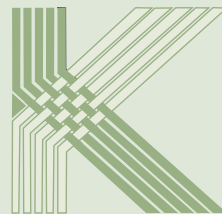


Kohinoor

Weaving Mills Limited



QUARTERLY FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2006



COMPANY INFORMATION

BOARD OF DIRECTORS

MR. AAMIR FAYYAZ SHEIKH *Chief Executive / Chairman*
MR. ASAD FAYYAZ SHEIKH
MR. ALI FAYYAZ SHEIKH
MR. MUHAMMAD HANIF KHAN
MR. SALMAN AKRAM RAJA
MR. NAJEEB MALIK
SYED MOHSIN NAQVI
MR. RASHID AHMED
MR. GUL NAWAZ *NIT Nominee*

AUDIT COMMITTEE

MR. RASHID AHMED *Chairman*
MR. ALI FAYYAZ SHEIKH *Member*
MR. MUHAMMAD HANIF KHAN *Member*
MR. MUHAMMAD IMRAN *Secretary*

CHIEF FINANCIAL OFFICER

SYED MOHSIN NAQVI

HEAD OF INTERNAL AUDIT

MR. HAMID-UR-REHMAN

COMPANY SECRETARY

MR. MUHAMMAD IMRAN

AUDITORS

M/S. FORD RHODES SIDAT HYDER & CO.,
CHARTERED ACCOUNTANTS

BANKERS

AL BARAKA ISLAMIC BANK B.S.C. (E.C)
ALLIED BANK LIMITED
ASKARI COMMERCIAL BANK LIMITED
BANK ALFALAH LIMITED
FAYSAL BANK LIMITED
HABIB BANK LIMITED
MCB BANK LIMITED
NATIONAL BANK OF PAKISTAN
NIB BANK LIMITED
PRIME COMMERCIAL BANK LIMITED
SAUDI PAK COMMERCIAL BANK LIMITED
THE BANK OF PUNJAB
UNION BANK LIMITED
UNITED BANK LIMITED

REGISTERED OFFICE, MILLS & SHARES DEPARTMENT

8TH K.M. MANGA RAIWIND ROAD,
DISTRICT KASUR.

Cell: (92-333) 4998801-10

Tel: (92-42) 5391941-45

Fax: (92-42) 5391946

E-mail: info@kohinoorweaving.com



DIRECTORS' REPORT

The Directors of the company present the un-audited financial statements for the third quarter ended March 31, 2006. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

Operating and Financial Results

During the period ended March 31, 2006, your company earned a gross profit of Rs 448 million on sales of Rs 4,448 million as compared to gross profit of Rs 414 million on sales of Rs 3,562 million for the corresponding three quarters. Loss before taxation for the three quarters is Rs 43.25 million compared to profit before tax of Rs 74.80 million during the corresponding three quarters. Escalated financial cost which increased from Rs 124.75 million during the corresponding period to Rs 265.64 million in the current period, primarily attributed to the adverse results of your company. Marginal decrease in gross margin is due to increased competition in hosiery, weaving and home textile divisions. During the period profitability was also eroded by unusual operational problems in the newly installed gas powered turbine in genertek division. Increase in administrative and distribution costs is primarily attributable to the enhanced marketing activity in dyeing, hosiery and home textile divisions.

In line with the planned debt reduction plan, your company is in the process of disposing off certain surplus assets and short term securities, proceeds of which will be used to repay expensive debts. This will not only significantly improve your company's current and debt equity ratios but will also have healthy effect on the profitability of your company by reduced financial charge.

In order to increase and then sustain the net margins, your organization is striving to enhance efficiency and has taken steps to reduce overheads. Utilization of capacity in hosiery division is improving and orders deferred in the past are being executed. Management of your company is hopeful that results for the last quarter ending June 30, 2006 will improve.



