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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL Chairman
MR. SAYEED TARIQ SAIGOL
MR. WALEED TARIQ SAIGOL
MR. AAMIR FAYYAZ SHEIKH
MR. USMAN SAID
MR. ZAMIRUDDIN AZAR
MR. ABDUL HAI MEHMOOD BHAIMIA

COMPANY SECRETARY

MR. MUHAMMAD ASHRAF

AUDIT COMMITTEE

MR. ZAMIRUDDIN AZAR Chairman
MR. AAMIR FAYYAZ SHEIKH Member
MR. WALEED TARIQ SAIGOL Member
MR. MUHAMMAD ASHRAF Secretary

CHIEF FINANCIAL OFFICER

MR. USMAN SAID

AUDITORS

M/S. RIAZ AHMAD & COMPANY
CHARTERED ACCOUNTANTS

MANAGER INTERNAL AUDIT

MR. SOHAIL SADIQ

BANKERS

AL BARAKA ISLAMIC BANK LIMITED B.S.C. (E.C.)
ALLIED BANK OF PAKISTAN LIMITED
ASKARI COMMERCIAL BANK LIMITED
BANK ALFALAH LIMITED
FAYSAL BANK LIMITED
SAUDI PAK COMMERCIAL BANK LIMITED
MUSLIM COMMERCIAL BANK LIMITED
NATIONAL BANK OF PAKISTAN
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: (92-42) 5391941 FAX: (92-42) 5391947
- GULYANA ROAD, GUJAR KHAN, DISTRICT RAWALPINDI.
TEL: (92-0571) 564472-73, 564334 FAX: (92-0571) 564336
WEBSITE : www.kmlg.com

DIRECTORS' REVIEW

The Directors are pleased to present accounts for the six months ended March 31, 2005 in compliance with requirement of Section 245 of the Companies Ordinance, 1984, as amended through Companies (Amendment) Ordinance 2002. These accounts are unaudited but have been reviewed by the Auditors as required by the Code of Corporate Governance.

OPERATING AND FINANCIAL RESULTS

a) **Spinning:**

Spinning operations at both Rawalpindi and Gujarkhan operated successfully. Timely procurement of good quality cotton at competitive rates has been a significant factor in achieving positive financial results.

b) **Weaving:**

The weaving unit at Raiwind continued to remain profitable albeit at considerably reduced levels due to increase in yarn prices and sharp downward trend in selling rates in the international market.

c) **Cloth Processing & Stitching:**

The operations of cloth processing unit were adversely affected due to interruption in gas supply which started in the previous quarter and continued in the second. This development reduced the capacity utilization and resulted in higher cost per unit. Replacement and addition of new machines in the cloth processing and stitching units is in progress.

d) **Diapers:**

In line with decision of the management to phase out operations at the Diaper Division, the plant was closed down and the equipment has been disposed off.

Sales (net of sales tax and commission) for the period under review amounted to Rs. 2,973.101 million as compared to Rs.2,739.793 million for the corresponding period of the previous year depicting an increase of 8.51%. Gross profit for the period amounted to Rs. 392.931 million, while operating profit was Rs. 244.319 million. After accounting for "other income" and "financial and other charges", the Company's profit before tax was Rs. 168.477 million compared to Rs.255.013 million for the same period last year. Profit after tax amounted to Rs. 129.372 million compared to Rs.233.839 million last year.

Balancing, modernization and replacement is progressing as per plans.

INVESTMENT

During the period under review, the Company exercised its right and made payment for right shares offered by its subsidiary, Maple Leaf Cement Factory Limited. The subject shares have now been allotted to the Company.

SOCIAL COMPLIANCE

As a commitment to comply with International Standards, the Company opted to adopt SA-8000:2001 Standard. During the period under review, after audit the Company has been so certified.

FUTURE PROSPECTS

Good quality indigenous cotton at reasonable rates was procured in time. New machines being installed in Spinning Division will contribute by enhanced quality yarn production. Working and yield of cloth processing facilities has improved. Management has focused on production of value added products. However, increase in rate of inflation and sharply rising interest rates could have an adverse effect on future operations.

ACKNOWLEDGEMENT

The Directors acknowledge the support, cooperation and understanding of the Company's members and financial institutions. Dedicated and hard work of all the employees of the Company working at its various divisions is highly appreciated.

For and on behalf of the Board

Lahore
May 27, 2005

Tariq Sayeed Saigol
Chairman

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Kohinoor Textile Mills Limited** as at March 31, 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 Auditing applicable to review engagements. 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.

