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COMPANY INFORMATION

BOARD OF DIRECTORS

TARIQ SAYEED SAIGOL	Chairman
AAMIR FAYYAZ SHEIKH	Chief Executive
ASAD FAYYAZ SHEIKH	
SAYEED TARIQ SAIGOL	
USMAN SAID	
ZAMIRUDDIN AZAR	
ALI FAYYAZ SHEIKH	
WALEED TARIQ SAIGOL	
GUL NAWAZ	NIT Nominee

AUDIT COMMITTEE

ZAMIRUDDIN AZAR	Chairman
USMAN SAID	Member
WALEED TARIQ SAIGOL	Member
MUHAMMAD ASHRAF	Secretary

CHIEF FINANCIAL OFFICER

SYED MOHSIN RAZA NAQVI

COMPANY SECRETARY

MUHAMMAD ASHRAF

MANAGER INTERNAL AUDIT

UZAIR AHMAD

AUDITORS

FORD RHODES SIDAT HYDER & COMPANY
CHARTERED ACCOUNTANTS

BANKERS

AL BARAKA ISLAMIC BANK LIMITED B.S.C. (E.C.)
ASKARI COMMERCIAL BANK LIMITED
BANK ALFALAH LIMITED
FAYSAL BANK LIMITED
HABIB BANK LIMITED
MUSLIM COMMERCIAL BANK LIMITED
NATIONAL BANK OF PAKISTAN
NDLC-IFIC BANK LIMITED
PICIC COMMERCIAL BANK LIMITED
SAUDI PAK COMMERCIAL BANK LIMITED
UNION BANK LIMITED
UNITED BANK LIMITED

REGISTERED OFFICE & SHARES DEPARTMENT

42-LAWRENCE ROAD, LAHORE, PAKISTAN.
TEL : (92-42) 6302261, 6302262
FAX : (92-42) 6368721

MILLS

8-KM, MANGA RAIWIND ROAD,
DISTT. KASUR.
TEL : (92-42) 5391941-45
FAX : (92-42) 5391946
E-mail : kwml@brain.net.pk
Web site : www.kmlg.com

DIRECTORS' REVIEW

The Directors of the Company take pleasure in presenting the unaudited financial statements for the first quarter ended December 31, 2004. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

OPERATING & FINANCIAL RESULTS

During the first quarter, your Company earned a pre-tax profit of Rs 32.87 million on sales of Rs 1,186 million as compared to pre-tax profit of Rs 55.56 million on sales of Rs 1,128 million for the corresponding period of last year. The profitability of the Company was eroded by increased Administrative and Selling Expenses and higher Financial Charges.

Administrative and Selling Expenses increased by Rs. 16.71 million mainly because of increased Administration costs in recently established divisions and higher Selling Expenses due to enhanced marketing activity for Dyeing, Hosiery and Home Textile divisions.

Financial Charges for the quarter increased by Rs. 9.98 million on account of additional borrowings made for investments in Genertek and Hosiery Divisions.

WEAVING DIVISION

In view of quota abolition in textile and clothing sector low demand for the grey fabric in international markets was experienced in the last quarter of last financial year. This coupled with unprecedented volatility in the prices of raw materials effected the operations of this division. Your Company has developed a strategy to improve the results of this division which has a focus on development of new products, further modernization of production facilities, finding niche markets and cutting costs.

DYEING DIVISION

During the first quarter of the current financial period this division not only continued to achieve growth in sales volume but has also shown improvement in contribution margins. Under this division management is focusing on diversification of product mix by design development, higher production efficiencies, timely delivery of orders and better customer services. Management of the Company is hopeful that dyeing division will show improved results during the rest of the current financial period.

HOSIERY DIVISION

In this division your Company has recently installed 96 knitting machines increasing our production capacity to 240 knitting machines. Hosiery division's results for the first quarter have been affected due to deferment of some export orders. However

management of the Company believes that this is a temporary situation and will be reversed within the current financial period. Sales in this division are expected to peak by the end of third quarter of the current financial period.

GENERTEK DIVISION

Increase in HFO prices continued to thin the margins in this division. In order to combat this continuing threat your Company has imported gas turbine generating set and related equipment. The new generating sets and other equipments are planned to be installed in the second quarter of the current financial period. This will improve the overall financial viability of the division by generating less expensive electric power and steam for process needs.

