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COMPANY PROFILE
THEN AND NOW

Kohinoor Weaving Mills Limited was incorporated as a Public Limited Company on December 21st 1987 and is located at Manga Raiwind Road, District Kasur. The Company started producing greige cloth in 1990 on 48 Sulzer looms.

Further expansions saw the installation of 96 Tsudakoma air-jet weaving machines in 1993 and 96 Picanol Omni air-jet weaving machines during the period 1998-2000. The original Sulzer looms were replaced with Picanol Omni Plus air-jet weaving machines during 2001. With the addition of 16 Picanol air-jet jacquard looms, today Kohinoor Weaving Mills Limited is one of the largest, most modern and technologically advanced greige weaving plant in the world.

Kohinoor Weaving Mills Limited's ultra-modern site has been planned and developed to accommodate a true 'Manufacturing Centre of Excellence'. The production facilities are located on 164 acres with building area of over one million square feet.

The Kohinoor dyeing division can bleach, dye and finish up to 2.5 million meters per month of narrow width fabric using state-of-art European machinery from Monforts and Kusters. The Kohinoor hosiery division can produce over 4.3 million dozen pairs of sports socks per year using top-line machinery from Italy including Matec, Lonati, Rosso, Cubotex and Tecnopea.

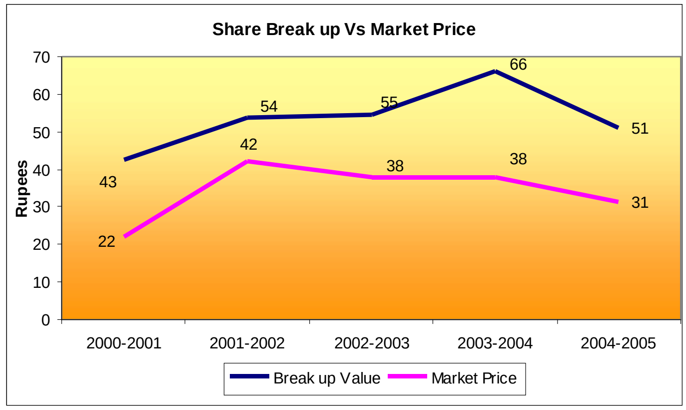
With the merger of Kohinoor Genertek Limited, the Company now has a capacity to generate 157,057 mega watt hours of electricity per year.

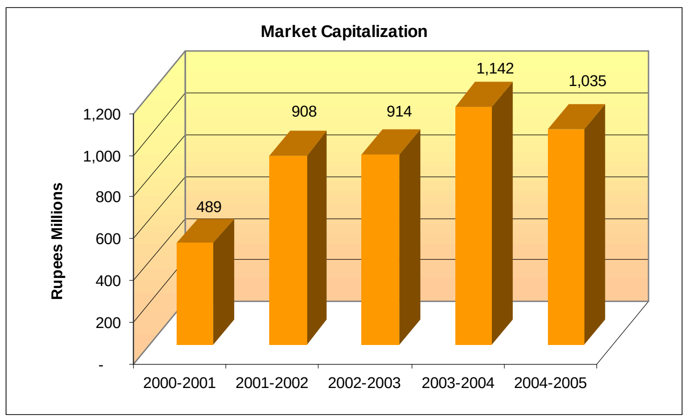
Recently imported machinery in home textile division has been installed and is in the process of trial production.

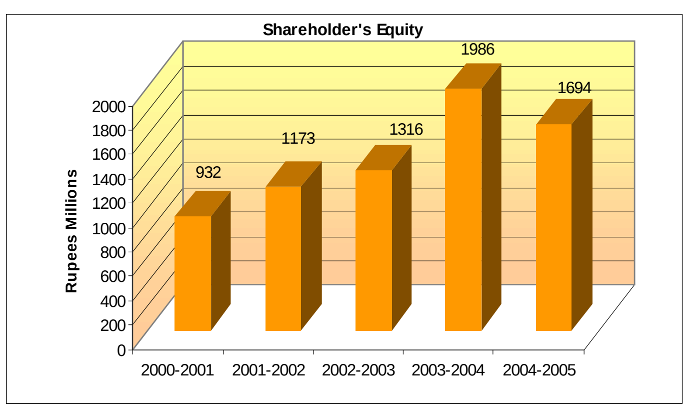
Kohinoor Weaving Mills Limited continues to invest in people, technology, systems and processes to ensure that our current competitive position is maintained as well as supporting the ongoing improvement process in our endeavour to maintain best practice manufacturing.

KOHINOOR MAPLE LEAF GROUP

As part of the Kohinoor Mapel Leaf Group, Kohinoor Weaving Mills Limited enjoys the support of its sister companies for sourcing raw materials such as yarn and processing of greige fabric.







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 NAQVI

COMPANY SECRETARY
MUHAMMAD ASHRAF

MANAGER INTERNAL AUDIT
MUHAMMAD SAEED KHALID UPPAL

AUDITORS
FORD RHODES SIDAT HYDER & CO
CHARTERED ACCOUNTANTS

BANKERS
AL BARAKA ISLAMIC BANK 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
BANK OF PUNJAB

REGISTERED OFFICE & SHARES DEPARTMENT
42-LAWRENCE ROAD, LAHORE, PAKISTAN.
TEL: (92-42) 6302261, 6302262
FAX: (92-42) 6368721

MILLS
8TH KILOMETRE, 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

MISSION STATEMENT

The Kohinoor Weaving Millls Limited stated mission is to achieve and then remain as the most progressive and profitable company in Pakistan in terms of industry standards and stakeholders interest.

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative products and services and sold these to its customers, suppliers and stakeholders.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe a complete code of ethics is a pre-requisite for all Directors and employees of the Kohinoor Weaving Mills Limited. We endeavour to have fully groomed employees committed to the philosophy behind the code of ethics to carry out honestly activities assigned to them. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the members of **KOHINOOR WEAVING MILLS LIMITED** will be held on Thursday, October 27, 2005 at 2:00 p.m. at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business: -

1. To confirm the minutes of the previous Annual General Meeting held on December 30, 2004.

2. To receive, consider and adopt the audited accounts of the Company for the period ended June 30, 2005 together with the Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the ensuing year and fix their remuneration.

4. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

(MUHAMMAD ASHRAF)
Company Secretary

Lahore: October 06, 2005

NOTES:

1. Share transfer books of the Company will remain closed from 20.10.2005 to 27.10.2005 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the register of members as at the close of business on 19.10.2005 will be treated in time.

2. A member entitled to vote at this meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at 42-Lawrence Road, Lahore, the Registered Office of the Company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.

3. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passport in original alongwith Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to promptly notify the Company of any change in their addresses.

DIRECTORS' REPORT

The Directors of the Company present the audited financial statements for the nine months ended June 30, 2005. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

Operating and Financial Results

During the nine months period ended on June 30, 2005, your company earned a gross profit of Rs 204 million on sales of Rs 3,572 million as compared to gross profit of Rs 342 million on sales of Rs 3,370 million for the corresponding nine months of the previous financial year. The gross profit for the complete financial year ended September 30, 2004 was Rs 504 million on sales of Rs 4,627 million. Net loss before taxation for the nine months period is Rs 182 million compared to a net profit before tax of Rs 111 million during the corresponding period of nine months ended June 30, 2004. The net profit before tax for the full year ended September 30, 2004 was Rs 155 million. Losses of the company are primarily attributable to the declining trend in per unit sales rate of greige fabric, temporary under utilization of capacity in Hosiery division and increased administrative, selling and financial charges. Escalating HFO prices and delay in the completion of gas fired power and steam generation system also contributed adversely towards the profitability of the organization. Sharp decline in the profitability of the company during the quarter ended June 30, 2005 is attributable to write offs taken in respect of old and slow moving stock.

To address the declining trend in per unit sales rate of greige fabric, your organization is focusing on sales of value added products through enhanced efficiency and has taken steps to reduce overheads. Under utilization of capacity in hosiery division is mainly attributable to the deferment of sales orders by different export customers. As alternative channels of sales and distribution have been explored and the deferred sales orders of hosiery division shall be executed during the next financial period, management of your company is hopeful that results of the next year ending June, 2006 will show improvement.

Increase in administration and distribution costs is arising mainly in Hosiery and Dyeing divisions. In dyeing division, it is due to the increased level of operational and distribution activities while in hosiery division, it is due to enhanced production capacity.

During the nine months period, your company incurred Rs 140 million as financial costs as compared to Rs 81 million during the corresponding period of nine months ended June 30, 2004. The financial charge for the year ended September 30, 2004 was Rs 120 million. This increase in borrowing costs is largely due to continuous rise in the interest rates environment of the country coupled with additional investments in Hosiery, Genertek and Home Textile divisions.

In view of the escalating financial costs, your company is planning to implement a debt reduction plan whereby over Rs one billion will be repaid to different financial institutions during the financial quarters ending on December 31, 2005 and March 31, 2006. This will not only significantly improve our current and debt equity ratios but will also have healthy effect on the profitability of the organization. Repayment of the bank loans will be made out of the additional cash flows your company expects to generate from sale of short term securities, right issue and sale of surplus land.

WEAVING DIVISION

Current fiscal period brought in numerous challenges within this division. It witnessed post quota environment where it faced fierce competition from large scale producers like India and China. Abolition of quota with declining trend in per unit sales rate also asserted pressure over the results of this division. In order to further improve profitability in this division and provide a competitive edge, your company is focusing on design development, value addition, better productivity and increased efficiency. In line with this, modernization and up gradation of its production facilities is under consideration whereby old Tsudakoma looms installed in 1994 will be replaced with high speed state of the art air jet weaving machines.

DYEING DIVISION

Despite increased competition and under utilization of capacity, the net results of the division have shown improvement, however margins remained under pressure. Continued growth in sales volume has been witnessed in this division which resulted in better margins. With the proposed debt reduction plan, financial costs within this division will reduce significantly. Further with a strategy focused on design development, product diversification, higher production efficiencies and better customer service, management of the company is confident that this division will show improved results during the next financial year.