Based on our review, 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
Dated: May 27, 2005

RIAZ AHMAD & COMPANY
Chartered Accountants

BALANCE SHEET AS AT MARCH 31, 2005

	Note		March 31, 2005	Sept. 30, 2004
		(Rupees in thousand)		
		Un-Audited		Audited
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized 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	300,000	–
			<u>1,507,353</u>	<u>1,507,353</u>
		Issued, subscribed and paid up Reserves	881,977	801,797
		Share deposit money	1,726,448	1,608,226
	4		157,842	–
			<u>2,766,267</u>	<u>2,410,023</u>
NON-CURRENT LIABILITIES				
	5	Long term financing	1,524,306	879,199
		Liabilities against assets subject to finance lease	155,675	181,188
		Deferred tax liability	13,042	–
			<u>1,693,023</u>	<u>1,060,387</u>
CURRENT LIABILITIES				
		Trade and other payables	486,608	448,488
		Accrued mark-up/interest on loans and other payables	46,543	29,750
		Short term borrowings – Secured	2,119,832	1,984,016
		Current portion of long term financing and liabilities against assets subject to finance leases	394,664	328,915
			<u>3,047,647</u>	<u>2,791,169</u>
CONTINGENCIES AND COMMITMENTS				
	6		–	–
			<u>7,506,937</u>	<u>6,261,579</u>
ASSETS				
NON-CURRENT ASSETS				
	7	Property, plant and equipment	2,551,863	2,077,025
		Long term investments	968,155	968,155
		Deposit for right shares	814,293	–
		Long term deposits	11,861	32,195
		Deferred tax assets	–	4,153
			<u>4,346,172</u>	<u>3,081,528</u>
CURRENT ASSETS				
		Stores and spares	366,059	404,826
		Stocks in trade	1,059,437	859,256
		Trade debts	531,332	510,287
		Advances, deposits, prepayments and other receivables	546,133	853,875
		Short term investments	460,369	391,339
		Taxation recoverable	7,389	4,797
		Cash and bank balances	190,046	155,671
			<u>3,160,765</u>	<u>3,180,051</u>
			<u>7,506,937</u>	<u>6,261,579</u>

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

Statement u/s 241(2) of the Companies Ordinance, 1984 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.

Lahore
May 27, 2005

Director

Director

PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED MARCH 31, 2005
(Un-Audited)

	Quarter Ended		Half Year Ended	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
	(Rupees in thousand)			
Sales	1,456,991	1,460,812	2,973,101	2,739,793
Cost of goods sold	1,271,169	1,227,828	2,580,170	2,283,205
Gross profit	185,822	232,984	392,931	456,588
Administrative, Selling & General Expenses	74,810	70,930	148,612	135,336
Operating profit	111,012	162,054	244,319	321,252
Other Income				
– Operating	4,270	2,547	8,540	5,844
– Non Operating	11,767	8,534	25,852	25,192
	16,037	11,081	34,392	31,036
	127,049	173,135	278,711	352,288
Financial and other Charges	61,410	45,553	110,234	97,275
Profit before taxation	65,639	127,582	168,477	255,013
Provision for taxation				
Current	10,016	12,155	21,910	23,716
Deferred	9,281	(1,299)	17,195	(2,542)
	19,297	10,856	39,105	21,174
Profit after taxation	46,342	116,726	129,372	233,839
Basic Earnings Per Share (Rs.)	0.53	1.46	1.47	2.92

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

<p>Statement u/s 241(2) of the Companies Ordinance, 1984 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.</p>
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Lahore
May 27, 2005

Director

Director

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED MARCH 31, 2005
(Un-Audited)

	Note	Half Year Ended	
		March 31, 2005	March 31, 2004
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	8	532,157	252,827
Financial charges		(85,933)	(94,958)
Tax paid		(24,500)	(20,303)
Net cash inflow from operating activities		421,724	137,566
Cash flow from investing activities			
Purchase of property, plant and equipment		(518,570)	(182,883)
Fixed assets acquired under finance leases		(97,390)	-
Share deposit money paid		(814,293)	-
Proceeds from sale of plant and equipment		33,555	24,518
Dividend received		10,114	15,955
Net cash outflow from investing activities		(1,386,584)	(142,410)
Cash flow from financing activities			
Proceeds from:			
Long term financing		969,644	-
Short term borrowing		135,816	145,299
Long term advances		20,334	-
Shares deposit money received		157,842	-
Finance leases		62,444	-
Repayment of :			
Long term financing		(249,880)	(58,710)
Long term advances		-	(3,082)
Finance leases		(61,241)	(69,507)
Term finance certificates		(35,625)	-
Dividend paid		(99)	(78,341)
Net cash inflow/(outflow) from financing activities		999,235	(64,341)
Net increase/(decrease) in cash and cash equivalents		34,375	(69,185)
Cash and cash equivalents at the beginning of the period		155,671	132,408
Cash and cash equivalents at the end of the period		190,046	63,223

