



## COMPANY INFORMATION

### **Board of Directors**

Mr. Aamir Fayyaz Sheikh	Chief Executive /Chairman
Mr. Asad Fayyaz Sheikh	
Mr. Ali Fayyaz Sheikh	
Mr. Rashid Ahmed	
Mr. Gul Nawaz	NIT Nominee
Mr. Salman Akram Raja	
Syed Mohsin Raza Naqvi	

### **Audit Committee**

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

### **Chief Financial Officer**

Syed Mohsin Raza Naqvi

### **Head of Internal Audit**

Mr. Hamid-ur-Rehman

### **Company Secretary**

Mr. Muhammad Imran

### **Auditors**

Riaz Ahmad & Company  
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  
PICIC Commercial Bank Limited  
Prime Commercial Bank Limited  
Saudi Pak Commercial Bank Limited  
Standard Chartered Bank Limited  
The Bank of Punjab  
United Bank Limited

### **Registered Office, Mills &**

#### **Shares Department**

8<sup>th</sup> K.M. Manga Raiwind Road,  
District Kasur.  
Cell: (92-333) 4998801-10  
Tel: (92-42) 5391941-45  
Fax: (92-42) 5391946  
E-mail: info@kohinoormills.com  
Web site: www.kohinoormills.com



## DIRECTORS' REVIEW

The Directors of the Company present the un-audited financial statements for the third quarter ended March 31, 2007. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

### Operating and Financial Results

During the period ended March 31, 2007, your company earned a gross profit of Rs 855 million on sales of Rs 5,879 million as compared to gross profit of Rs 528 million on sales of Rs 4,527 million for the corresponding period of the previous financial year. Profit before taxation for the period is Rs 92 million compared to a loss before tax of Rs 43 million during the corresponding period of the previous financial year. During the third quarter ended March 31, 2007, your company incurred a net loss after tax of Rs 34 million as compared to a loss of Rs 35 million during the corresponding period of the previous financial year. Cyclical decline in hosiery and dyeing divisions and deteriorating market conditions of greige fabric in weaving division coupled with extended gas load shedding during the months of January and February, 2007, in Genertek division contributed towards the adverse results during this quarter. Net profit after tax for three quarters is Rs 45 million as compared to a loss of Rs 82 million during the corresponding period of the previous financial year.

During the period under review, your company managed to grow its revenue base by over 28%, which increased to Rs 5,879 million as compared to Rs 4,527 during the corresponding period of the previous financial year. Management of the company feels that your company has a



further potential of growth in its revenue base and is likely to exceed yearly turnover of Rs 8,000 million.

Increase in administrative and distribution costs was in absolute terms only and was 6.59% of sales revenue during the period under review as compared to 7.14% of the sales revenue during the corresponding period of previous financial year.

Increasing financial costs continued to effect the operations of your company and were Rs 385 million during the period under review as compared to Rs 265 million during the corresponding period of the previous financial year. Increased financial costs were partially due to increase in operations of the organization and partially due to escalating interest rates in the country. In line with its strategic plan fully explained in the director's report dated September 30, 2006, your company has successfully swapped some of its expensive loans under ELTF scheme of Government of Pakistan.

#### FUTURE PROSPECTS

Cyclical decline in Hosiery and Dyeing divisions has been overcome and it is expected that capacity utilization of these and other divisions will be maximized during the last quarter of the current financial year. Your company is keeping its focus in implementing the strategy explained in the Directors' report dated September 30, 2006 and is hopeful that the momentum achieved in the second quarter of the current financial year will be regained during the last quarter ending June 30, 2007 and is expects that after



successful implementation of all the measure it has planned, the results of the company for the year ending June 30, 2007 will show further 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