HOME TEXTILE DIVISION

In this division new machinery and equipment has arrived at site and is presently under installation. The Management expects that commercial production will start during the last quarter of the current financial period.

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. The Board also expresses its appreciation for valuable services, loyalty and efforts rendered by the executives, staff members and workers of the Company.

For and on behalf of the Board



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

Lahore :
January 27, 2005

BALANCE SHEET AS AT DECEMBER 31, 2004

EQUITY AND LIABILITIES	NOTE	(Un-Audited) December 31, 2004 Rupees	(Audited) September 30, 2004 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (30 September 2004: 110,000,000) ordinary shares of Rs. 10 each		800,000,000	1,100,000,000
30,000,000 (30 September 2004: Nil) preference shares of Rs. 10 each		300,000,000	-
		<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid up share capital			
30,053,727 ordinary shares of Rs. 10 each fully paid up in cash		300,537,270	300,537,270
Reserves		1,534,030,159	1,542,445,705
		1,834,567,429	1,842,982,975
NON-CURRENT LIABILITIES			
Redeemable Capital		1,550,676,590	1,168,734,931
Liabilities against assets subject to finance lease		-	3,910,498
		1,550,676,590	1,172,645,429
CURRENT LIABILITIES			
Current portion of long term liabilities		227,733,578	228,479,808
Short term finances – Secured		2,240,920,959	1,975,732,529
Creditors, accrued and other liabilities		553,401,435	583,832,626
Provision for taxation		38,607,712	59,215,562
Dividend payable		30,053,727	-
Unclaimed dividend		4,310,595	4,312,619
		3,095,028,006	2,851,573,144
CONTINGENCIES AND COMMITMENTS	3	-	-
		<u>6,480,272,025</u>	<u>5,867,201,548</u>
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	4	2,814,514,855	2,698,702,637
Capital work in progress		383,602,412	167,149,885
		3,198,117,267	2,865,852,522
LONG TERM INVESTMENTS		64,965,000	64,965,000
LONG TERM SECURITY DEPOSITS		1,611,251	2,335,251
CURRENT ASSETS			
Stores, spares and loose tools		733,082,901	501,072,853
Stock-in-trade		779,098,976	821,857,533
Trade debts		712,344,025	831,649,769
Advances, deposits, prepayments and other receivables		838,660,374	632,316,176
Short term investments		15,507,012	11,547,229
Cash and bank balances		136,885,219	135,605,215
		3,215,578,507	2,934,048,775
		<u>6,480,272,025</u>	<u>5,867,201,548</u>

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

Lahore :
January 27, 2005


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


ZAMIRUDDIN AZAR
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED DECEMBER 31, 2004
 (UN - AUDITED)

	Note	Quarter Ended December 31, 2004 Rupees	Quarter Ended December 31, 2003 Rupees
SALES	5	1,186,090,051	1,127,664,932
COST OF GOODS SOLD	6	1,053,305,075	999,766,225
GROSS PROFIT		<u>132,784,976</u>	<u>127,898,707</u>
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES		<u>66,105,671</u>	<u>49,395,160</u>
OPERATING PROFIT		66,679,305	78,503,547
OTHER INCOME		<u>1,057,656</u>	<u>5,904,299</u>
		67,736,961	84,407,846
FINANCIAL AND OTHER CHARGES		<u>38,823,636</u>	<u>28,845,736</u>
		28,913,325	55,562,110
SURPLUS/(DEFICIT) ON REVALUATION OF EQUITY INVESTMENTS		<u>3,959,783</u>	-
PROFIT BEFORE TAXATION		32,873,108	55,562,110
PROVISION FOR TAXATION		<u>11,234,927</u>	<u>11,596,558</u>
PROFIT AFTER TAXATION		<u>21,638,181</u>	<u>43,965,552</u>
EARNINGS PER SHARE-BASIC		<u>0.72</u>	<u>1.46</u>

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

Lahore :
January 27, 2005


AAMIR FAYYAZ SHEIKH
 CHIEF EXECUTIVE


ZAMIRUDDIN AZAR
 DIRECTOR

CASH FLOW STATEMENT
FOR THE QUARTER ENDED DECEMBER 31, 2004
(UN - AUDITED)