FUTURE PROSPECTS

Management of your company is following up the strategy fully explained in Directors' Report dated September 30, 2004 and has developed a detailed operational plan under which diversified marketing in hosiery, weaving and home textile divisions have been undertaken to increase the customer base and explore niche markets, debt restructuring and retirement plan is being implemented to reduce finance cost, capacity utilization in dyeing division is being improved and gas fired engines are being procured to achieve economies in the cost of electricity produced. After successful implementation of these measures, management is hopeful that the results of your company will show significant improvement.

ACKNOWLEDGEMENT

The board places on record its gratitude to its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation of the dedication and hard work of the staff and workers of the company.

For and on behalf of the Board

AAMIR FAYYAZ SHEIKH

Kasur: April 26, 2006

Chief Executive



BALANCE SHEET AS AT MARCH 31, 2006

EQUITY AND LIABILITIES	NOTE	UN-AUDITED Mar-06 Rupees	AUDITED Jun-05 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (June 2005: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (June 2005: 30,000,000) preference shares of Rs. 10 each		300,000,000	300,000,000
		<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital			
33,059,099 (June 2005: 33,059,099) ordinary shares of Rupees 10 each fully paid up in cash		330,590,990	330,590,990
Reserves			
Capital reserves		318,773,509	155,193,008
Revenue reserves		1,391,086,730	1,391,086,730
Accumulated (Loss)		(264,842,147)	(183,026,563)
		<u>1,445,018,092</u>	<u>1,363,253,175</u>
		<u>1,775,609,082</u>	<u>1,693,844,165</u>
NON-CURRENT LIABILITIES			
Redeemable capital		199,995,625	199,995,625
Long term loans		1,428,024,402	1,813,430,094
		<u>1,628,020,027</u>	<u>2,013,425,719</u>
CURRENT LIABILITIES			
Trade and other payables		805,630,765	579,547,776
Interest accrued on loans and redeemable capital		46,376,429	60,915,629
Short term finances-Secured		2,824,457,591	2,117,367,717
Current portion of long term liabilities		468,866,927	416,920,997
Provision for taxation		47,745,728	47,812,786
		<u>4,193,077,440</u>	<u>3,222,564,905</u>
CONTINGENCIES AND COMMITMENTS			
	3	-	-
		<u>7,596,706,550</u>	<u>6,929,834,789</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	3,310,983,680	3,112,942,370
Capital work-in-progress		441,792,311	728,520,214
		<u>3,752,775,991</u>	<u>3,841,462,584</u>
Long term investment		11,940,000	11,940,000
Long term security deposits		3,120,751	3,087,142
		<u>15,060,751</u>	<u>15,027,142</u>
		<u>3,767,836,742</u>	<u>3,856,489,726</u>
CURRENT ASSETS			
Stores, spares and loose tools		257,762,037	209,407,470
Stock-in-trade		1,318,792,815	946,548,050
Assets held for disposal		281,475,211	281,475,211
Trade debts - Considered good		810,512,179	594,752,951
Advances, deposits, prepayments and other receivables		693,877,519	702,607,800
Short term investments		361,459,528	199,219,528
Cash and bank balances		104,990,519	139,334,053
		<u>3,828,869,808</u>	<u>3,073,345,063</u>
		<u>7,596,706,550</u>	<u>6,929,834,789</u>

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

Kasur :
April 26, 2006


AAMIR FAYYAZ SHEIKH
Chief Executive


NAJEEB MALIK
Director



PROFIT AND LOSS ACCOUNT (UN - AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2006