Kasur:  
April 30, 2007

  
**AAMIR FAYYAZ SHEIKH**  
Chief Executive



## BALANCE SHEET AS AT MARCH 31, 2007

	UN-AUDITED Mar-07 Rupees	AUDITED Jun-06 Rupees
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 80,000,000 (June 2006: 80,000,000) ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000 (June 2006: 30,000,000) preference shares of Rupees 10 each	300,000,000	300,000,000
	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital 36,365,008 (June 2006: 33,059,099) ordinary shares of Rupees 10 each fully paid up in cash	363,650,080	330,590,990
Reserves		
Capital reserves	153,860,248	219,199,038
Revenue reserves	1,166,865,862	1,154,891,192
	<u>1,320,726,110</u>	<u>1,374,090,230</u>
	1,684,376,190	1,704,681,220
<b>NON-CURRENT LIABILITIES</b>		
Redeemable capital	39,999,128	119,997,375
Long term loans	1,124,374,582	1,318,959,250
	<u>1,164,373,710</u>	<u>1,438,956,625</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	601,834,108	824,760,026
Interest accrued on loans and redeemable capital	131,667,721	102,548,401
Short term finances-Secured	3,298,960,525	3,094,888,901
Current portion of long term liabilities	499,254,260	550,652,641
Provision for taxation	142,750,665	107,031,197
	<u>4,674,467,279</u>	<u>4,679,881,166</u>
Contingencies and commitments	4	-
<b>TOTAL LIABILITIES</b>	<u>7,523,217,179</u>	<u>7,823,519,011</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets	3,722,750,160	3,889,514,146
Capital work-in-progress	107,585,776	210,112,805
	<u>3,830,335,936</u>	<u>4,099,626,951</u>
Intangible fixed assets		
Software	5,187,080	5,000,250
	<u>3,835,523,016</u>	<u>4,104,627,201</u>
LONG TERM INVESTMENT	10,638,540	11,940,000
LONG TERM SECURITY DEPOSITS	3,120,751	3,120,751
	<u>13,759,291</u>	<u>15,060,751</u>
	3,849,282,307	4,119,687,952
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	310,796,251	260,523,603
Stock-in-trade	1,388,184,632	1,354,021,919
Trade debts - Considered good	905,677,399	1,038,801,576
Advances, deposits, prepayments and other receivables	742,878,950	605,592,653
Short term investments	199,656,680	263,694,008
Cash and bank balances	126,740,960	181,197,300
	<u>3,673,934,872</u>	<u>3,703,831,059</u>
<b>TOTAL ASSETS</b>	<u>7,523,217,179</u>	<u>7,823,519,011</u>

The annexed notes form an integral part of these financial statements

Kasur:  
April 30, 2007AAMIR FAYYAZ SHEIKH  
Chief ExecutiveRASHID AHMED  
DirectorPROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2007

	Quarter Jan to Mar 31, 2007 Rupees	Nine Months Ended Mar 31, 2007 Rupees	Quarter Jan to Mar 31, 2006 Rupees	Nine Months Ended Mar 31, 2006 Rupees
SALES	6 1,837,851,297	5,878,805,385	1,538,319,061	4,526,902,135
COST OF SALES	7 1,620,868,066	5,024,264,689	1,360,795,815	3,999,359,684
<b>GROSS PROFIT</b>	216,983,231	854,540,696	177,523,246	527,542,451
DISTRIBUTION COST	88,643,740	272,488,698	80,468,361	235,122,462
ADMINISTRATIVE EXPENSES	36,395,832	114,468,773	29,987,057	87,950,426
OTHER CHARGES	(2,564,197)	5,870,198	2,498,500	5,493,385
OTHER OPERATING INCOME	(1,385,800)	(10,372,232)	(3,978,561)	(23,417,861)
	<u>121,089,575</u>	<u>382,455,437</u>	<u>108,975,626</u>	<u>305,148,412</u>
<b>OPERATING PROFIT</b>	95,893,656	472,085,259	68,547,619	222,394,039
<b>FINANCE COST</b>	116,446,136	379,599,229	93,687,156	265,646,747
<b>(LOSS) PROFIT BEFORE TAXATION</b>	(20,552,480)	92,486,030	(25,139,537)	(43,252,708)
<b>PROVISION FOR TAXATION</b>	13,549,519	47,452,270	10,297,775	38,562,877
<b>(LOSS) PROFIT AFTER TAXATION</b>	<u>(34,101,999)</u>	<u>45,033,760</u>	<u>(35,437,312)</u>	<u>(81,815,585)</u>
<b>EARNINGS PER SHARE - BASIC</b>	<u>(0.94)</u>	<u>1.24</u>	<u>(0.97)</u>	<u>(2.25)</u>

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

Kasur:  
April 30, 2007AAMIR FAYYAZ SHEIKH  
Chief ExecutiveRASHID AHMED  
Director



## CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2007

	Nine Months Ended Mar 31, 2007 Rupees	Nine Months Ended Mar 31, 2006 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	92,486,030	(43,252,708)
Adjustment for non cash charges and other items:		
Depreciation	223,886,934	198,432,288
Gain on sale of fixed assets	(816,117)	(14,237,609)
Finance cost	379,599,229	265,646,747
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL</b>	<b>695,156,076</b>	<b>406,588,718</b>
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(50,272,648)	(48,354,567)
Stock in trade	(34,162,714)	(372,244,765)
Trade debts	133,124,177	(215,759,229)
Advances, deposits, prepayments and other receivables	(87,285,297)	8,730,272
Short term Investments	-	1,340,501
Increase/(Decrease) in current liabilities		
Short term finances	204,071,624	707,089,874
Trade & other payables	(222,925,917)	174,701,221
<b>EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES</b>	<b>(57,450,775)</b>	<b>255,503,307</b>
Income taxes paid	(11,732,803)	(38,629,934)
Finance cost paid	(350,479,909)	(228,801,891)
	(362,212,712)	(267,431,825)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>275,492,589</b>	<b>394,660,200</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant & equipment acquired	(6,790,100)	(121,169,686)
Sale proceeds from property, plant & equipment	2,822,468	25,661,602
Long term security deposits	-	(33,600)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,967,632)</b>	<b>(95,541,684)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liability paid	-	(16,202,502)
Long term loans net	(325,981,297)	(317,257,261)
Dividend paid	-	(2,288)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(325,981,297)</b>	<b>(333,462,051)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(54,456,340)</b>	<b>(34,343,535)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>181,197,300</b>	<b>139,334,053</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>126,740,960</b>	<b>104,990,518</b>