	Quarter Ended December 31, 2004 Rupees	Quarter Ended December 31, 2003 Rupees
Cash flows from operating activities		
Profit before taxation	32,873,108	55,562,110
Adjustment for non cash charges and other items:		
Depreciation	55,223,670	49,757,823
(Surplus)/Deficit on revaluation of equity investments	(3,959,783)	-
Export quota amortized	1,026,700	354,986
(Gain)/Loss on sale of fixed assets	(363,501)	(764,289)
Financial charges	37,301,882	27,538,981
Cash flows from operating activities before adjustment of working capital	122,102,076	132,449,611
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(232,010,048)	(68,624,922)
Stock in trade	42,758,557	(54,963,342)
Trade debts	119,305,744	(150,604,147)
Advances, deposits, prepayments and other receivables	(207,370,898)	(13,606,504)
Increase / (Decrease) in current liabilities		
Short term finances	265,188,430	431,981,703
Creditors, accrued and other liabilities	(41,885,390)	78,627,480
Effect on cash flows due to working capital changes	(54,013,605)	222,810,268
Cash flows from operating activities	68,088,471	355,259,879
Income taxes paid	(31,842,777)	(8,988,727)
Financial charges paid	(25,847,683)	(20,095,373)
	(57,690,460)	(29,084,100)
NET CASH GENERATED FROM OPERATING ACTIVITIES	10,398,011	326,175,779
Cash flows from investing activities		
Fixed assets acquired	(388,102,394)	(170,710,586)
Sale proceeds from fixed assets	977,480	1,815,000
Long term security deposits	724,000	(1,858,506)
NET CASH USED IN INVESTING ACTIVITIES	(386,400,914)	(170,754,092)
Cash flows from financing activities		
Lease liability paid	(3,630,460)	(16,965,837)
Redeemable capital net	380,915,391	(69,700,778)
Dividend paid	(2,024)	(14,530,748)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	377,282,907	(101,197,363)
Net (decrease) / increase in cash and cash equivalents	1,280,004	54,224,324
Cash and cash equivalents at the beginning of the period	135,605,215	127,006,327
Cash and cash equivalents at the end of the period	136,885,219	181,230,651

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

Lahore :
January 27, 2005


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


ZAMIRUDDIN AZAR
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED DECEMBER 31, 2004**

(UN - AUDITED)

	Reserves								Shareholders' Equity
	Capital Reserves			Revenue Reserves			Total		
	Reserve for issue of bonus shares	Share Premium	Sub-Total	General	Unappropriated Profit	Sub-Total			
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as on 01 October 2003 (Restated)	240,625,000	24,062,500	-	24,062,500	1,020,000,000	67,165,454	1,087,165,454	1,111,227,954	1,351,852,954
Merger with Kohinoor Genertek Limited as per scheme of arrangement	35,849,770	-	98,000,000	98,000,000	271,086,730	18,309,722	289,396,452	387,396,452	423,246,222
Net profit for the quarter	-	-	-	-	-	43,965,552	43,965,552	43,965,552	43,965,552
Balance as on 31 December 2003	276,474,770	24,062,500	98,000,000	122,062,500	1,291,086,730	129,440,728	1,420,527,458	1,542,589,958	1,819,064,728
Bonus shares issued	24,062,500	(24,062,500)	-	(24,062,500)	-	-	-	(24,062,500)	-
Dividend	-	-	-	-	-	(36,093,750)	(36,093,750)	(36,093,750)	(36,093,750)
Net profit for the nine months	-	-	-	-	-	60,011,997	60,011,997	60,011,997	60,011,997
Transfer to General Reserves	-	-	-	-	100,000,000	(100,000,000)	-	-	-
Reserve for issue of bonus shares @ 10%	-	30,053,727	(30,053,727)	-	-	-	-	-	-
Balance as on 01 October 2004	300,537,270	30,053,727	67,946,273	98,000,000	1,391,086,730	53,358,975	1,444,445,705	1,542,445,705	1,842,982,975
Net profit for the quarter	-	-	-	-	-	21,638,181	21,638,181	21,638,181	21,638,181
Dividend	-	-	-	-	-	(30,053,727)	(30,053,727)	(30,053,727)	(30,053,727)
Balance as at 31 December 2004	300,537,270	30,053,727	67,946,273	98,000,000	1,391,086,730	44,943,429	1,436,030,159	1,534,030,159	1,834,567,429