	NOTE	For the Quarter Jan to Mar 31, 2006 Rupees	For the Nine Months Ended Mar 31, 2006 Rupees	For the Quarter Jan to Mar 31, 2005 Rupees	For the Nine Months Ended Mar 31, 2005 Rupees
SALES	6	1,510,276,084	4,447,554,625	1,118,914,795	3,562,097,083
COST OF GOODS SOLD	7	1,360,795,815	3,999,359,684	999,278,653	3,147,601,082
GROSS PROFIT		149,480,269	448,194,941	119,636,142	414,496,001
DISTRIBUTION COST		52,425,654	155,774,952	63,249,620	149,005,816
ADMINISTRATIVE EXPENSES		29,987,057	87,950,426	15,272,274	80,314,694
OTHER CHARGES		2,498,500	5,493,385	140,615	4,774,319
OTHER OPERATING INCOME		(3,978,561)	(23,417,861)	(4,536,689)	(19,152,945)
		80,932,649	225,800,901	74,125,820	214,941,884
OPERATING PROFIT		68,547,620	222,394,040	45,510,322	199,554,117
FINANCE COST		93,687,156	265,646,747	42,838,635	124,753,167
(LOSS)/PROFIT BEFORE TAXATION		(25,139,537)	(43,252,708)	2,671,687	74,800,950
PROVISION FOR TAXATION		10,297,775	38,562,877	11,759,480	34,682,510
(LOSS)/PROFIT AFTER TAXATION		(35,437,312)	(81,815,585)	(9,087,793)	40,118,440
EARNINGS PER SHARE - BASIC		(1.07)	(2.47)	(0.27)	1.21

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

Kasur :
April 26, 2006


AAMIR FAYYAZ SHEIKH
Chief Executive


NAJEEB MALIK
Director



**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2006**

	NINE MONTHS ENDED March 31, 2006 Rupees	NINE MONTHS ENDED March 31, 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(43,252,708)	74,800,950
Adjustment for non cash charges and other items:		
Depreciation	198,432,288	165,811,979
Gain on sale of fixed assets	(14,237,609)	-
Finance cost	265,646,747	124,753,167
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	<u>406,588,718</u>	<u>365,366,096</u>
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(48,354,567)	(162,615,859)
Stock in trade	(372,244,765)	(104,332,973)
Trade debts	(215,759,229)	(134,903,082)
Advances, deposits, prepayments and other receivables	8,730,272	(228,200,336)
Short term investments	1,340,501	(49,500,001)
Increase/(Decrease) in current liabilities		
Short term finances	707,089,874	650,616,607
Trade & other payables	174,701,221	(77,082,873)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	<u>255,503,307</u>	<u>(106,018,517)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income taxes paid	(38,629,934)	(31,196,593)
Finance cost paid	(228,801,891)	(102,748,164)
	<u>(267,431,825)</u>	<u>(133,944,757)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	394,660,200	125,402,822
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant & equipment acquired	(121,169,686)	(790,357,436)
Sale proceeds from property, plant & equipment	25,661,602	-
Long term security deposits	(33,600)	3,147,949
Long term investments	-	(800,000)
NET CASH USED IN INVESTING ACTIVITIES	<u>(95,541,684)</u>	<u>(788,009,487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability paid	(16,202,502)	(26,800,864)
Redeemable capital - net	(317,257,261)	748,594,882
Dividend paid	(2,288)	(30,101,270)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>(333,462,050)</u>	<u>691,692,748</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(34,343,534)	29,086,083
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>139,334,053</u>	<u>62,118,419</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>104,990,519</u>	<u>91,204,502</u>

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

Kasur :
April 26, 2006


AAMIR FAYYAZ SHEIKH
Chief Executive


NAJEEB MALIK
Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2006

SHARE CAPITAL	R E S E R V E S						SHARE - HOLDER'S EQUITY
	Capital Reserve		Revenue Reserve		Total	Rupees	
	Share Premium	Fair value Reserve	General	unappropriated profit/accumulated loss			
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
300,537,273	67,000,000	67,750,000	265,750,000	1,237,063,730	116,331,773	1,409,018,443	1,874,305,713
300,053,727	(30,053,727)	-	(30,053,727)	-	43,118,440	43,118,440	43,118,440
-	-	-	-	100,000,000	(100,000,000)	-	-
-	-	138,840,772	(38,840,772)	-	(30,053,727)	(30,053,727)	(36,840,772)
330,590,950	67,846,280	28,809,228	186,655,501	1,337,063,730	23,966,476	1,719,083,156	2,045,529,657
330,590,950	67,846,280	87,246,728	135,193,008	1,397,063,730	1183,226,962	1,208,060,188	1,983,844,185
-	-	-	-	-	(81,815,585)	(81,815,585)	(81,815,585)
330,590,950	67,846,280	250,827,229	376,773,509	1,397,063,730	(284,842,147)	1,126,224,483	1,445,018,082