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

Statement u/s 241(2) of the Companies Ordinance, 1984
These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.

Lahore
May 27, 2005

Director

Director

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED MARCH 31, 2005 (UN - AUDITED)

(Rupees in Thousand)

	RESERVES								Share Deposit Money	Total Equity	
	Share Capital	CAPITAL RESERVES				REVENUE RESERVES					Total Reserves
		Capital Reserve	Surplus on Revaluation of Investments	Reserve for issue of Bonus Shares	Sub Total	General Reserve	Unappropriated Profit	Sub Total			
Balance as at 30 Sep. 2003 – As previously reported	801,797	170,756	-	-	170,756	759,292	26,004	785,296	956,052	-	1,757,849
Effect of change in accounting policy (Note 3.1 and 3.2)	-	-	220,193	-	220,193	-	80,180	80,180	300,373	-	300,373
Balance as at 30 September 2003 – As restated	801,797	170,756	220,193	-	390,949	759,292	106,184	865,476	1,256,425	-	2,058,222
Final dividend for the year ended 30 September 2003	-	-	-	-	-	-	(80,180)	(80,180)	(80,180)	-	(80,180)
Effect of change in accounting policy (Note 3.2)	-	-	92,747	-	92,747	-	-	-	92,747	-	92,747
Net profit for the half year ended 31 March 2004	-	-	-	-	-	-	233,839	233,839	233,839	-	233,839
Balance as at 31 March 2004–As restated	801,797	170,756	312,940	-	483,696	759,292	259,843	1,019,135	1,502,831	-	2,304,628
Net profit for the half year ended 30 September 2004	-	-	-	-	-	-	129,328	129,328	129,328	-	129,328
Reserve for bonus shares @ 10%	-	(80,180)	-	80,180	-	-	-	-	-	-	-
Effect of change in accounting policy Note 3.2)	-	-	(23,933)	-	(23,933)	-	-	-	(23,933)	-	(23,933)
Transfer to general reserves	-	-	-	-	-	340,708	(340,708)	-	-	-	-
Balance as at 30 September 2004 –as restated	801,797	90,576	289,007	80,180	459,763	1,100,000	48,463	1,148,463	1,608,226	-	2,410,023
Effect of change in accounting policy (Note 3.2)	-	-	69,030	-	69,030	-	-	-	69,030	-	69,030
Bonus shares issued @ 10%	80,180	-	-	(80,180)	(80,180)	-	-	-	(80,180)	-	-
Cash received against right issue (Note 4)	-	-	-	-	-	-	-	-	-	157,842	157,842
Net profit for the half year ended 31 March 2005	-	-	-	-	-	-	129,372	129,372	129,372	-	129,372
Balance as at 31 March 2005	881,977	90,576	358,037	-	448,613	1,100,000	177,835	1277,835	1,726,448	157,842	2,766,267

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

Statement u/s 241(2) of the Companies Ordinance, 1984
 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.

Lahore :
 May 27, 2005

DIRECTOR

DIRECTOR

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

1. THE COMPANY AND ITS ACTIVITIES

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 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

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 year ended September 30, 2004 except for the changes as stated in notes 3.1, 3.2 and 3.3. The presentation of interim financial statements is changed to comply with the substituted Fourth Schedule to the Companies Ordinance, 1984 promulgated by Notification No. 589(I)/2004, dated 05 July 2004.

3.1 Dividend

In the previous years, proposed or declared dividend after the balance sheet date was recognized as a liability of the balance sheet date. To comply with the substituted Fourth Schedule to the Companies Ordinance, 1984, dividend will be recognized as a liability in the period/year in which it is declared and approved to meet the requirement of International Accounting Standards (IAS) 10 "Events after the Balance Sheet Date".

The effect of the change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy as referred above has no effect on the amounts reported for the current period.