HOSIERY DIVISION

During the period under review, company installed additional 96 knitting machines raising the production capacity to 240 Knitting machines. In view of the changing market scenarios, your company is considering upgrading recently imported additional 240 knitting machines of 108 needles with 132 needle knitting machines; this will provide your company a competitive edge by producing value added socks. Your company continued to face competition from socks units operating within and outside Pakistan. Results of this division were affected adversely mainly due to the deferment of export orders resulting in under utilization of capacity and partly due to higher administrative and financial costs incurred to prepare for the enhanced production capacity of 480 machines. Your Company has started implementing a plan which includes expansion of customer base with aggressive marketing and reduction of debt by executing the proposed debt reduction plan. Management of the company is hopeful that the situation will reverse and the division will show improved results during the next financial year ending on June 30, 2006.

GENERTEK DIVISION

Escalating HFO prices continued to thin the margins in this division. During this period, in line with the managements' plan to address the volatility in oil prices, your company commissioned the gas turbine generating set and related equipment. However, due to certain unavoidable delays in the completion of gas fired power and steam generation system the savings expected during the period could not be materialized. With the commissioning of the gas fired power generation system the results of this division have started to show improvement by generating less expensive electric power and steam for process needs.

HOME TEXTILE DIVISION

The recently imported machinery has been installed and is in the process of trial production. Our strategy is to explore new markets, develop new products and to focus on value addition. In line with this your company has made investment in the home textile division to improve the overall profitability of the organization which will also ensure optimum capacity utilization in our weaving division. It is expected that this division will start commercial production from the first quarter of the financial year starting July 1, 2005.

DIVIDEND

In view of the adverse results in the current financial period and heavy investments made in Genertek, Hosiery, Home Textile and Dyeing divisions, cash flows of your company do not permit dividend payout; therefore your directors have regrettably decided to omit any dividend during this year.

EARNING PER SHARE

Earnings per share of the Company stood at Rs. (6.09) for the period ended 30 June 2005 as compared to Rs.3.05 for the preceding year ended September 30, 2004.

CORPORATE GOVERNANCE

The Board of Directors is pleased to inform you that the Company has taken necessary steps to comply with the provisions of Code of Corporate Governance as (incorporated in the listing regulations of stock exchange).

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b) Proper books of account of the Company have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements except for the changes disclosed in notes 2.9 and 2.15. Accounting estimates used in these financial statements are based on reasons and prudent judgment.
d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure, if any, therefrom has been adequately disclosed.
e) The System of internal control is sound in design and has been effectively implemented and monitored by the internal auditor.
f) There are no significant doubts upon the company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
h) Key operating and financial data of last six years in a summarized form is annexed.
i) The following is the Value of investment in respect of retirement benefit funds:
   Provident Fund: June 30, 2005 (Unaudited) Rs. 56,128 million (September 30, 2004 Rs.46, 997 million).
j) During the period under review, three meetings of the Board of Directors were held and the attendance of directors was as under:

	No. of Meetings Attended
Mr. Tariq Sayeed Saigol	2
Mr. Aamir Fayyaz Sheikh	3
Mr. Asad Fayyaz Sheikh	0
Mr. Sayeed Tariq Saigol	0
Mr. Waleed Tariq Saigol	1
Mr. Usman Said	3
Mr. Zamiruddin Azar	3
Mr. Ali Fayyaz Sheikh	1
Mr. Gul Nawaz (Nominee of NIT)	3

(However, leave of absence were granted to the Directors who could not attend the Board Meetings due to their preoccupations).

k) Other than those set out below, there has been no trading during the period by the directors, CEO, CFO, Company Secretary and their spouses and minor children.

Name & Designation	Date	Number of Shares	Nature of Transaction
Mr. Usman Said Director	December 3, 2004	196	Purchase of Shares
Mr. Aamir Fayyaz Sheikh Chief Executive Officer	March 9, 2005	141,230	Purchase of Shares
Mr. Asad Fayyaz Sheikh Director	March 9, 2005	141,230	Purchase of Shares
Mr. Ali Fayyaz Sheikh Director	March 4, 2005 March 9, 2005	17,051 124,180 141,231	Purchase of Shares

AUDIT COMMITTEE

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following non-executive directors are its members:

Mr. Zamiruddin Azar	Chairman
Mr. Usman Said	Member
Mr. Waleed Tariq Saigol	Member

The terms of reference of the audit committee provide guide lines for establishing, maintaining and reviewing internal controls in the company. The Committee periodically reviews the financials of the company and their compliance with the corporate and regulatory framework.

FUTURE PROSPECTS

During the nine months period under review, it was the first time your company incurred a loss in the history of its existence. Company is facing difficult challenges ahead and management believes that the current situation can be controlled with focussed strategy transformed into effective operational plan followed by vigorous implementation. Some of the key areas which are being covered in the operational plan are set out below:

a) Diversified marketing in the Hosiery division has been undertaken to increase the customer base beyond USA to cover EU countries and Australia.

b) Debt restructuring and retirement plan will be implemented during the next financial year ending June 30, 2006; this will reduce financial costs significantly and provide fiscal space and healthy contribution towards the bottom line of the company.

c) Followed by aggressive marketing for the programmed business, capacity utilization of dyeing division will be increased to 80%.

d) Currently 50% of our electricity generation is HFO based, price of which has been subject to international volatility. During the next financial year remaining 50% of the electricity generation will be shifted to gas fired power generation resulting in significant savings in Genertek division.

e) Diversification in customer base has already been undertaken in the sale of greige and home textile made ups within US and EU countries. Further efforts are being made to develop niche markets which will broaden the customer base in our weaving and home textile divisions.

f) Potential areas with regards to administrative and other overhead costs are being identified and cost cutting measures are being undertaken to ensure savings are achieved.

The management of the company is striving to implement the strategy outlined above and is hopeful that after successful implementation of these measures, results of your company will show significant improvement .

AUDITORS

The auditors of the Company M/s Ford Rhodes Sidat Hyder and Company Chartered Accountants have retired and are eligible for re-appointment. The audit committee has recommended their appointment as auditors of the Company for the year ending June 30, 2006.

PATTERN OF SHAREHOLDINGS

The statement of pattern of shareholdings of the Company as on June 30, 2005 is annexed. This statement is prepared in accordance with the Code of Corporate Governance and the Companies Ordinance, 1984

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. The Board recognizes that they are the most valuable assets of the Company and hopes that the same spirit of devotion and dedication will continue in future.

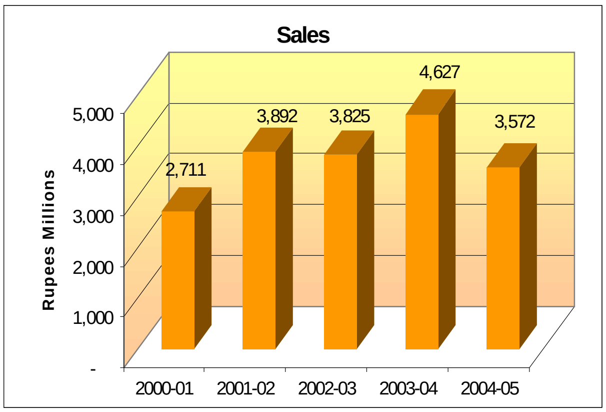
During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation of the dedication and hard work of the staff and workers of the Company.

