	31,803
Sale of goods and services	699,286	559,537
Sale of property, plant and equipment	–	600
Dividend income	–	145,829

9. SUBSEQUENT EVENT

The company has decided to disinvest its investment in associate, Kohinoor Weaving Mills Limited. The value of investment in these financial statements is based on the price as determined in the sale purchase agreement.

10. AUTHORIZATION:

These financial statements have been authorized for issue by the Board of Directors of the Company on 23 February 2006.

11. 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 05 July 2004, corresponding figures of profit and loss account and cash flow statements have been rearranged and / or reclassified, for the purpose of comparison. The entire reclassification and rearrangements due to revision are impracticable to list and disclose.

CHIEF EXECUTIVE

DIRECTOR

REVIEW REPORT TO THE MEMBERS

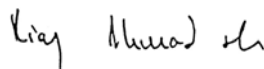
We have reviewed the annexed consolidated balance sheet of **Kohinoor Textile Mills Limited** as at 31 December 2005, and the related consolidated profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on review engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The figures of the consolidated profit and loss account, cash flow statement and statement of changes in equity for the half year ended 31 December 2004 have not been reviewed by us, as we are required to review only the cumulative figures for the half year ended 31 December 2005.

Based on our review, except for the matter referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed consolidated financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

ISLAMABAD:
23 February 2006



RIAZ AHMAD & COMPANY
Chartered Accountants

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005
(UN-AUDITED)

	Note	(UN-AUDITED)	(AUDITED)
		31 December	June 30
		2005	2005
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
120,735,325 (30 June 2005: 120,735,325) ordinary shares of Rs. 10 each	1,207,353	1,207,353	1,207,353
30,000,000 (30 June 2005: 30,000,000) preference shares of Rs. 10 each	300,000	300,000	300,000
	<u>1,507,353</u>	<u>1,507,353</u>	<u>1,507,353</u>
Issued, subscribed and paid up share capital	1,058,374	962,158	962,158
Reserves	2,732,309	2,468,292	2,468,292
	3,790,683	3,430,450	3,430,450
Minority Interest	3,681,017	3,410,419	3,410,419
Total Equity	7,471,700	6,840,869	6,840,869
NON-CURRENT LIABILITIES			
Long term financing	4	7,089,658	3,760,579
Term finance certificates		106,875	184,150
Liabilities against assets subject to finance lease		121,144	134,308
Long term deposits		3,576	6,572
Employees benefits		9,916	8,513
Deferred tax liability		657,190	359,050
		<u>7,988,359</u>	<u>4,453,172</u>
CURRENT LIABILITIES			
Trade and other payables		1,224,903	961,934
Accrued mark-up		176,082	81,632
Short term borrowings		3,364,043	2,704,998
Taxation		19,331	4,005
Current portion of non-current liabilities		1,100,899	937,715
		<u>5,885,258</u>	<u>4,690,284</u>
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>21,345,317</u>	<u>15,984,325</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	15,606,174	11,128,568
Long term investments		5,000	5,000
Long term loans to employees		7,262	5,824
Long term deposits		28,147	26,909
Goodwill		(267,795)	(292,140)
		<u>15,378,788</u>	<u>10,874,161</u>
CURRENT ASSETS			
Stores and spares		1,892,929	1,564,668
Stock-in-trade		1,632,813	1,295,902
Trade debts		807,137	732,979
Loans and advances		375,812	162,784
Security deposits and short term prepayments		38,513	39,091
Accrued interest		4,169	4,670
Other receivables		336,227	423,788
Short term investments		429,781	355,231
Taxation recoverable		17,850	12,909
Cash and bank balances		431,298	518,142
		<u>5,966,529</u>	<u>5,110,164</u>
		<u>21,345,317</u>	<u>15,984,325</u>