3.2 Investments in associated companies

The company has changed its accounting policy with respect to investments in associated companies. Previously these were stated at cost. Now investments in 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 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, is measured at cost. Gain and losses on remeasurement to fair value are recognised 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 Policies". Had there been no change in this accounting policy, the short term investments and surplus on revaluation of investment for the half year ended 31 March 2005 would have been lower by Rupees 358.04 million.

3.3 Foreign currency translation

The company in pursuance of substituted fourth Schedule to the Companies Ordinance, 1984 has changed its accounting policy with respect to the capitalization of exchange differences. Previously exchange differences on loan utilized for the acquisition of fixed assets were capitalized and all other exchange differences were charged to profit and loss account. The company now charges all exchange differences to profit and loss account. The change in accounting policy as referred above has no effect on the amounts reported for the current period.

4. SHARE DEPOSIT MONEY

The company, subsequent to the balance sheet date, has allotted 8,017,973 ordinary shares of Rs. 10 each at Rs. 20 per share (including premium of Rs. 10 per share). These right shares have been allotted in the ratio of 10 ordinary shares for every 100 ordinary shares already held by the shareholders whose names appear in the register of members as on 21 December 2004. These right shares shall rank pari passu with the existing ordinary shares of the company in all respects.

	March 31, 2005	Sep. 30, 2004
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(Rupees in thousand)

5. LONG TERM FINANCING

Secured	1,516,829	871,722
Unsecured	<u>7,477</u>	<u>7,477</u>
	<u>1,524,306</u>	<u>879,199</u>

6. CONTINGENCIES AND COMMITMENTS :

6.1 There has been no significant changes in contingencies since the last audited financial statements.

6.2 Commitments in respect of :

- (i) Letters of credit for capital expenditure amount to Rs. 175,434 thousand (30 September 2004: Rs. 218,740 thousands).
- (ii) Letters of credit other than for capital expenditure amount to Rs. 300,786 thousands (30 September 2004: Rs. 102,363 thousand).

7. PROPERTY, PLANT AND EQUIPMENT

Operating:

Owned

Opening book value	1,716,325	1544,232
Additions during the period/year (Note 7.1)	<u>468,452</u>	<u>387,569</u>
	2,184,777	1,931,801
Book value of property, plant and equipment disposed of during the period/year (Note 7.1)	(17,801)	(37,918)
Depreciation charged during the period/year	<u>(102,280)</u>	<u>(177,558)</u>
Closing book value	2,064,696	1,716,325

Leased

Opening book value	358,128	458,013
Additions during the period/year (Note 7.2)	<u>97,390</u>	<u>-</u>
	455,518	458,013
Book value of property, plant and equipment disposed of during the period/year (Note 7.2)	(41,311)	(60,093)
Depreciation charged during the period/year	(21,040)	(39,792)
Closing book value	<u>393,167</u>	<u>358,128</u>
	2,457,863	2,074,453
Capital work in progress	<u>94,000</u>	<u>2,572</u>
	<u>2,551,863</u>	<u>2,077,025</u>

	March 31, 2005		Sep. 30, 2004	
	Addition	Deletion	Addition	Deletion
	(Rupees in thousand)		(Rupees in thousand)	
7.1 Detail of additions / deletions – owned				
Buildings	15,751	–	61,974	–
Plant and Machinery	442,551	16,539	294,240	34,159
Service and Other				
Equipments	313	–	823	–
Furniture & Fixtures	2,856	–	4,403	4
Office Equipments	2,726	–	10,743	1,294
Vehicles	4,255	1,262	15,386	2,461
	<u>468,452</u>	<u>17,801</u>	<u>387,569</u>	<u>37,918</u>
7.2 Detail of additions / deletions – Leased				
Plant and Machinery	90,792	41,311	–	60,093
Vehicles	6,598	–	–	–
	<u>97,390</u>	<u>41,311</u>	<u>–</u>	<u>60,093</u>