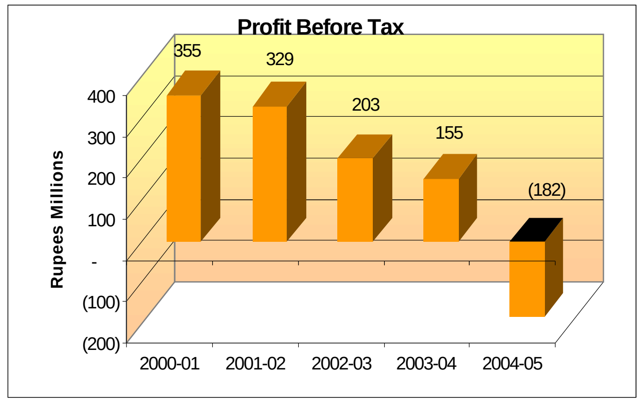
For and on behalf of the Board

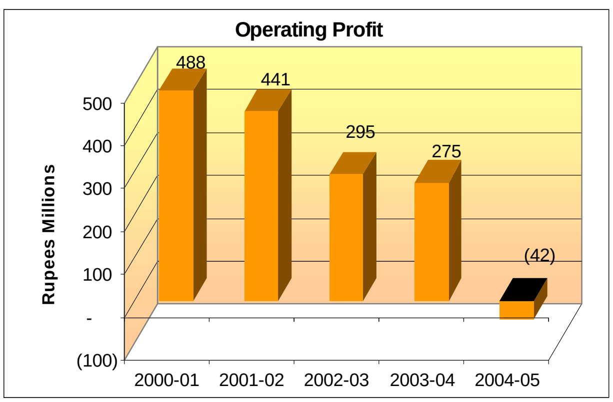
AAMIR FAYYAZ SHEIKH
Chief Executive

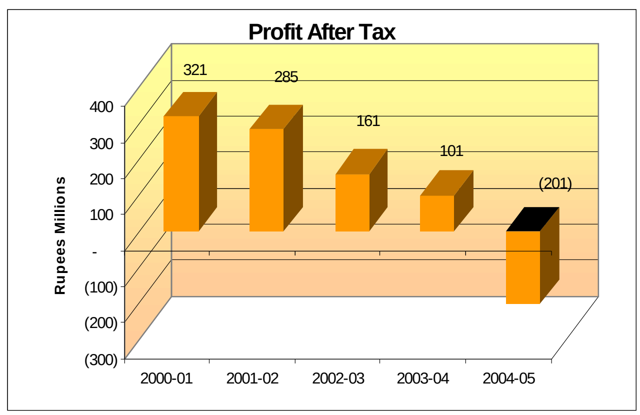
Lahore:
September 24, 2005

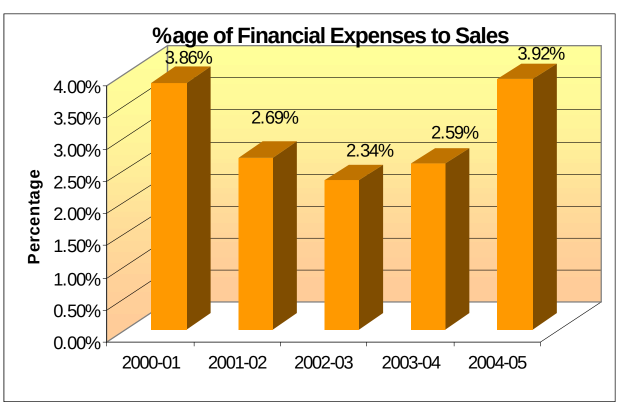
PERFORMANCE OVERVIEW

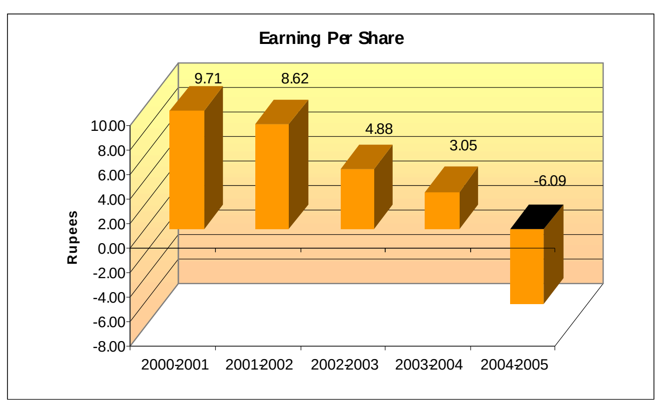


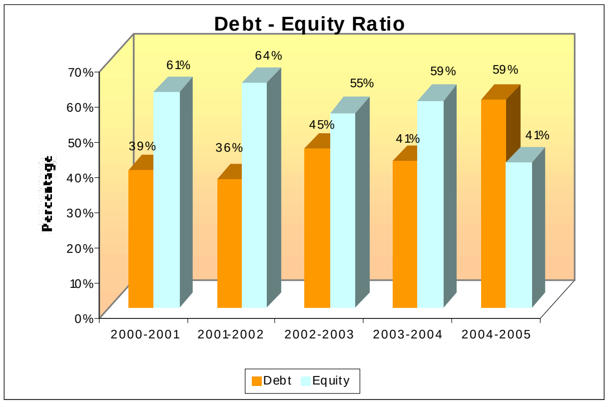


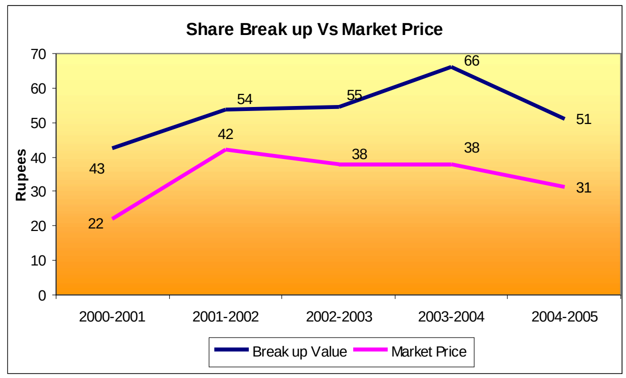


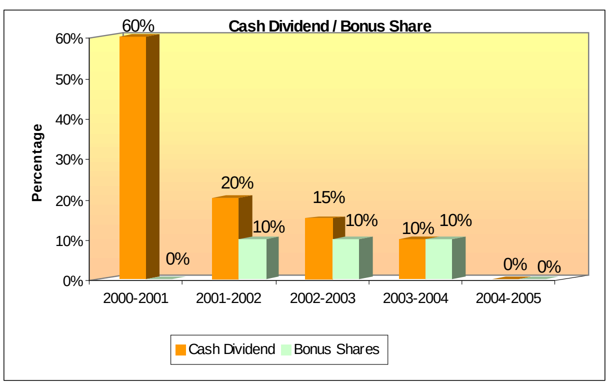


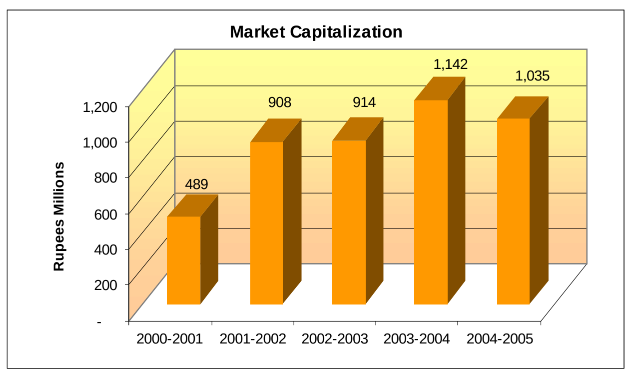


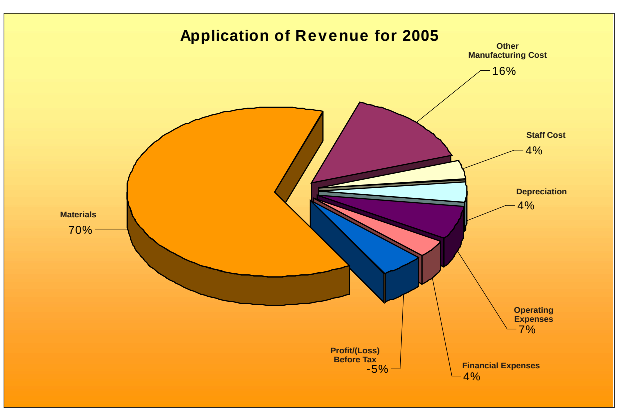


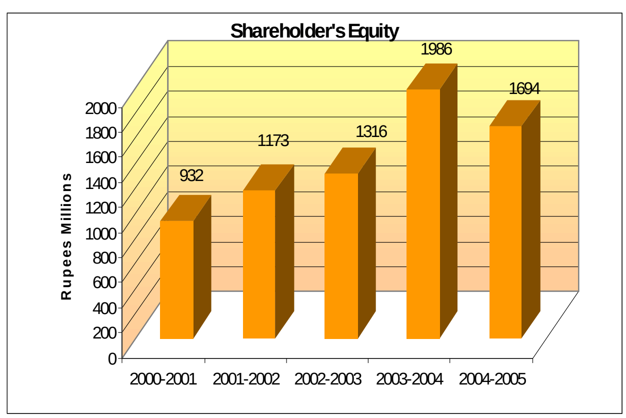

Debt - Equity Ratio
70%
60%
50%
40%
30%
20%
10%
0%
Percentage
39%
61%
36%
64%
45%
55%
41%
59%
59%
41%
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005
Debt
Equity


Share Break up Vs Market Price
70
60
50
40
30
20
10
0
Rupees
43
54
55
66
51
22
42
38
38
31
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005
Break up Value
Market Price


Cash Dividend / Bonus Share
60%
50%
40%
30%
20%
10%
0%
Percentage
60%
0%
20%
10%
15%
10%
10%
10%
0%
0%
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005
Cash Dividend
Bonus Shares


Market Capitalization
1,200
1,000
800
600
400
200
-
Rupees Millions
489
908
914
1,142
1,035
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005


Application of Revenue for 2005
Other Manufacturing Cost
16%
Staff Cost
4%
Depreciation
4%
Materials
70%
Operating Expenses
7%
Profit/(Loss) Before Tax
-5%
Financial Expenses
4%


Shareholder's Equity
2000
1800
1600
1400
1200
1000
800
600
400
200
0
Rupees Millions
932
1173
1316
1986
1694
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner: -

1. The Company encourages the representation of non-executive directors on its Board of Directors. At present the Board of Directors includes six independent non-executive directors including independent non-executive director representing institutional equity interest.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged Orientation Course for its Directors during the period to apprise them of their

duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for the period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members. All of them are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

FOR AND ON BEHALF OF THE BOARD

Lahore: September 24, 2005

Aamir Fayyaz Sheikh
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Kohinoor Weaving Mills Limited** to comply with the Listing Regulations No. 37 of the Karachi Stock Exchange, Listing Regulation No.XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the period ended June 30, 2005.

Ford Rhodes Sidat Hyder

Lahore: September 24, 2005

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants

We have audited the annexed balance sheet of **Kohinoor Weaving Mills Ltd as at June 30, 2005** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the nine months then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express anons1.9572nal sakaid st00 105002 0.0000 TD(a

BALANCE SHEET AS AT

	NOTE	June 30, 2005 Rupees	September 30, 2004 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (2004: 110,000,000) ordinary shares of Rupees 10 each		800,000,000	1,100,000,000
30,000,000(2004: Nil) preference shares of Rs. 10 each		300,000,000	-
		1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital			
33,059,099 (2004:30,053,727) ordinary shares of Rupees 10 each fully paid up in cash	3	330,590,990	300,537,270
Reserves			
Capital Reserves	4	155,193,008	246,174,429
Revenue Reserve	5	1,391,086,730	1,391,086,730
Accumulated (Loss)/ Unappropriated Profit		(183,026,563)	48,459,546
		1,363,253,175	1,685,720,705
		1,693,844,165	1,986,257,975
NON-CURRENT LIABILITIES			
Redeemable Capital	6	199,995,625	279,990,375
Long term loans	7	1,813,430,094	888,744,556
Liabilities against assets subject to finance lease	8	-	3,910,498
		2,013,425,719	1,172,645,429
CURRENT LIABILITIES			
Trade and other payables	9	579,547,776	562,446,871
Interest accrued on loans and redeemable capital		60,915,629	25,698,374
Short term finances-Secured	10	2,117,367,717	1,975,732,529
Current portion of long term liabilities	11	416,920,997	228,479,808
Provision for taxation		47,812,786	59,215,562
		3,222,564,905	2,851,573,144
		6,929,834,789	6,010,476,548
CONTINGENCIES AND COMMITMENTS	12		