Lahore :
January 27, 2005


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


ZAMIRUDDIN AZAR
DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED DECEMBER 31, 2004
(UN-AUDITED)**

1. THE COMPANY AND ITS ACTIVITIES

Kohinoor Weaving Mills Limited was incorporated on 21 December, 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. Its registered office is situated at Lahore. The Company is principally engaged in the manufacturing, dyeing, trading of cloth, yarn, socks and generation and distribution of electricity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

These financial statements are unaudited and are being submitted to shareholders as required u/s 245 of 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 annual published financial statements of the Company for the year ended 30 September, 2004. The presentation of interim financial statements is consistent with the annual financial statements.

3. CONTINGENCIES AND COMMITMENTS

- 3.1 There is no change in contingencies as disclosed in last annual published financial statements.
- 3.2 Commitments against capital expenditure are Rupees 206.8 million (30 September 2004: Rupees 692 million).

4. ADDITIONS / (DELETIONS) IN FIXED ASSETS – AT COST

	December 31, 2004 Rupees	December 31, 2003 Rupees
Factory building	402,461	76,369,424
Plant and machinery	167,444,702	190,062,031
Electrical installations	1,148,277	11,970,724
Furniture, fixtures and equipment	2,288,782	4,492,873
Vehicles – Additions	1,477,000	2,763,485
– (Deletions)	(931,343)	(2,327,720)
Additions/(Deletions) at cost	<u>172,761,222</u> <u>(931,343)</u>	<u>285,658,537</u> <u>(2,327,720)</u>

	Quarter Ended December 31, 2004	Quarter Ended December 31, 2003
	Rupees	Rupees
5. SALES		
Export	897,052,598	979,421,493
Local (Note 5.1)	<u>332,630,096</u>	<u>197,175,060</u>
	<u>1,229,682,694</u>	<u>1,176,596,553</u>
Less: Commission to selling agents	<u>43,592,643</u>	<u>48,931,621</u>
	<u><u>1,186,090,051</u></u>	<u><u>1,127,664,932</u></u>
5.1 Gross Local Sales	<u>380,259,381</u>	219,063,987
Less: Sales tax	<u>47,629,285</u>	<u>21,888,927</u>
Net Sales	<u><u>332,630,096</u></u>	<u><u>197,175,060</u></u>
6. COST OF GOODS SOLD		
Raw and packing material consumed	843,482,413	834,501,510
Chemicals consumed	73,181,530	48,349,450
Salaries, wages and other benefits	41,173,893	27,403,968
Conversion and processing charges	10,210,459	1,296,225
Fuel, oil and power	28,237,451	19,230,428
Stores, spares and loose tools	20,458,913	12,788,201
Repairs & maintenance	6,183,421	8,038,269
Insurance	3,262,223	3,151,592
Other manufacturing expenses	6,549,958	3,848,069
Depreciation	<u>52,169,021</u>	<u>47,396,426</u>
	<u>1,084,909,282</u>	1,006,004,138
Work-in-process		
Opening stock	<u>181,365,479</u>	105,489,464
Closing stock	<u>(213,589,931)</u>	<u>(119,534,673)</u>
	<u>(32,224,452)</u>	<u>(14,045,209)</u>
Cost of goods manufactured	<u>1,052,684,830</u>	991,958,929
Finished goods		
Opening stock	<u>396,924,262</u>	301,653,796
Closing stock	<u>(396,304,017)</u>	<u>(293,846,500)</u>
	<u>620,245</u>	<u>7,807,296</u>
	<u><u>1,053,305,075</u></u>	<u><u>999,766,225</u></u>
7. TRANSACTIONS WITH RELATED PARTIES		
Purchase of goods and services	282,326,757	128,239,719
Purchase of fixed assets	519,000	949,890
Sale of goods and services	151,714,342	125,439,343
8. AUTHORIZED FOR ISSUE		
These financial statements were approved by the Board of Directors and authorized for the issue on January 27, 2005.		
9. CORRESPONDING FIGURES		
9.1	Corresponding figures have been re-arranged and re-grouped, wherever necessary, for the purpose of comparison.	
9.2	Figures have been rounded off to the nearest rupee.	

Lahore :
January 27, 2005


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


ZAMIRUDDIN AZAR
DIRECTOR