	Half Year	Half Year
	Ended March	Ended March
	31, 2005	31, 2004
	(Rupees in thousand)	
8. CASH GENERATED FROM OPERATION		
Profit before taxation	168,477	255,013
Adjustment for non-cash charges and other items		
Depreciation	123,320	101,491
Gain on sale of fixed assets	(15,755)	(9,146)
Financial charges	102,727	85,179
Dividend income	(10,114)	(15,955)
Working capital changes (Note 8.1)	163,502	(163,755)
	<u>532,157</u>	<u>252,827</u>
8.1 WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets.		
Stores and spares	38,767	14,443
Stock-in-trade	(200,181)	(85,114)
Trade debts	(21,045)	43,660
Loans, advances, deposits, prepayments and other receivables	307,741	(178,375)
	<u>125,282</u>	<u>(205,386)</u>
Increase in current liabilities		
Trade and other payables	38,220	41,631
	<u>163,502</u>	<u>(163,755)</u>
9. TRANSACTIONS WITH RELATED PARTIES		
Dividend received	10,114	15,955
Sales:		
Yarn	364,006	256,752
Cloth	223,792	60,281
Cloth processing	32,108	1,686
Others	11,070	7,348
Purchases:		
Yarn	103,982	41,799
Cloth	47,826	37,142
Cloth processing	16,485	12,432
Electricity	77,963	73,849
Others	8,735	8,935

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method.

10. AUTHORIZATION:
These financial statements were authorized for issue by the Board of Directors on May 27, 2005.

11. COMPARATIVE FIGURES
Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. Reclassifications have been made to comply with the substituted Fourth Schedule to the Companies Ordinance, 1984. However, corresponding financial statements have been restated to account for the effect of change in accounting policies as stated in notes 3.1, 3.2 and 3.3 to the financial statements.

Statement u/s 241(2) of the Companies Ordinance, 1984 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.
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Lahore
May 27, 2005

Director

Director

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed consolidated balance sheet of Kohinoor Textile Mills Limited as at 31 March, 2005, and the related consolidated profit and loss account, cash flow statement and consolidated 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 Auditing applicable to review engagements. 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 provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, 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
DATED : May 27, 2005

(RIAZ AHMAD & COMPANY)
Chartered Accountants

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH, 2005

	Note	31 March, 2005	30 Sept., 2004
		(Rupees in thousand)	
		Un-Audited	Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized 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		300,000	—
		<u>1,507,353</u>	<u>1,507,353</u>
Issued, subscribed and paid up capital		881,977	801,797
Reserves		2,647,375	2,493,582
Share deposit money	4	157,842	—
		<u>3,687,194</u>	<u>3,295,379</u>
MINORITY INTEREST		1,879,422	1,844,033
NON-CURRENT LIABILITIES			
Long term financing	5	3,960,267	3,065,886
Liabilities against assets subject to finance lease		155,675	181,188
Long term deposits		6,747	7,760
Deferred liabilities		179,663	7,182
		<u>4,302,352</u>	<u>3,262,016</u>
CURRENT LIABILITIES			
Trade and other payables		1,061,360	808,903
Short term borrowings – Secured		3,739,221	2,258,627
Current portion of long term financing and leased liabilities		911,994	846,245
Taxation-net		74,943	61,032
		<u>5,787,518</u>	<u>3,974,807</u>
CONTINGENCIES AND COMMITMENTS	6	—	—
		<u>15,656,486</u>	<u>12,376,235</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,917,127	7,639,707
Long term investments		5,000	5,000
Deposit for right shares		814,293	—
Long term deposits		22,870	42,618
Deferred tax assets		—	14,390
		<u>9,759,290</u>	<u>7,701,715</u>
CURRENT ASSETS			
Stores and spares		1,407,779	1,346,370
Stocks in trade		1,272,108	959,401
Trade debts		634,341	597,391
Advances, deposits, prepayments and other receivables		1,693,915	1,001,077
Short term investment		460,369	391,339
Cash and bank balances		428,684	378,942
		<u>5,897,196</u>	<u>4,674,520</u>
		<u>15,656,486</u>	<u>12,376,235</u>

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

Statement u/s 241(2) of the Companies Ordinance, 1984
These financial statements have not been authenticated by the Chief
Executive as he is presently out of Pakistan.