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)**

	Quarter Ended 31 December		Half Year Ended 31 December	
	2005	2004	2005	2004
	(Rupees in thousand)			
Sales	3,067,249	2,582,708	6,063,276	4,997,997
Cost of sales	2,325,144	1,979,537	4,564,615	3,948,831
Gross profit	742,105	603,171	1,498,661	1,049,166
Selling and distribution expenses	60,531	86,760	148,536	194,530
Administrative expenses	42,898	40,835	79,495	78,152
Other operating expenses	34,564	19,807	60,118	31,805
	137,993	147,402	288,149	304,487
Profit from operations	604,112	455,769	1,210,512	744,679
Other operating income/(loss)	(60)	20,155	39,598	45,193
	604,052	475,924	1,250,110	789,872
Finance cost	182,138	85,806	353,169	163,405
Profit before taxation	421,914	390,118	896,941	626,467
Provision for taxation	177,670	112,689	328,715	215,515
Profit after taxation	244,244	277,429	568,226	410,952
Minority interest				
Dividend on preference shares	13,308	-	26,614	-
Share in profit for the period	130,066	96,951	255,929	170,410
	143,374	96,951	282,543	170,410
Profit after taxation and minority interest	100,870	180,478	285,683	240,542
Basic earnings Per share (Rupees)	0.95	1.71	2.70	2.27

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)

	Note	31 December 2005	31 December 2004
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	924,364	(324,302)
Finance cost paid		(258,719)	(68,740)
Worker's profit participation fund paid		(537)	(3,847)
Earned leave		(677)	(546)
Taxes paid		(23,461)	(17,317)
Net cash from/(used in) operating activities		640,970	(414,752)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,776,819)	(1,319,469)
Long term deposits		(1,238)	(96,352)
Long term loans to employees		(1,438)	(729)
Return on bank deposits		4,696	2,578
Proceeds from sale of property, plant and equipment		27,122	52,606
Dividend received		-	10,114
Net cash used in investing activities		(4,747,677)	(1,351,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long term financing – secured		3,974,185	805,775
Short term borrowing		659,045	-
Repayment of :			
Long term financing – secured		(453,088)	(53,283)
Short term borrowing		-	1,283,271
Finance leases		(66,999)	(142,071)
Term finance certificates		(77,275)	(77,275)
Long term deposits from stockists		(2,996)	(435)
Ordinary dividend paid		(1,064)	(5,073)
Preference dividend paid		(11,945)	-
Net cash from financing activities		4,019,863	1,810,909
Net increase / (decrease) in cash and cash equivalents		(86,844)	44,905
Cash and cash equivalents at the beginning of the Period		518,142	352,290
Cash and cash equivalents at the end of the period		431,298	397,195

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2005

(UN - AUDITED)

(Rupees in Thousand)