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

AAMIR FAYYAZ SHEIKH
Chief Executive

JUNE 30, 2005

ASSETS	NOTE	June 30, 2005 Rupees	September 30, 2004 Rupees
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	13	3,112,942,370	2,698,702,637
Capital work-in-progress	14	728,520,214	167,149,885
		3,841,462,584	2,865,852,522
Long term investment	15	11,940,000	9,140,000
Long term security deposits		3,087,142	2,335,251
		15,027,142	11,475,251
		3,856,489,726	2,877,327,773
CURRENT ASSETS			
Stores, spares and loose tools	16	209,407,470	453,909,336
Stock-in-trade	17	946,548,050	869,021,050
Assets held for disposal	18	281,475,211	-
Trade debts - Considered good	19	594,752,951	831,649,769
Advances, deposits, prepayments and other receivables	20	702,607,800	632,316,176
Short term investments	21	199,219,528	210,647,229
Cash and bank balances	22	139,334,053	135,605,215
		3,073,345,063	3,133,148,775
		6,929,834,789	6,010,476,548

ZAMIRUDDIN AZAR
Director

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2005

	Note	9 Months Ended June 30, 2005 Rupees	12 Months Ended September 30, 2004 Rupees
SALES	23	3,571,937,527	4,627,119,247
COST OF GOODS SOLD	24	3,367,863,761	4,123,272,466
GROSS PROFIT		204,073,766	503,846,781
DISTRIBUTION COST	25	161,550,839	150,703,459
ADMINISTRATIVE EXPENSES	26	92,395,542	93,024,887
OTHER CHARGES	27	3,050,000	8,979,981
OTHER OPERATING INCOME	28	(10,852,831)	(23,552,761)
		246,143,550	229,155,566
OPERATING (LOSS) / PROFIT		(42,069,784)	274,691,215
FINANCE COST	29	140,053,834	119,982,682
(LOSS) / PROFIT BEFORE TAXATION		(182,123,618)	154,708,533
PROVISION FOR TAXATION	30	19,308,764	53,941,705
(LOSS) / PROFIT AFTER TAXATION		(201,432,382)	100,766,828
EARNINGS PER SHARE - BASIC	31	(6.09)	3.05

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

AAMIR FAYYAZ SHEIKH
Chief Executive

ZAMIRUDDIN AZAR
Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2005

	9 Months Ended June 30, 2005 Rupees	12 Months Ended September 30, 2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(182,123,618)	154,708,533
Adjustment for non cash charges and other items:		
Gain on disposal of property, plant and equipment	(2,517,864)	(2,735,501)
Depreciation	163,504,373	212,491,861
Dividend income	(982,078)	(11,754,800)
Financial charges	140,053,834	119,982,682
Export quota amortized	-	14,641,500
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	117,934,647	487,334,275
(INCREASE) / DECREASE IN CURRENT ASSETS		
Assets held for disposal	(281,475,211)	-
Stores, spares and loose tools	244,501,866	(354,733,263)
Stock in trade	(77,527,000)	(284,462,439)
Trade debts	236,896,818	(455,098,146)
Advances, deposits, prepayments and other receivables	(72,542,778)	(90,309,011)
Short term investment	(49,500,000)	38,062,330
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term finances	141,635,188	761,240,844
Trade and other payables	17,024,854	255,811,910
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	159,013,737	(129,487,775)
CASH FLOWS FROM OPERATING ACTIVITIES	276,948,384	357,846,500
Income taxes paid	(28,460,386)	(35,433,324)
Financial charges paid	(104,836,579)	(113,919,076)
	(133,296,965)	(149,352,400)
NET CASH GENERATED FROM OPERATING ACTIVITIES	143,651,419	208,494,100

	9 Months Ended June 30, 2005 Rupees	12 Months Ended September 30, 2004 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Property plant and equipment acquired	(1,141,947,995)	(858,569,994)
Sale proceed from property plants and equipment	5,351,424	7,925,500
Dividend income received	982,078	3,504,800
Long term security deposits	(751,891)	4,113,612
Long term investment	(2,800,000)	(64,965,000)
Merger with Genertek	-	423,246,222
NET CASH USED IN INVESTING ACTIVITIES	(1,139,166,384)	(484,744,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability paid	(2,643,391)	(69,795,977)
Repayment of redeemable capital	(39,999,125)	-
Long term loans-net	1,071,863,995	401,603,692
Dividend paid	(29,977,676)	(34,634,963)
NET CASH GENERATED FROM FINANCING ACTIVITIES	999,243,803	297,172,752
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	3,728,838	20,921,992
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD / YEAR	135,605,215	114,683,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR	139,334,053	135,605,215

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

AAMIR FAYYAZ SHEIKH
Chief Executive

ZAMIRUDDIN AZAR
Director

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2005

	SHARE CAPITAL	RESERVES								SHARE-HOLDER'S EQUITY
		Capital Reserve				Revenue Reserve			Total	
		Reserve for issue of bonus shares	Share Premium	Fair value Reserve	Sub-Total	General	Unappropriated Profit	Sub-Total		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as on 30 September, 2003, as previously reported	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
Effect of change in accounting policy (Note 2.9)	-	-	-	50,913,708	50,913,708		(1,688,708)	(1,688,708)	49,225,000	49,225,000
Balance as on 30 September 2003-Restated	240,625,000	24,062,500	-	50,913,708	74,976,208	1,020,000,000	65,476,746	1,085,476,746	1,160,452,954	1,401,077,954
Bonus shares issued	24,062,500	(24,062,500)	-	-	(24,062,500)	-	-	-	(24,062,500)	-
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
Dividend @ Rs. 1.5 per share for year 2003	-	-	-	-	-	-	(36,093,750)	(36,093,750)	(36,093,750)	(36,093,750)
Effect of change in accounting policy (Note 2.9)	-	-	-	97,260,721	97,260,721	-		-	97,260,721	97,260,721
Profit for the year	-	-	-	-	-	-	100,766,828	100,766,828	100,766,828	100,766,828
Transfer to general reserve	-	-	-	-	-	100,000,000	(100,000,000)	-	-	-
Reserve for bonus shares @ 10%	-	30,053,720	(30,053,720)	-	-	-	-	-	-	-
Balance as at 30 September 2004-Restated	300,537,270	30,053,720	67,946,280	148,174,429	246,174,429	1,391,086,730	48,459,546	1,439,546,276	1,685,720,705	1,985,257,975
Bonus shares issued	30,053,720	(30,053,720)			(30,053,720)	-		-	(30,053,720)	-
Loss for the period	-	-	-		-	-	(201,432,382)	(201,432,382)	(201,432,382)	(201,432,382)
Fair value adjustment on investments	-	-	-	(60,927,701)	(60,927,701)	-		-	(60,927,701)	(60,927,701)
Dividend @ Re. 1.0 per share for the year 2004	-	-	-	-	-	-	(30,053,727)	(30,053,727)	(30,053,727)	(30,053,727)
Balance as on 30 June, 2005	330,590,990	-	67,946,280	87,246,728	155,193,008	1,391,086,730	(183,026,563)	1,208,060,167	1,363,253,175	1,693,844,165

The annexed notes form an integral part of these financial statements

AAMIR FAYYAZ SHEIKH
Chief Executive

ZAMIRUDDIN AZAR
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2005

1. THE COMPANY AND ITS ACTIVITIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of Companies Ordinance, 1984. Wherever, the requirement of Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the said directives take precedence.

2.2 Change in Financial Year

Central Board of Revenue vide SRO 684 (1) 2004 has changed the financial year for "Cotton Textile" companies from September to June. Consequently current financial statements are being presented for nine months period ended June 30, 2005. Figures and comparatives in the Profit and Loss Account, Statement of Changes in Equity, and Cash Flow Statement of the previous year are not comparable with current period.

2.3 Accounting convention

These accounts have been prepared under the historical cost convention except for the revaluation of equity investments as stated in Note 2.9 to the financial statements.

2.4 Employees Retirements Benefits

The company operates a funded contributory provident fund scheme for its permanent employees. Company and employees make equal monthly contributions of 10 percent of the basic salary, towards the fund. The company's contribution is charged to the profit and loss account for the period.

2.5 Provisions

Provisions are recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.6 Taxation

Current

The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance 2001. Provision for income tax is made in the accounts accordingly. However, provision for tax on other income is based on taxable income at current rates after considering the rebates and tax credits available, if any.

Deferred

Deferred tax is accounted for by using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The company recognizes deferred tax assets on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. The amount of deferred tax provided is based on the expected manner of realization or settlement of carrying amount of assets and liabilities, using current rates of taxation. During the current period, no provision for deferred tax was considered necessary as the export sales of the company is chargeable to tax under section 169 of Income Tax Ordinance 2001, whereas local sales are chargeable to normal tax for which no material temporary differences have arisen.

2.7 Foreign Currency

All monetary assets and liabilities in foreign currency are translated into Rupees at the rate of exchange prevailing at balance sheet date or at the contracted rates. While foreign currency transactions are translated into Rupees using exchange rate prevailing on the date of transaction or at the contracted rates. Non-monetary assets and liabilities denominated in foreign currencies are carried at historical cost.

Exchange gain and loss where applicable are recognized in the profit and loss account.

2.8 Fixed Assets

2.8.1 Property, plant and equipment and depreciation

Owned

Property, plant and equipment except free hold land are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost. Cost of tangible assets consists of historical cost, borrowing cost pertaining to erection/construction period and other directly attributable cost of bringing the assets to working condition.

Depreciation on all operating fixed assets is charged to income on a reducing balancing method so as to write off historical cost of an assets over its estimated useful life at the rates as disclosed in note 13. Depreciation on the addition and disposal is charged on prorated base basis for the period of use during the year.

The carrying value of property, plant and equipments are reviewed for impairment, when event or changes in circumstances that carrying value may not be recoverable. If any such indication exists and where carrying value exceeds the estimated recoverable amounts, the assets or cash generating units are written down to their recoverable amount. Impairment loss or its reversal, if any, is charged to income. Where an impairment loss is recognized, the depreciation is adjusted in the future period to allocate the assets revised carrying amount over its estimated useful life.

Maintenance and repair are charged to income as and when occur. Gain or loss on the disposal of fixed assets represented by the difference between the proceeds and the carrying amounts of the assets is recognized as income or expense during the period.