Lahore
May 27, 2005

Director

Director

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

	Quarter Ended		Half Year Ended	
	31 March, 2005	31 March, 2004	31 March, 2005	31 March, 2004
	(Rupees in thousand)			
Sales	2,488,973	2,241,462	5,012,547	4,345,757
Cost of goods sold	1,941,752	1,723,812	3,956,601	3,308,649
Gross profit	547,221	517,650	1,055,946	1,037,108
Administrative, Selling & General Expenses	93,955	81,370	178,973	159,066
Operating profit	453,266	436,280	876,973	878,042
Other Income	17,660	13,498	38,822	35,283
	470,926	449,778	915,795	913,325
Financial and other charges	118,005	158,701	227,087	288,854
Profit before taxation	352,921	291,077	688,708	624,471
Provision for taxation				
Current	15,268	16,208	32,291	31,897
Deferred	96,910	41,155	185,348	39,912
	112,178	57,363	217,639	71,809
Profit after taxation	240,743	233,714	471,069	552,662
Minority Interest	96,951	58,344	170,411	159,003
Profit after taxation and minority interest	143,792	175,370	300,658	393,659
Basic Earnings per share (Rs.)	2.73	2.91	5.34	6.89

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

Statement u/s 241(2) of the Companies Ordinance, 1984
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Lahore
May 27, 2005

Director

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 MARCH, 2005
(Un-Audited)

	Note	Half Year Ended	
		31 March, 2005	31 March, 2004
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	8	131,666	1,150,765
Financial charges paid		(150,593)	(267,094)
Taxes paid		(25,767)	(23,268)
Earned leave paid		(546)	(755)
Net cash inflows (outflow) from operating activities		(45,240)	859,648
Cash flow from investing activities			
Purchase of property, plant and equipment		(1,587,276)	(312,504)
Proceeds from sale of plant and equipment		33,555	24,722
Long term loans and deposits (net)		(586)	(1,645)
Share deposit money paid		(814,293)	-
Dividend received		10,114	15,955
Net cash outflow from investing activities		(2,358,486)	(273,472)
Cash flow from financing activities			
Long term financing less repayments		1,010,689	(542,343)
Short term borrowing		1,480,594	70,194
Finance leases less repayments		1,203	(69,507)
Shares deposit money received		157,842	-
Repayment of:			
Term finance certificate		(77,275)	(50)
Long term advances		19,899	(108)
Dividend paid		(139,484)	(78,341)
Net cash inflow / (outflow) from financing activities		2,453,468	(620,155)
Net increase/(decrease) in cash and cash equivalents		49,742	(33,979)
Cash and cash equivalents at the beginning of the period		378,942	263,353
Cash and cash equivalents at the end of the period		428,684	229,374

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

<p>Statement u/s 241(2) of the Companies Ordinance, 1984 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.</p>
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Lahore
May 27, 2005

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 MARCH, 2005 (UN - AUDITED)

(Rupees in Thousand)

	Reserves									Share Deposit Money	Total equity	
	Share Capital	Capital Reserve				Revenue Reserves						Total Reserves
		Capital Reserve	Surplus on Revaluation of Investment	Reserve for Bonus Shares	Total	General Reserve	Consolidated Reserves	Un-appropriated Profit	Total			
Balance as at 30 September 2003 – As previously reported	801,797	170,756	–	–	170,756	759,292	640,995	26,004	1,426,291	1,597,047	–	2,398,844
Effect of change in accounting policy (Note 3.1 and 3.2)	–	–	220,193	–	220,193	–	–	80,180	80,180	300,373	–	300,373
Balance as at 30 September 2003 – As restated	801,797	170,756	220,193	–	390,949	759,292	640,995	106,184	1,506,471	1,897,420	–	2,699,217
Final dividend for the year ended 30 September 2003	–	–	–	–	–	–	–	(80,180)	(80,180)	(80,180)	–	(80,180)
Effect of change in accounting policy (Note 3.2)	–	–	92,747	–	92,747	–	–	–	–	92,747	–	92,747
Net profit for the half year ended 31 March 2004	–	–	–	–	–	–	–	393,659	393,659	393,659	–	393,659
Balance as at 31 March 2004 – As restated	801,797	170,756	312,940	–	483,696	759,292	640,995	419,663	1,819,950	2,303,646	–	3,105,443
Net profit for the half year ended 30 Sep. 2004	–	–	–	–	–	–	–	(30,492)	(30,492)	(30,492)	–	(30,492)
Increase due to apportionment of subsidiary's profit	–	–	–	–	–	–	244,361	–	244,361	244,361	–	244,361
Reserve for bonus shares	–	(80,180)	–	80,180	–	–	–	–	–	–	–	–
Effect of change in accounting policy (Note 3.2)	–	–	(23,933)	–	(23,933)	–	–	–	–	(23,933)	–	(23,933)
Transfer to general reserves	–	–	–	–	–	340,708	–	(340,708)	–	–	–	–
Balance as at 30 September 2004 – As restated	801,797	90,576	289,007	80,180	459,763	1,100,000	885,356	48,463	2,033,819	2,493,582	–	3,295,379
Dividend received from subsidiary	–	–	–	–	–	–	(135,716)	–	(135,716)	(135,716)	–	(135,716)
Effect of change in accounting policy (Note 3.2)	–	–	69,030	–	69,030	–	–	–	–	69,030	–	69,030
Bonus shares issued	80,180	–	–	(80,180)	(80,180)	–	–	–	–	(80,180)	–	–
Cash received against right issue (Note 4)	–	–	–	–	–	–	–	–	–	–	157,842	157,842
Net profit for the half year ended 31 March 2005	–	–	–	–	–	–	–	300,659	300,659	300,659	–	300,659
Balance as at 31 March 2005	881,977	90,576	358,037	–	448,613	1,100,000	749,640	349,122	2,198,762	2,647,375	157,842	3,687,194