	Holding Company Equity										Total	Minority Interest	Total Equity	
	RESERVES					RESERVES								
	Share Capital	CAPITAL RESERVES				REVENUE RESERVES				Total Reserves				
	Capital Reserve	Share premium	Fair Value Reserves	Reserve for Bonus Shares	Sub-Total	General Reserve	Dividend Equalization Reserve	Unappropriated Profit	Sub-Total					
Balance as at 30 June 2004	801,798	18,901	151,855	321,373	-	452,129	749,783	9,509	767,940	1,527,232	2,019,361	2,821,159	1,747,082	4,568,241
Deficit on revaluation of investment to fair value	-	-	-	(32,366)	-	(32,366)	-	-	-	-	(32,366)	(32,366)	-	(32,366)
Deferred / prior year taxation adjustment	-	-	-	-	-	-	-	-	(25,305)	(25,305)	(25,305)	(25,305)	-	(25,305)
Net profit for the half year ended 31 December 2004	-	-	-	-	-	-	-	-	240,542	240,542	240,542	240,542	170,410	410,952
Reserve for bonus shares	-	-	(80,180)	-	80,180	-	-	-	-	-	-	-	-	-
Transfer to general reserves	-	-	-	-	-	340,708	-	-	(340,708)	-	-	-	-	-
Balance as at 31 December 2004	801,798	18,901	71,675	289,007	80,180	459,763	1,090,491	9,509	642,469	1,742,469	2,202,232	3,004,030	1,917,492	4,921,522
Deficit on revaluation of investment to fair value	-	-	-	(36,108)	-	(36,108)	-	-	-	-	(36,108)	(36,108)	-	(36,108)
Bonus share issued	80,180	-	-	-	(80,180)	(80,180)	-	-	-	-	(80,180)	-	-	-
Right shares issued at premium	80,180	-	80,180	-	80,180	-	-	-	-	-	80,180	160,360	791,219	951,579
Preference shares issued - minority share	-	-	-	-	-	-	-	-	-	-	-	-	541,474	541,474
Net profit for the half year ended 30 June 2005	-	-	-	-	-	-	-	-	310,784	310,784	310,784	310,784	295,256	606,040
Write off of expenses incurred on issue of ordinary and preference shares	-	-	-	-	-	-	-	-	(8,616)	(8,616)	(8,616)	(8,616)	-	(8,616)
Reserve for bonus shares	-	-	(96,216)	-	96,216	-	-	-	-	-	-	-	-	-
Dividend paid to minority share holders	-	-	-	-	-	-	-	-	-	-	-	-	(135,022)	-
Transfer to general reserves	-	-	-	-	-	100,000	-	-	(100,000)	-	-	-	-	(135,022)
Balance as at 30 June 2005	962,158	18,901	55,639	252,899	96,216	423,655	1,190,491	9,509	844,637	2,044,637	2,468,292	3,430,450	3,410,419	6,840,869
Gain on revaluation of investment to fair value	-	-	-	74,550	-	74,550	-	-	-	-	74,550	74,550	-	74,550
Bonus shares issued	96,216	-	-	-	(96,216)	(96,216)	-	-	-	-	(96,216)	-	-	-
Dividend paid to preference share holders	-	-	-	-	-	-	-	-	-	-	-	-	(11,945)	(11,945)
Net profit for the half year ended 31 December 2005	-	-	-	-	-	-	-	-	285,683	285,683	285,683	285,683	282,543	568,226
Balance as at 31 December 2005	1,058,374	18,901	55,639	327,449	-	401,989	1,190,491	9,509	1,130,320	2,330,320	2,732,309	3,790,683	3,681,017	7,471,700

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

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)**

1. THE GROUP AND ITS OPERATIONS

Holding Company

Kohinoor Textile Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the company is manufacturing of yarn and cloth, processing and stitching the cloth and trading textile products. The company holds 149,287,047 (30 June 2005: 135,715,498) ordinary shares of Rs. 10 each as at 31 December 2005

Subsidiary Company

Maple Leaf Cement Factory Limited ("the Subsidiary") is a public limited company, incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the company is production and sale of cement.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and IAS 27 "Consolidated Financial Statements and Accounting for Investment in Subsidiaries" have been reviewed by the auditors as required by the Code of Corporate Governance and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the group for the period ended 30 June 2005, except for the changes as stated in notes 3.1 and 3.2.

Holding Company

3.1 Operating fixed assets and depreciation

In the previous years/periods, no depreciation was charged on assets deleted during the year while full year's depreciation was charged on additions. However, as required by IAS-16 "Property, Plant and Equipment" the company has revised its accounting estimate and now depreciation on additions is charged from the month in which the asset is available for use and on deletions up to the month in which the asset is deleted. Had there been no change in this estimate, profit for the period and value of property, plant and equipment would have been lower by Rupees 15.604 million respectively.

3.2 Assets subject to finance lease

In accordance with the revision in accounting estimate disclosed in Note 3.1, the Company has also revised its accounting estimate in respect of charging of depreciation on assets subject to finance lease. Accordingly, depreciation on additions to assets subject to finance lease is also charged from the month in which the asset is available for use and on deletions upto the month in which the asset subject to finance lease is deleted. Had there been no change in this estimate, profit for the period and value of property, plant and equipment would have been lower by Rupees 1.042 million respectively.

4. LONG TERM FINANCING

	31 December 2005	30 June 2005
	(Rupees in thousand)	
Secured	7,082,181	3,753,102
Unsecured	7,477	7,477
	<u>7,089,658</u>	<u>3,760,579</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 There has been no significant changes in contingencies since the last audited financial statements except for the fact that alternate dispute resolution committee, Faisalabad has decided the case in favour of the subsidiary and the department is in the process of withdrawing its appeal filed before the Supreme Court of Pakistan. The deputy collector, vide his refund payment order dated 07 January, 2006, has determined a refund claim amounting to Rupees 19 Million.