Leased

When the company is lessee:

Finance Lease

Leases where the company has substantially all the risk and rewards of ownership are classified as finance lease. Asset subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligation net of finance charges, are included in liabilities against assets subject to finance lease are referred to in note 6 to the financial statements. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rentals is charged to income over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Amortization of the leased assets is charged to profit.

During the year, depreciation is charged on additions and disposals on prorated basis, over the period of use.

Operating leases

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of lease.

2.8.2 Intangible Assets

Costs that are directly associated with the identifiable software products controlled by the company and have probable economic benefit beyond one year are recognized as intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on straight life basis over their estimated useful economic life.

2.9 Investments

Investments are initially recognized on trade date at cost comprising of consideration paid and cost of transaction. For listed securities, closing quotation of stock exchanges on last working day of the accounting years are considered for determining fair value, while for unquoted securities, fair value is determined considering break up value of the securities, cost of transaction necessary for disposal is ignored for the determination of fair value. Its classification is made on the basis of intended purpose for holding such investments. These are measured at balance sheet date on the following basis:

Available for Sale

Investments in associated undertakings and others are classified as available for sale for appropriate presentation. These are stated at fair value and changes in carrying value are recognized as separate component of equity until investments are sold, disposed or until investment is determined to be impaired, at which time the accumulated gain/ loss previously reported in equity is included in income. Previously investment in associated undertaking was reported at cost in accordance with the requirements of IAS 28. Whereas changes in carrying values of other investments classified as available for sale were charged to profit and loss account. Had this change not been made the value of short term investment and fair value reserve as at June 30, 2005 would have been lowered by Rupees 179,850,000 and Rupees 87,246,728 respectively, consequently loss after tax for the period then ended, would have been lowered by Rupees 7,822,298. Accordingly relevant comparative figures have been restated.

Held to Maturity

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment losses are charged to profit and loss account.

Held for trading

These are stated at fair value and changes in carrying values are included in profit and loss account.

2.10 Store, spares and loose tools

These are valued at lower of NRV or cost calculated on moving average basis except goods in transit, which are valued at cost comprising of invoice value plus other charges paid thereon.

2.11 Stock in trade

Raw material, work-in-progress and finished goods are valued at lower of cost and net realizable value except waste and rejected goods which are valued at net realizable value. Goods in transit are valued at cost comprising invoice value and charges paid thereon. Cost and net realizable value is determined as follows:

Raw material: - weighted average cost.

Work-in-progress and finished goods: - Prime cost plus appropriate production overheads determined on weighted average cost. Goods purchased for resale are valued at their respective purchase price by using first in first out method.

Net realizable values: - It is determined on the basis of selling price prevailing in the market less expenses incidentals to sale.

2.12 Trade debts and other receivables

Trade debts are carried at original invoice value as reduced by an estimate for doubtful receivables based on review of outstanding amount at the year-end. Bad debts and other receivable are written off when identified.

2.13 Borrowing Cost

Borrowing costs are charged to income currently. However, interest, mark up and other charges on borrowing are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such borrowings.

2.14 Revenue recognition

Revenue is recognized when the company has transferred significant risks and rewards associated with ownership of goods to the buyer. Export sales and local sales recognized on shipment and dispatch of goods to customer respectively. Dividend on equity investment is recognized as income if right to receive payment is established. Profit on bank deposits is recognized on a time proportion basis taking into account, the principal outstanding and rates of profits applicable thereon.

2.15 Deferred cost

No deferred cost is recognized during the period. Previously, deferred cost was recognized and being amortized over a period of three years. However this change has no affect on the presented financial statements. Purchase of export quota is charged to income.

2.16 Financial Instruments

Financial assets and liabilities are recognized at cost, which is the fair value of the consideration given or received when the company becomes party to the contractual provisions of the instrument by following trade date accounting. Any gain or loss on the subsequent measurement is charges to the profit and loss account. The company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise looses the control over contractual right that comprises the financial asset or a portion of financial asset. While a part of financial liability or a part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in contract is discharged, cancelled or expired.

Financial assets are long-term deposits, trade debts, advances and other receivables, cash and cash equivalents. These are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are liabilities against assets subject to finance lease, short-term loan, redeemable capital, and trade and other payables. Mark up bearing finances are recorded at the gross proceeds recovered. Other liabilities are stated at their nominal value.

2.17 Off setting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount is reported in the financial statements when there is legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.18 Cash and cash equivalents

Cash and cash equivalent are comprised of cash and bank balances and are stated at cost.

2.19 Related party transactions and transfer pricing

Transaction and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method. Parties are said to be related if they have the ability to control the company or exercise significant influence over the company in making financial and operating decisions or vice versa.

2.20 Mark up bearing borrowings

Mark up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction cost. Subsequent to the initial recognition, mark up bearing borrowings are stated at original cost less subsequent repayments.

2.21 Dividends

Dividend is recognized as liability in the period in which it is paid.

		June 30, 2005 Rupees	September 30, 2004 Rupees
3	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	14,000,000 (2004: 14,000,000) ordinary shares of rupees 10 each fully paid in cash	140,000,000	140,000,000
	15,474,122 (2004:12,468,750) ordinary shares of rupees 10 each as fully paid bonus shares	154,741,220	124,687,500
	3,584,977 (2004: 3,584,977) ordinary shares of Rs. 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement	35,849,770	35,849,770
		330,590,990	300,537,270

3.1 11,273,097 shares (2004:10,282,826 shares) of the company are held by associated undertakings which are as follows:

	June 30, 2005 No of shares	September 30, 2004 No of shares
Kohinoor Textile Mills Limited	11,125,608	10,114,190
Zimpex (Private) Limited	147,489	134,081
Zimpex Pakistan (Private) Limited	-	34,555
	11,273,097	10,282,826

		June 30, 2005 Rupees	September 30, 2004 Rupees
4	**CAPITAL RESERVES**		
	Reserves for issue of bonus shares		
	At the beginning of the period/year	30,053,720	24,062,500
	Less: Issue of shares	30,053,720	24,062,500
	Add: Reserve for issue of bonus shares	-	30,053,720
		-	30,053,720
	Share Premium		
	At the beginning of the period/year	67,946,280	-
	Add: Merger with Kohinoor Genertek	-	98,000,000
	Less: Reserve for bonus shares	-	30,053,720
		67,946,280	67,946,280
	Fair Value Reserve		
	At the beginning of the period/year- Restated (Note: 2.9)	148,174,429	50,913,708
	Add: Fair value adjustment	-	97,260,721
	Less: Fair value adjustment	60,927,701	-
		87,246,728	148,174,429
		155,193,008	246,174,429

			June 30, 2005 Rupees	September 30, 2004 Rupees
5	**REVENUE RESERVE- GENERAL**			
	At the beginning of the period/ year		1,391,086,730	1,020,000,000
	Add: Merger with Kohinoor Genertek		-	271,086,730
	Add: Transfer from unappropriated profit		-	100,000,000
			1,391,086,730	1,391,086,730
6	**REDEEMABLE CAPITAL- NON PARTICIPATORY (SECURED)**			
	Syndicated term finance	(Note 6.1)	279,993,875	319,993,000
	Less: Current portion		79,998,250	40,002,625
			199,995,625	279,990,375

6.1 This represents the Privately Placed Term Finance Certificates issued to consortium of two banks led by United Bank Limited which is secured against joint first pari passu equitable mortgage charge on all present and future fixed assets of the dyeing unit of the company. The facility carries mark up at cut off yield of the most recent auction of the 6 months Government of Pakistan treasury bills plus 275 bps payable semi annually. This facility is payable in ten biannual instalments commencing from January 2004.

			June 30, 2005 Rupees	September 30, 2004 Rupees
7	**LONG TERM LOANS- SECURED**			
	Demand Finance-I	(Note 7.1)	23,713,162	47,747,785
	Demand Finance-II	(Note 7.2)	350,000,000	400,000,000
	Demand Finance-III	(Note 7.3)	209,705,271	27,760,140
	Demand Finance-IV	(Note 7.4)	399,999,143	136,478,420
	Demand Finance-V	(Note 7.5)	130,000,000	130,000,000
	Demand Finance-VI	(Note 7.6)	240,300,000	240,300,000
	Demand Finance-VII	(Note 7.7)	72,000,000	80,000,000
	Demand Finance-VIII	(Note 7.8)	300,000,000	-
	Demand Finance-IX	(Note 7.9)	189,599,005	-
	Demand Finance-X	(Note 7.10)	218,833,759	-
			2,134,150,340	1,062,286,345
	Less: Current portion		320,720,246	173,541,789
			1,813,430,094	888,744,556

7.1 Demand finance I was obtained from United Bank Limited and is secured against first pari passu charge over current and future fixed assets of the company. The facility carries mark up at cut off yield of more recent auction of 6 months Government of Pakistan treasury bills plus 275 bps. The remaining balance is repayable in 3 quarterly instalments.

7.2 Demand finance II was obtained from National Bank of Pakistan and is secured against first pari passu charge over fixed assets of the company. The facility carries mark up at the rate of 6 months T bills cut off yield plus 2.5 percent per annum and the remaining balance is repayable in 7 equal semi annual instalments.

7.3 Demand finance III is the credit facility of Rupees 210 million obtained from National Bank of Pakistan against import of machinery. The facility is secured against joint first pari passu charge over fixed assets of the company and carries mark up at 3 months KIBOR plus 1.25 percent per annum. The loan is repayable in 9 instalments commencing from June 30, 2005.

7.4

Demand finance IV is a part of total credit facility of Rs. 400 million obtained from National Bank of Pakistan against import of machinery of Hosiery unit. This facility is secured against first pari passu charge over the fixed assets of the company and carries mark up at 6 months KIBOR plus 1.25 percent per annum. The loan is repayable in 8 instalments commencing from March 2006.

7.5 Demand finance V was obtained from United Bank Limited and is secured against first exclusive charge on imported knitting machinery to be installed at the Hosiery division of the Company and carries mark up at 6 months KIBOR plus 100 bps payable quarterly. The loan is repayable in 8 equal semi annual instalments commencing from February 2006.