Balance as at 30 June 2004
Profit for the period
300,5 shares issued
Transfer to general reserve
Fair value adjustment
Dividend @ Rs. 1.0 per share for the year 2004
on investments
Balance as at 31 March 2005
Balance as on 30 June, 2005
Loss for the period
Fair value adjustment on investment
Balance as on 31 March, 2006

The annexed notes form an integral part of these financial statements

Kasur :
April 26, 2006


AAMIR FAYYAZ SHEIKH
Chief Executive


NAJEEB MALIK
Director



NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2006
(UN- AUDITED)

1. THE COMPANY AND ITS ACTIVITIES

Kohinoor Weaving Mills Limited was incorporated on December 21, 1987 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The principal activity of the company is manufacturing of grey fabric, dyeing, finishing, knitting and generation and distribution of power and also trading of cloth and yarn.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

These financial statements are unaudited and being submitted to shareholders as required u/s 245 of The Companies Ordinance, 1984 and have been prepared in accordance with the International Accounting Standard No.34; interim financial reporting as applicable and notified by Securities and Exchange Commission of Pakistan.

2.2 Accounting convention

The accounting policies and method of computations adopted for the preparation of these interim financial statements are the same as applied in the preparation of the preceding published financial statements of the company for the period ended June 30, 2005.

3. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies as disclosed in last published financial statements of the company for the period ended June 30, 2005.

Commitments against capital expenditures are Rupees 80 million (June 30, 2005: Rupees 90.8 million).

4. PROVISION FOR TAXATION

Provision for taxation is calculated on estimation basis and subject to finalization in the annual accounts.

5. ADDITIONS/(DELETIONS) IN PROPERTY, PLANT & EQUIPMENT - AT COST

Following are the additions/(deletions) in the property, plant and equipment made during the nine months ended March 31, 2006

	March 31, 2006
	Rupees
Plant and machinery	301,608,428
	(21,289,820)
Electric installation	1,879,316
Furniture, fixtures and equipment	7,926,026
Vehicles	8,801,221
	<u>(4,444,464)</u>
Net additions at cost	<u>294,480,707</u>



	Nine Months Ended Mar 31, 2006	Nine Months Ended Mar 31, 2005
6. SALES		
Export	3,528,267,181	3,002,024,953
Local	<u>919,287,444</u>	<u>560,072,130</u>
	<u>4,447,554,625</u>	<u>3,562,097,083</u>
7. COST OF GOODS SOLD		
Opening stock of finished goods	454,330,151	441,581,679
Cost of goods manufactured	3,937,201,244	2,961,936,142
Cost of cloth and yarn purchased for resale	<u>114,907,970</u>	<u>165,214,433</u>
	<u>4,052,109,214</u>	<u>3,127,150,575</u>
Less: Closing stock of finished goods	<u>507,079,681</u>	<u>421,131,172</u>
	<u>3,999,359,684</u>	<u>3,147,601,082</u>

8. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, related group companies, local associate companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated under takings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	Nine Months Ended Mar 31, 2006	Nine Months Ended Mar 31, 2005
Purchase of goods and services	-	908,143,473
Sales of goods and services	-	479,586,484
Investment made	-	50,300,000

9. AUTHORIZED FOR ISSUE

These financial statements were approved by board of directors and authorized for issue on April 26, 2006.

10. FIGURES

Figures have been rounded off to nearest of rupee.

Kasur :
April 26, 2006


AAMIR FAYYAZ SHEIKH
Chief Executive


NAJEEB MALIK
Director

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