Kasur:  
April 30, 2007

**AAMIR FAYYAZ SHEIKH**  
Chief Executive

**RASHID AHMED**  
Director



## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2007

	R E S E R V E S							
Share Capital	Share Premium	Sub-Total	General	Accumulated Profit/(Loss)	Sub-Total	Total	Shareholders' Equity	Rupees
330,590,990	67,946,280	400,537,270	1,391,086,730	(183,026,562)	1,208,060,168	1,363,253,176	1,693,844,166	Rupees
-	-	-	-	(81,815,585)	(81,815,585)	(81,815,585)	(81,815,585)	Rupees
-	-	-	-	-	-	-	-	Rupees
330,590,990	67,946,280	400,537,270	1,391,086,730	(183,026,562)	1,208,060,168	1,363,253,176	1,693,844,166	Rupees
-	-	-	-	-	-	-	-	Rupees
-	-	-	-	-	-	-	-	Rupees
330,590,990	67,946,280	400,537,270	1,391,086,730	(183,026,562)	1,208,060,168	1,363,253,176	1,693,844,166	Rupees
-	-	-	-	-	-	-	-	Rupees
-	-	-	-	-	-	-	-	Rupees
330,590,990	67,946,280	400,537,270	1,391,086,730	(183,026,562)	1,208,060,168	1,363,253,176	1,693,844,166	Rupees
-	-	-	-	-	-	-	-	Rupees
-	-	-	-	-	-	-	-	Rupees
330,590,990	67,946,280	400,537,270	1,391,086,730	(183,026,562)	1,208,060,168	1,363,253,176	1,693,844,166	Rupees
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-	-	-	-	-	-	-	-	Rupees
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-	-	-	-	-	-	-	-	Rupees
330,590,990	67,946,280	400,537,270	1,391,086,730	(183,026,562)	1,208,060,168	1,363,253,176	1,693,844,166	Rupees
-</								



**NOTES TO THE ACCOUNTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2007  
(UN-AUDITED)

**1 THE COMPANY AND ITS ACTIVITIES**

Kohinoor Mills Limited (formerly Kohinoor Weaving Mills Limited) was incorporated on December 21, 1987, in Pakistan 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 greige cloth, dyeing, knitting, stitching and generation 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.

**3. PROVISION FOR TAXATION**

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

**4. CONTINGENCIES AND COMMITMENTS**

4.1 There is no change in contingencies as disclosed in last published financial statements of the company.

4.2 Commitments against capital expenditures are Rupees 36 million (June 30, 2006: Rupees 65.924 million).

**5 ADDITIONS IN PROPERTY, PLANT & EQUIPMENT - AT COST**

Following are the major additions in the property, plant and equipment made during the nine months ended March 31, 2007.

	Mar 31, 2007 Rupees
Plant and machinery	27,937,981
Furniture, fixtures and equipment	10,843,552
Vehicles	14,707,360



	Nine Months Ended Mar 31, 2007 <b>Rupees</b>	Nine Months Ended Mar 31, 2006 <b>Rupees</b>
<b>6 SALES</b>		
Export	4,574,524,384	3,607,614,691
Local	1,304,281,001	919,287,444
	5,878,805,385	4,526,902,135
<b>7 COST OF GOODS SOLD</b>		
Opening stock of finished goods	522,675,239	454,330,151
Cost of goods manufactured	5,121,280,831	4,052,109,214
	5,643,956,070	4,506,439,365
Less: Closing stock of finished goods	(619,691,381)	(507,079,681)
	5,024,264,689	3,999,359,684

**8 TRANSACTIONS WITH RELATED PARTIES**

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

	Nine Months Ended Mar 31, 2007 <b>Rupees</b>	Nine Months Ended Mar 31, 2006 <b>Rupees</b>
Purchase of goods and services	13,604,455	-
Sales of goods and services	378,180	-

**9 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved by board of directors and authorized for issue on April 30, 2007.

**10 CORRESPONDING FIGURES**

Corresponding figures have been rearranged/regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangements/regrouping have been made except for 'Commission to Selling Agents' which has been added to 'Distribution Cost' instead of deducting it from 'Sales' in compliance with presentation requirements of revised Fourth Schedule to the Companies Ordinance, 1984. This change has no effect on net profit/(loss) for the periods presented.

**11 ROUNDING OFF**

Figures have been rounded off to nearest rupee.

Kasur:  
April 30, 2007

  
**AAMIR FAYYAZ SHEIKH**  
Chief Executive

  
**RASHID AHMED**  
Director