7.6 Demand finance VI was obtained from Allied Bank of Pakistan and is presently secured against ranking charge to be upgraded to first pari passu charge over fixed assets of the company. The facility carries mark up at 3 months KIBOR plus 1.5 percent with a floor of 5 percent per annum and is repayable in 8 equal semi annual instalments commencing from March 31, 2006.

7.7 Demand finance VII was obtained from NDLC-IFIC Bank Limited and is secured against first pari passu charge on Dyeing unit of the company. The facility carries mark up at the rate of 3 months KIBOR plus 1.25 percent payable on a quarterly basis. This loan is repayable in 14 quarterly instalments commencing from April 2005.

7.8 This represents the demand facility of Rs 300 million obtained from Allied Bank of Pakistan to pay off the existing short term facilities of two different banks. The loan is repayable within 5 years including one grace year repayable in eight equal half yearly instalments. The facility carries mark up at the rate of 6 months average KIBOR plus 2 percent with the floor of 5 percent to be recovered bi-annually. The loan is secured against ranking charge on fixed assets of the company to be upgraded to first pari passu charge on fixed assets of the company.

7.9 This represents term finance facility of Rupees 230 million converted from short term facility of Askari Commercial Bank Limited and is secured against first pari passu charge on fixed assets of the company. This facility carries an interest rate of LIBOR plus 1 % per annum upto US $ 2 million and for above LIBOR plus 1.5 % per annum and is repayable in 6 equal biannual instalments. Formal sanction letter and repayment schedules are awaited from the bank.

7.10 This represents term finance facility of Rupees 240 million converted from short term facility of Bank Alfalah Limited and is secured against first pari passu charge on fixed assets of the company. This facility carries an interest rate of average six months LIBOR plus 1.5 % per annum and is repayable in 6 equal biannual instalments. Formal sanction letter and repayment schedules are awaited from the bank.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The rate of interest used as the discounting factor, implicit in lease is 7.5% (2004:7.5%) per annum. The amount of future payments and periods during which they fall due are:

		June 30, 2005	September 30, 2004
		Rupees	Rupees
Period/Year ended	2005	-	15,935,280
Year ending	2006	16,637,060	3,983,820
		16,637,060	19,919,100
Less: Unamortized finance charges		434,559	1,073,208
Present value of minimum lease payments		16,202,501	18,845,892
Less: Current portion		16,202,501	14,935,394
		-	3,910,498

8.1 Minimum lease payments and their present values are grouped as under

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2005	2004	2005	2004
	Rupees	Rupees	Rupees	Rupees
Due not later than one year	16,637,060	15,935,280	16,202,501	14,935,394
Due later than one year but not later than five years	-	3,983,820	-	3,910,498
	16,637,060	19,919,100	16,202,501	18,845,892

8.2 The lease rentals are secured by charge on the assets. The company intends to exercise its option to purchase the leased assets at the termination of lease period. There are no financial restrictions in the lease agreements.

9 TRADE AND OTHER PAYABLES

		June 30, 2005	September 30, 2004
		Rupees	Rupees
Creditors	(Note 9.1)	456,430,156	401,537,276
Advances from customers		7,334,747	45,757,664
Sales commission payable		56,405,377	55,384,128
Income tax deducted at source		1,257,526	2,962,376
Security deposits	(Note 9.2)	2,538,073	2,453,073
Worker's profit participation fund	(Note 9.3)	-	9,180,366
Accrued liabilities		51,193,227	40,859,369
Unclaimed Dividend		4,388,670	4,312,619
		579,547,776	562,446,871

9.1 It includes an amount of Rupees 78 million (2004:Rupees 46 million) payable to related parties.

9.2 These are interest free and repayable on the expiry of contracts.

	June 30, 2005 Rupees	September 30, 2004 Rupees
9.3 WORKER'S PROFIT PARTICIPATION FUND		
Balance as on 01 October	9,180,366	11,539,028
Interest provided during the period	59,910	825,385
	9,240,276	12,364,413
Payments during the period	(9,240,276)	(11,539,028)
	-	825,385
Share of the company's profit for the year	-	8,354,981
	-	9,180,366

The company retains worker's profit participation fund for its business operations till the date of allocation to workers. Interest is provided at the present rate under the Act.

10 SHORT TERM FINANCES-SECURED

The facilities under short term finances available from various commercial banks and financial institutions under mark up arrangements amounting to Rupees 2,784 million (2004 : Rs.2,880 million). These facilities carry mark up at the rate ranging from 6 to 8 percent (2004: 2 to 4 percent) per annum payable semi annually and quarterly and these facilities are secured against hypothecation charge on current assets, lien on export contracts/ letter of credits, first pari passu charge, second pari passu charge, ranking charge on fixed assets and personal guarantees of directors.

		June 30, 2005 Rupees	September 30, 2004 Rupees
11 CURRENT PORTION OF LONG TERM LIABILITIES			
Redeemable Capital	(Note 6)	79,998,250	40,002,625
Long term loans	(Note 7)	320,720,246	173,541,789
Liabilities against assets subject to finance lease	(Note 8)	16,202,501	14,935,394
		416,920,997	228,479,808

12 CONTINGENCIES AND COMMITMENTS

Contingencies

The company is contingently liable for a sum of Rupees 5.485 million (2004: Rupees 5.485 million) in respect of custom duties levied by Government of Pakistan on import of Humidification Plant. A writ petition has been filed with the Honourable Lahore High Court, decision against which is pending. A bank guarantee has been provided to the custom department against the disputed liability.
Provision for corporate assets tax amounting to Rupees 1.00 million (2004: Rupees 1.000 million) has not been made as the company has filed an appeal in the Honourable Supreme Court of Pakistan against the decision of Honourable Lahore High Court in this respect which is still pending.

A supplier of furnace oil has filed a civil suit for recovery against the company amounting to Rupees 2,506,369(2004: Rupees 2,506,369) as damages for losses incurred by him. The company has not accepted the claim and no provision has been made in the accounts as in the opinion of legal advisor of the Company there are meritorious grounds and the company's view point in this respect will be upheld.

The company has filed a reference application before Honourable Lahore High Court against the order of Income Tax Appellate Tribunal in which tax liability of Rupees 1,850,000 was created. The department has been restrained by the Honourable Lahore Court vide an order dated 06-05-2002 from taking any coercive measures against Company for the recovery of disputed amount. No provision has been made in the accounts as management is confident that ultimate decision will be favourable.

The sales tax department has raised sales tax demand amounting to Rupees 9.4 million along with additional tax, as result of sales tax audit conducted by them. Company is contesting against demand and management is confident that decision will be in favour of the company. Accordingly, no provision has been made in accounts.

Commitments

Aggregate commitments for capital expenditure contracted for Rupees 90.8 million as on 30 June 2005 (2004: Rupees 692 million) and for revenue expenditures contracted for Rupees 33.79 million as on 30 June 2005 (2004:Rupees 96 million).

13 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	DEPRECIATION	
	As at 01 October 2004	Additions/ (Deletions)	As at 30 June 2005	As at 01 October 2004	Adjustments	As at 30 June 2005	AS AT 30 June 2005	Charge for the period	Rate %
	Rupees			Rupees			Rupees		
OWN ASSETS									
Freehold land	123,014,630	5,293,979	128,308,609	-	-	-	128,308,609	-	-
Buildings on freehold land:									
Factory	397,866,946	6,084,561	403,951,507	110,277,407	-	121,391,399	282,560,108	11,113,992	5-10
Residential	34,846,657	941,960	35,788,617	14,614,115	-	15,834,497	19,954,120	1,220,382	5-10
Plant and machinery	2,958,157,904	547,976,608	3,506,134,512	881,021,625		1,016,481,760	2,489,652,752	135,460,135	5-10
Electric installations	82,971,352	615,964	83,587,316	23,419,518	-	26,785,072	56,802,244	3,365,554	5-10
Furniture, fixtures and equipments	78,255,427	12,097,855	90,353,282	20,230,873		24,859,944	65,493,338	4,629,071	10
Vehicles	48,016,897	7,566,739	48,760,342	19,020,106	3,989,734	19,433,876	29,326,466	4,403,504	20
		(6,823,294)		-					
	3,723,129,813	580,577,666	4,296,884,185	1,068,583,644	3,989,734	1,224,786,548	3,072,097,637	160,192,638	
		(6,823,294)							
LEASE ASSETS									
Plant and machinery	49,062,742	-	49,062,742	4,906,274	-	8,218,009	40,844,733	3,311,735	10
2005 Rupees	3,772,192,555	580,577,666	4,345,946,927	1,073,489,918	3,989,734	1,233,004,557	3,112,942,370	163,504,373	
		(6,823,294)							
2004 Rupees	3,320,250,001	607,182,796	3,772,192,555	905,760,363	(44,762,306)	1,073,489,918	2,698,702,637	212,491,861	
		(155,240,242)							

13.1 Depreciation charge for the period has been allocated as follows:

	9 Months Ended June 30, 2005	12 Months Ended September 30, 2004
	Rupees	**Rupees**
Administrative expenses	5,720,194	8,132,371
Cost of goods sold	157,577,030	204,131,390
Distribution cost	207,149	228,100
	163,504,373	212,491,861

13.2 Land having cost of Rs. 1.865 million (2004: Nil) is in the possession of the Punjab Social Security Health Management Company as at June 30, 2005 for which finalization of sale proceeds are pending.

13.3 Five generators having Written Down Value of Rs. 8.735 million (2004: Rs. 9.44million)are held by third parties as at June 30, 2005.