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

Statement u/s 241(2) of the Companies Ordinance, 1984
 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.

Lahore :
 May 27, 2005

DIRECTOR

DIRECTOR

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH, 2005
(Un-Audited)**

1. THE GROUP AND ITS OPERATIONS

Holding Company

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 principal activity of the company is manufacturing of yarn and cloth, processing and stitching the cloth and trading textile products. The Company holds 90,476,999 ordinary shares of Rs. 10 each in Maple Leaf Cement Factory Limited as at 31 March 2005.

Subsidiary Company

Maple Leaf Cement Factory 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. It is engaged in the 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

The accounting policies 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 except for the change as stated in note 3.1, 3.2 and 3.3. The presentation of interim financial statements is changed to comply with the amendments in the Fourth Schedule to the Companies Ordinance, 1984 promulgated by Notification No. 589(I)/2004, dated 05 July 2004.

3.1 Dividend

In the previous years, proposed or declared dividend after the balance sheet date was recognised as liability. After the amendments in the Fourth Schedule to the Companies Ordinance, 1984, dividend will be recognized as a liability in the period/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 the change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the current period.

3.2 Investments in associated companies

The group has changed its accounting policy with respect to investments in associated companies. Previously these were stated at cost. Now investments in 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 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, is measured at cost. Gain and losses on remeasurement to fair value are recognised 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 short term investments and surplus on revaluation of investment for the half year ended 31 March 2005 would have been lower by Rs. 358.04 million.

3.3 Foreign currency translation

The company in pursuance of substituted Fourth Schedule to the Companies Ordinance, 1984 has changed its accounting policy with respect to the capitalization of exchange differences. Previously exchange differences on loan utilized for the acquisition of fixed assets were capitalized and all other exchange differences were charged to profit and loss account. The company now charges all exchange differences to profit and loss account. The change in accounting policy as referred above has no effect on the amounts reported for the current period.

3.4 The subsidiary company, subsequent to its balance sheet date, has offered 90,245,662 ordinary shares of Rs. 10 each issued at Rs. 18 per share (including premium of Rs. 8 per share). These right shares have been offered in the ratio of 50 ordinary shares for every 100 ordinary shares registered in the name of the share holders as on 03 December 2004. The holding company has paid an amount of Rs. 814,293 thousand in order to exercise its right to purchase 45,238,499 (50.13%) right shares at Rs. 18 per share offered by its subsidiary.

Further, Securities and Exchange Commission of Pakistan, vide its letter reference no. EMD/CI/17/2004-3865 dated 28 December 2004 has allowed the subsidiary company to issue 54,147,398 preference shares having preferential right of dividend at the rate of 9.75% per annum by way of right offer to the existing shareholders in the ratio of 30 preference share (non-voting) for every 100 ordinary shares held by the existing shareholders of the subsidiary as on 15 December 2004.

4. SHARE DEPOSIT MONEY

The holding company, subsequent to the balance sheet date, has allotted 8,017,973 ordinary shares of Rs. 10 each @ Rs. 20 per share (including premium of Rs. 10 per share). These right share been allotted in the ratio of 10 ordinary shares for every 100 ordinary shares already held by the shareholders whose names appear in the register of members as on 21 December 2004. These right shares shall rank pari pasu with the existing ordinary shares of the holding company in all respects.