5.2 Commitments in respect of :

- (i) Letters of credit for capital expenditure amount to Rupees 1,930.657 million (30 June 2005 : 2,198.232 million).
- (ii) Letters of credit other than for capital expenditure amount to Rupees 2,131.615 million (30 June 2005 : 4,728.809 million).

31 December **30 June**
2005 **2005**
(Rupees in thousand)

6. PROPERTY, PLANT AND EQUIPMENT

Owned

Written down value at the beginning of the period	7,267,080	7,072,407
Add : Additions during the period (Note 6.1)	861,153	772,489
Less : Disposed off during the period (Note 6.1)	35,131	69,469
	826,022	703,020
Less: Depreciation charged during the period	285,867	508,347
Written down value at the end of the period	7,807,235	7,267,080

Leased

Written down value at the beginning of the period	388,704	358,128
Add : Addition during the period (Note 6.2)	25,000	151,914
Less : Disposed off during the period (Note 6.2)	54,411	89,261
	(29,411)	62,653
Less : Depreciation charged during the period	17,163	32,077
Written down value at the end of the period	342,130	388,704
Capital work in progress	7,456,809	3,472,784
	15,606,174	11,128,568

31 December 2005		30 June 2005	
Addition	Deletion	Addition	Deletion
(Rupees in thousand)		(Rupees in thousand)	

6.1 Detail of additions / deletions – owned

Land – Freehold	13	–	11,544	–
Buildings	29,815	–	38,509	–
Plant and Machinery	796,744	30,402	663,977	67,361
Service and Other Equipments	702	–	744	3
Furniture & Fixtures	11,550	44	13,756	3
Office Equipments	2,204	62	3,128	–
Vehicles	20,125	4,623	40,831	2,102
	861,153	35,131	772,489	69,469

6.2 Detail of additions / deletions – Leased

Plant and Machinery	25,000	54,411	145,000	89,261
Vehicles	–	–	6,914	–
	25,000	54,411	151,914	89,261

	<u>Half Year Ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2005</u>	<u>2004</u>
	(Rupees in thousand)	
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	896,941	626,467
Adjustment for non-cash charges and other items		
Depreciation	303,030	286,045
Amortization of Goodwill	(24,345)	-
Finance cost	353,169	159,275
Provision for earned leave	2,080	1,491
Gain on sale of property, plant and equipment	(5,938)	(23,777)
Dividend income	-	(10,114)
Return on bank deposits	(4,195)	(1,461)
Provision for WPPF	2,144	3,847
Working capital changes (Note 7.1)	<u>(598,522)</u>	<u>(1,366,075)</u>
	<u>924,364</u>	<u>(324,302)</u>
7.1 WORKING CAPITAL CHANGES		
(Increase)/ decrease in current assets		
Stores and spares	(328,261)	(208,076)
Stock-in-trade	(336,911)	(178,007)
Trade debts	(74,158)	(67,215)
Loans and advances	(225,509)	(1,054,271)
Security deposits and short term prepayments	6,781	(11,728)
Other receivables	93,839	43,498
	<u>(864,219)</u>	<u>(1,475,799)</u>
Increase in current liabilities		
Trade and other payables	265,697	109,724
	<u>(598,522)</u>	<u>(1,366,075)</u>
8. TRANSACTIONS WITH RELATED PARTIES		
Purchase of goods and services	311,482	241,642
Purchase of property, plant and equipment	425	31,803
Sale of goods and services	706,041	588,810
Sale of property, plant and equipment	-	600
Dividend income	-	146,567

9. SUBSEQUENT EVENT

The company has decided to disinvest its investment in associate, Kohinoor Weaving Mills Limited. The value of investment in these financial statements is based on the price as determined in the sale purchase agreement.

10. AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 23 February 2006.

11. GENERAL

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 05 July 2004, corresponding financial statements have been rearranged and / or reclassified, for the purpose of comparison. The entire reclassification and rearrangements due to revision are impracticable to list and disclose.

CHIEF EXECUTIVE

DIRECTOR