13.4 Detail of fixed assets exceeding book value of Rupees 50,000 disposed off during the period is as follows:

DESCRIPTION	COST	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
	Rupees	Rupees	Rupees		
Vehicles					
LXJ-6750	787.500	529.452	500.000	Negotiation	Mr. Saleem Akbar Qureshi Ex-Employee, Johar Town, Lahore.
LXN-1900	683.222	459.344	575.000	Negotiation	Mr. Mohsin Saleem N I C # 352001518434-9
LXB-175	381.343	317.364	270.000	Negotiation	Mr. G M Bhatti Resident of 216-Maghzar Colony Multan Road Lahore.
LXH-5100	640.570	506.233	610.000	Negotiation	Mr. Mohammed Waheed, Street No.22, Nizam Street, Mozang Lahore.
LXX-750	1,251.577	738.932	825.000	Negotiation	Mr. Aziz-ur-Rehman, House No.545 Block B, Johar Town Lahore.
LXL-1166	767.120	201.096	700.000	Negotiation	Kohinoor Textile Mills Limited, 42 Lawrence Road Lahore.
LXD-6590	288,245	48,360	125,000	Negotiation	Kohinoor Textile Mills Limited, 42 Lawrence Road Lahore.
LXB-7885	550.000	282.480	425.000	Negotiation	Sheikh Mughees Ahmad, 7 Army Flats, Bridge Colony, Lahore
LRP-598	961.127	696.772	850.000	Negotiation	Mr. Amir Raza Mir 37H Gulberg III, Lahore.

		June 30, 2005 Rupees	September 30, 2004 Rupees
14	**CAPITAL WORK IN PROGRESS**		
	Plant and machinery	407,576,210	96,765,707
	Civil works on freehold land	282,182,331	60,739,340
	Electric Installations	29,965,550	3,630,573
	Computer software	8,796,123	6,014,265
		728,520,214	167,149,885

14.1 Borrowing cost amounting to Rupees 21.42 million (2004:Rupees 1.509 million) has been capitalized during the period.

15	**LONG TERM INVESTMENT**		
	Available for sale		
	Unquoted		
	K-2 Hosiery (Pvt.) Limited		
	1,194,000 (2004:914,000) ordinary shares of Rupees 10 each	11,940,000	9,140,000
		11,940,000	9,140,000

16	**STORE, SPARES AND LOOSE TOOLS**		
	Store and spare parts	207,541,129	452,088,436
	Loose tools	1,866,341	1,820,900
		209,407,470	453,909,336

17	**STOCK IN TRADE**			
	Raw material		285,313,446	290,731,310
	Work in progress		206,904,454	179,658,821
	Finished goods	(Note 17.1)	454,330,150	398,630,919
			946,548,050	869,021,050

17.1 Finished goods valued at net realizable value are amounting to Rupees 213.022 million (2004: Rupees 124.752 million).

18 **ASSETS HELD FOR DISPOSAL**

This represents the cost of knitting machines held for disposal. The net realizable value of these machines approximate to their cost.

			June 30, 2005 Rupees	September 30, 2004 Rupees
19	**TRADE DEBTS- CONSIDERED GOOD**			
	Secured-Against export bills		485,520,428	615,425,946
	Unsecured-Local	(Note 19.1)	109,232,523	216,223,823
			594,752,951	831,649,769

19.1 These include amount receivable from related party Rs.Nil (2004:Rs.2,200).

			June 30, 2005 Rupees	September 30, 2004 Rupees
20	**ADVANCES, DEPOSITS, PREPAYMENTS, AND OTHER RECEIVABLES**			
	Advances-Considered good, unsecured			
	To company's employees	(Note 20.1)	10,346,120	9,413,506
	To Suppliers		82,508,150	109,013,586
	To contractors		612,616	10,756,379
	Dividend receivable from associated undertakings:			
	Maple Leaf Cement Factory Limited		-	8,250,000
	Due from related party - Maple Leaf Cement Factory Limited, unsecured/ considered good		495,313	-
	Advance income tax		57,936,703	60,187,857
	Deposits with All Pakistan Textile Mills Association		-	2,062,539
	Security deposits		4,723,255	10,000
	Letters of credit		81,414,514	163,934,869
	Short term prepayments		11,968,162	4,212,722
	Export rebates receivable		35,764,926	15,914,779
	Sales tax refundable		399,492,929	243,346,965
	Profit accrued on bank deposits		23,904	54,150
	Miscellaneous receivables	(Note 20.3)	17,321,208	5,158,824
			702,607,800	632,316,176

20.1 It includes unsecured and interest free advance to executives amounting to Rupees 0.804 million (2004:Rupees 1.025 million) and the maximum amount of advance outstanding at the end of any month during the period was Rupees 1.187 million (2004: Rupees 1.180 million).

20.2 It includes Rupees 4.48 million (2004: Rupees 4.48 million) receivable from customs department as disclosed in note 12, against the disputed custom liability for the import of Humidification plant.

		June 30, 2005 Rupees	September 30, 2004 Rupees
21	**SHORT TERM INVESTMENTS**		
	Available for sale		
	Quoted- Related Party (Associated undertaking) Cement sector		
	Maple leaf Cement Factory Limited 8,250,000 (2004: 5,500,000) ordinary shares of Rs. 10 each	105,325,000	55,825,000
	Unquoted		
	Insurance Sector		
	Security General Insurance Company Limited		
	1,080,286 (2004: 664,780) fully paid ordinary shares of Rupees 10 each		
	Break up value of Rupees 19.72 (2004: Rupees 17.37) per share as per accounts for the year ended 31 December, 2004 Chief Executive Officer: Mansard Mehta	6,647,800	6,647,800
		111,972,800	62,472,800
	Surplus on revaluation of investments	87,246,728	148,174,429
		199,219,528	210,647,229

			June 30, 2005 Rupees	September 30, 2004 Rupees
22	**CASH AND BANK BALANCES**			
	Cash in hand		1,714,390	5,267,761
	Cash with banks			
	In current accounts	(Note 22.1)	32,451,425	21,096,887
	In deposit account		105,168,238	109,240,567
			137,619,663	130,337,454
			139,334,053	135,605,215

22.1 Cash with banks in current accounts includes foreign currency balances of US$ 15,663 (2004: US$17,663)

			9 Months Ended June 30, 2005 Rupees	12 Months Ended September 30, 2004 Rupees
23	**SALES**			
	Export		2,779,802,834	4,130,210,497
	Local	(Note 23.1)	930,962,068	690,109,415
			3,710,764,902	4,820,319,912
	Less: commission to selling agent		138,827,375	193,200,665
			3,571,937,527	4,627,119,247
23.1	Gross Local Sales		1,061,001,808	853,355,260
	Less: sales tax		130,039,740	163,245,845
	Net sales		930,962,068	690,109,415
24	**COST OF GOODS SOLD**			
	Raw material consumed	(Note 24.1)	2,051,027,276	2,607,322,739
	Chemical consumed		274,241,986	254,680,323
	Salaries, wages and other benefits		141,600,078	129,328,647
	Employee's provident fund contributions		5,823,749	6,094,881
	Cloth conversion and processing charges		84,596,764	14,313,306
	Fuel, oil and power		348,598,479	453,944,676
	Stores, spares and loose tools		93,317,584	128,062,688
	Packing material		38,635,857	46,806,471
	Repair and maintenance		16,043,190	13,192,517
	Insurance		10,549,257	11,843,419
	Other manufacturing expenses		26,391,410	15,750,183
	Depreciation	(Note 13.1)	157,577,030	204,131,390
			3,248,402,660	3,885,471,240
	Work-in-process inventory			
	As on 01 October		179,658,821	105,489,464
	As on 30 September		-	(179,658,821)
	As on 30 June		(206,904,454)	-
			(27,245,633)	(74,169,357)
	Cost of goods manufactured		3,221,157,027	3,811,301,883
	Cost of yarn and cloth purchased		202,405,965	408,947,706
			3,423,562,992	4,220,249,589
	Finished goods inventory			
	As on 01 October		398,630,919	301,653,796
	As on 30 September		-	(398,630,919)
	As on 30 June		(454,330,150)	-
			(55,699,231)	(96,977,123)
			3,367,863,761	4,123,272,466

			9 Months Ended June 30, 2005 Rupees	12 Months Ended September 30, 2004 Rupees
24.1	**RAW MATERIAL CONSUMED**			
	Opening stock		290,731,310	130,251,834
	Purchased during the period		2,045,609,412	2,767,802,215
			2,336,340,722	2,898,054,049
	Closing stock		(285,313,446)	(290,731,310)
			2,051,027,276	2,607,322,739
25	**DISTRIBUTION COST**			
	Salaries, wages and other benefits		14,130,634	10,532,055
	Employee's provident fund contributions		694,127	556,779
	Travelling, conveyance and entertainment		11,698,885	13,763,269
	Printing and stationery		451,797	913,948
	Communications		8,881,895	8,279,058
	Vehicle's running		668,777	813,626
	Legal and Professional		-	17,050
	Insurance		1,345,587	1,044,427
	Fee, subscription and taxes		16,000	151,197
	Repair and maintenance		11,450	46,706
	Miscellaneous		1,564,985	784,947
	Outward freight and handling		77,917,141	75,919,240
	Amortization of export quota		21,895,606	14,641,500
	Clearing and forwarding		18,415,254	18,828,418
	Sales promotion and advertising		3,651,552	4,183,139
	Depreciation	(Note 13.1)	207,149	228,100
			161,550,839	150,703,459
26	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		44,226,842	41,166,390
	Employee's provident fund contributions		1,640,178	1,679,742
	Travelling, conveyance and entertainment		13,082,535	9,037,669
	Printing and stationery		4,271,876	6,317,001
	Communications		3,135,858	3,534,453
	Vehicle's running		4,532,427	4,782,956
	Legal and Professional		1,053,973	4,067,265
	Insurance		2,096,855	1,482,704
	Fee, subscription and taxes		835,062	712,689
	Repair and maintenance		2,686,648	3,805,264
	Auditor's remuneration	(Note 26.1)	417,480	580,500
	Electricity, gas and water		1,315,132	1,318,033
	Quality control expenses		2,078,933	2,012,911
	Miscellaneous		4,311,700	2,441,066
	Software Implementation		540,520	-
	Sales promotion and advertising		449,329	1,953,873
	Depreciation	(Note 13.1)	5,720,194	8,132,371
			92,395,542	93,024,887

		Ford Rhodes Sidat Hider & Company	Riaz Ahmad & Company
		9 Months Ended June 30, 2005	12 Months Ended September 30, 2004
		Rupees	Rupees
26.1	Audit fee	275,000	275,000
	Half yearly review	120,000	110,000
	Other certification	22,480	45,000
	Tax advisory services	-	135,500
	Out of pocket Expenses	-	15,000
		417,480	580,500