5. LONG TERM FINANCING

	31 March, 2005	30 Sep., 2004
	(Rupees in thousand)	
Secured	3,952,790	3,058,409
Unsecured	<u>7,477</u>	<u>7,477</u>
	<u>3,960,267</u>	<u>3,065,886</u>

6. CONTINGENCIES AND COMMITMENTS :

6.1 There has been no significant changes in contingencies since the last audited financial statements.

6.2 Commitments in respect of :

- (i) Letters of credit for capital expenditure amount to Rs. 1,715.434 million (2004: Rs. 380.101 million).
- (ii) Letters of credit other than for capital expenditure amount to Rs. 4,534.786 million (2004: Rs. 1,207.051 million).

	31 March, 2005	30 Sep., 2004
	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT		
Operating:		
Owned		
Opening book value	7,072,407	6,726,236
Additions during the period/year (Note 7.1)	484,648	896,589
	<u>7,557,055</u>	<u>7,622,825</u>
Book value of property, plant and equipment disposed off during the period/year (Note 7.1)	(17,801)	(38,477)
Depreciation charged during the period/year	(271,014)	(511,941)
Closing book value	<u>7,268,240</u>	<u>7,072,407</u>
Leased		
Opening book value	358,128	458,013
Additions during the period/year (Note 7.2)	97,390	-
	<u>455,518</u>	<u>458,013</u>
Book value of property, plant and equipment disposed off during the period/year (Note 7.2)	(41,311)	(60,093)
Depreciation charged during the period/year	(21,040)	(39,792)
Closing book value	<u>393,167</u>	<u>358,128</u>
	<u>7,661,407</u>	<u>7,430,535</u>
Capital work in progress	1,255,720	209,172
	<u>8,917,127</u>	<u>7,639,707</u>

31 March, 2005		30 September, 2004	
Addition	Deletion	Addition	Deletion
(Rupees in thousand)		(Rupees in thousand)	

7.1 Detail of additions / deletions – owned

	31 March, 2005	30 September, 2004
Land – Freehold	9,606	-
Buildings	16,735	84,827
Plant and Machinery	442,907	16,539
Service and Other Equipments	313	-
Furniture & Fixtures	6,680	823
Quarry Equipment	-	20,245
Office equipment	2,726	10,743
Vehicles	5,681	1,294
	<u>484,648</u>	<u>17,801</u>
	<u>896,589</u>	<u>38,477</u>

7.2 Detail of additions / deletions – Leased

	31 March, 2005	30 September, 2004
Plant and Machinery	90,792	41,311
Vehicles	6,598	-
	<u>97,390</u>	<u>41,311</u>
	<u>60,093</u>	<u>60,093</u>

	Half Year Ended 31 March, 2005	Half Year Ended 31 March, 2004
	(Rupees in thousand)	

8. CASH GENERATED FROM OPERATIONS

Profit before taxation	688,708	624,471
Adjustment for non-cash charges and other items		
Depreciation	292,054	270,026
Gain on sale of fixed assets	(15,755)	(9,347)
Financial charges	189,518	257,315
Dividend income	(10,114)	(15,955)
Provision for earned leave	1,491	1,271
Working capital changes (Note 8.1)	(1,014,236)	22,984
	<u>131,666</u>	<u>1,150,765</u>

Half Year Ended 31 March, 2005	Half Year Ended 31 March 2004
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(Rupees in thousand)

8.1 WORKING CAPITAL CHANGES

(Increase)/decrease in current assets

Stores and spares	(61,409)	(81,728)
Stock-in-trade	(312,707)	(122,859)
Trade debts	(36,950)	85,295
Loans, advances, deposits, prepayments and other receivables	<u>(686,567)</u>	<u>171,213</u>
	(1,097,633)	51,921

Increase in current liabilities

Trade and other payables	<u>83,397</u>	<u>(28,937)</u>
	<u>(1,014,236)</u>	<u>22,984</u>

9. TRANSACTIONS WITH RELATED PARTIES

Dividend received	10,114	15,955
Sales during the period	646,494	329,706
Purchases during the period	254,896	180,369

10. AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on May 27, 2005.

11. COMPARATIVE FIGURES

Comparative figures have been rearranged, wherever necessary, for the purposes of comparison. Reclassifications have been made to comply with the amendments in the Fourth Schedule to the Companies Ordinance, 1984. However, corresponding financial statements have been restated to account for the effect of change in accounting policy as stated in note 3.2 to the financial statements.

<p>Statement u/s 241(2) of the Companies Ordinance, 1984 These financial statements have not been authenticated by the Chief Executive as he is presently out of Pakistan.</p>
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Lahore
May 27, 2005

Director

Director