			9 Months Ended June 30, 2005	12 Months Ended September 30, 2004
			Rupees	Rupees
27	**OTHER CHARGES**			
	Worker's profit participation fund		-	8,354,981
	Donations	(Note 27.1)	3,050,000	625,000
			3,050,000	8,979,981

27.1 None of the directors and their spouse have any interest in the donee's fund.

28	**OTHER OPERATING INCOME**		
	Dividend on equity investment		
	Associated undertaking:		
	Kohinoor Genertek Limited	-	3,504,800
	Maple Leaf Cement Factory Limited	-	8,250,000
	Other		
	Security General Insurance Company Limited	982,078	-
	Return on bank deposits	464,477	739,654
	Scrap sales and others	6,888,412	8,322,806
	Gain on sale of operating fixed assets	2,517,864	2,735,501
		10,852,831	23,552,761
29	**FINANCE COST**		
	Markup on long term loans and redeemable capital	47,670,739	37,360,419
	Finance charges on lease liabilities	854,591	3,905,439
	Mark up on short term finances	71,590,710	58,750,911
	Interest on worker's profit participation fund	59,910	825,385
	Interest on employee's provident fund balance	-	69,618
	Bank commission and other financial charges	19,877,884	19,070,910
		140,053,834	119,982,682
30	**PROVISION FOR TAXATION**		
	Current	27,847,132	53,013,730
	Prior year	(8,538,368)	927,975
		19,308,764	53,941,705

31 **EARNINGS PER SHARE**

There is no dilutive effect on the basic earnings per share, which is based on:

(Loss) / Earning for the period	Rupees	(201,432,382)	100,766,828
Number of ordinary shares		33,059,099	33,059,099
Earning per share	Rupees	(6.09)	3.05

32 **TRANSACTIONS WITH RELATED PARTIES**

Related parties comprises of associated undertakings, other related parties, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with related parties. Amount due to/ due from related parties as given in the Notes 9.1, 19.1 and 20.1, respectively. Remuneration of the key management personnel is given in Note 33.

	9 Months Ended June 30, 2005 Rupees	12 Months Ended September 30, 2004 Rupees
Purchase of goods and services	1,011,374,235	826,842,196
Purchase of fixed assets	950,000	1,189,000
Sale of goods and services	506,091,634	556,194,523
Sale of fixed assets	825,000	-
Investment made	49,500,000	-

33 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in accounts for remuneration, including all benefits to chief executive, directors and other executives are as follows:

	2005			2004		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	1,485,000	2,887,500	8,885,189	2,190,000	2,805,000	8,549,268
House rent	371,250	721,875	2,334,412	247,500	701,250	1,734,020
Utilities	148,500	288,750	880,338	219,000	280,500	854,830
Special allowance	297,000	577,500	1,345,173	318,000	561,000	1,904,171
Miscellaneous	398,250	774,375	1,465,946	427,500	796,500	-
	2,700,000	5,250,000	14,911,058	3,402,000	5,144,250	13,042,289
Number of persons	1	2	18	1	2	11

33.1 Chief executives, directors and executives of the company are provided with free use of Company's Owned and maintained car.

33.2 Meeting fee of Rupees 18,000 was paid to three directors for three meetings during the period (2004: Rupees 15,000 paid to three directors for five meetings.)

	June 30, 2005	September 30, 2004
34 NUMBER OF EMPLOYEES - AS AT	2,364	2,322

35 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

35.1 Interest / mark-up rate

The exposure to interest/mark-up rate risk on financial assets and financial liabilities are summarized as follows:

	Interest/mark-up bearing		Non Interest/mark-up bearing		Total	
	Within one year	One year to Five year	Within one year	One year to Five year	2005	2004
Financial assets	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term Investments	-	-	-	11,940,000	11,940,000	9,140,000
Long-term security deposits				3,087,142	3,087,142	2,335,251
Trade debts	-	-	594,752,951	-	594,752,951	831,649,769
Advances, deposits and other receivables	-	-	32,909,800	-	32,909,800	24,949,019
Short term investments	-	-	199,219,528	-	199,219,528	210,647,229
Cash and bank balances	105,168,238	-	34,165,815	-	139,334,053	135,605,215
	105,168,238	-	861,048,094	15,027,142	981,243,474	1,214,326,483

	Interest/mark-up bearing		Non Interest/mark-up bearing		Total	
	Within one year	One year to Five year	Within one year	One year to Five year	2005	2004
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial liabilities						
Liabilities against assets subject to finance lease	16,637,060	-	-	-	16,637,060	18,845,892
Redeemable capital	79,998,250	199,995,625			279,993,875	319,993,000
Long term loans	320,720,246	1,813,430,094	-	-	2,134,150,340	1,062,286,345
Interest accrued on loans and redeemable capital		-	60,915,629		60,915,629	25,698,374
Short term finances	2,117,367,717	-	-	-	2,117,367,717	1,975,732,529
Trade and other payables		-	570,955,503	-	570,955,503	504,546,465
	2,534,723,273	2,013,425,719	631,871,132	-	5,180,020,124	3,907,102,605
Sensitivity Gap	(2,429,555,035)	(2,013,425,719)	229,176,962	15,027,142	(4,198,776,650)	(2,692,776,122)
Commitment for capital and revenue expenditure.					124,664,615	788,501,769

35.2	Effective Interest/mark-up rates	June 30, 2005	September 30, 2004
	Financial assets	3 to 7 percent p.a.	1 to 5 percent p. a.
	Bank balances		
	Financial liabilities		
	Redeemable Capital	3.4 to 5.4 percent p.a	3 to 5 percent p.a.
	Long-term loans	4 to 12 percent p.a	4 to 5.5 percent p. a.
	Liabilities against assets subject to finance lease	7.5 percent p.a	7.5 percent p. a.
	Short term finances	6 to 8 percent p.a	2 to 4 percent p. a.
	Worker's profit participation fund	18.75 percent p.a	18.75 percent p. a.

35.3 FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk on financial instrument receivable in foreign currency is not material.

35.4 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company's credit risk is primarily attributable to its foreign debtors. Out of the total financial assets of Rs. 981,243,474 (2004: Rupees 1,214,326,483), the financial assets which are subject to credit risk amounts to Rs.627,662,751 (2004: Rupees 856,598,788).

35.5 FAIR VALUE OF FINANCIAL INSTRUMENT

The carrying amount of financial assets and liabilities approximates their fair value as reflected in financial statements.

35.6 LIQUIDITY RISK MANAGEMENT

Liquidity risk reflects the Company's ability of raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

36	PLANT CAPACITY AND PRODUCTION	June 30, 2005	September 30, 2004
	Plant operation capacity is based on 273 days (2004:365 days)		
	Weaving		
	Number of looms installed	256	256
	Number of looms worked	256	256
	Rated capacity converted to 60 picks (square meter)	54,759,909	69,833,729
	Actual production converted to 60 picks (square meter)	46,052,436	62,340,389
	Number of days worked during the period (3 shifts per day)	273	365
	Dyeing		
	Rated capacity in 3 shifts (linear meter)	22,438,356	30,000,000
	Actual production for three shifts	14,388,869	15,401,950
	No. of days worked during the period (3 shifts per day)	273	365
	Hosiery		
	Number of Knitting machines installed	240	144
	Number of Knitting machines worked	240	144
	Rated capacity per day per machine 50 Dozs	3,285,000	2,628,000
	Actual production in Dozs	1,939,189	2,555,599
	Number of days worked during the period (3 Shifts per day)	273	365
	Genertek		
	Number of generators installed	3	3
	Number of generators worked	3	3
	Installed capacity (Mega Watt Hours)	117,470	157,057
	Actual Generation (Mega Watt Hours)	87,301	112,673
	Standby Generators		
	Caterpillars Generators (Mega Watt Hours)	7,019	9,385
	Number of Generators	8	8

36.1 Underutilization of available capacity for weaving, dyeing and hosiery division is due to normal maintenance and actual demand.

Actual power generation in Genertek in comparison to installed is low due to periodical scheduled and unscheduled maintenance of generators and low demand. During the maintenance period electricity is supplied from standby generators.

37 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements are approved and issued by the board of directors for issue on September 24, 2005.

38 CORRESPONDING FIGURES

38.1 Due to certain changes made by the Securities and Exchange Commission of Pakistan in the Fourth Schedule to the Companies Ordinance, 1984, corresponding figures have been rearranged or reclassified where necessary for the purpose of comparison.

a) The following major re-arrangements/re-classifications have been made.

From	To
Operating fixed assets	Property, plant and equipment
Creditors, accrued and other liabilities	Trade and other payables
Taxation	Provision for taxation
Administration, selling and general expenses	Distribution cost
	Administrative expenses
Financial and other charges	Other operating expenses
	Finance cost
Other income	Other operating income
Unclaimed dividend	Trade and other payables

b) Re-arrangement of interest accrued on loans Rs. 25,698,374 disclosed separately on the face of the balance sheet, previously grouped in creditors, accrued and other liabilities.

38.2 - Certain comparative figures have been restated due to change in accounting policy as explained in note 2.9 to the financial statements.

- Redeemable capital as disclosed in last year has been appropriately reclassified as given in Note 6 and 7 to the financial statements.

- Consumption of lube oil amounting to Rs. 47,163,517 previously shown in stores, spares and loose tools has been reclassified as consumption of raw material for appropriate presentation. Consequently the closing stock of lube oil has been reclassified.

AAMIR FAYYAZ SHEIKH
Chief Executive

ZAMIRUDDIN AZAR
Director

PATTERN OF SHAREHOLDING

1.	Incorporation Number	L 00577
2.	Name of Company	KOHINOOR WEAVING MILLS LIMITED
3.	Pattern of holding of shares held by the shareholders as at	30.06.2005

4.

NO. OF SHAREHOLDERS	SHAREHOLDINGS FROM	TO	TOTAL SHARES HELD
322	1	100	8,675
1,009	101	500	200,163
143	501	1,000	100,864
292	1,001	5,000	630,647
34	5,001	10,000	244,488
21	10,001	15,000	265,666
7	15,001	20,000	111,881
5	20,001	25,000	117,211
2	25,001	30,000	55,444
3	30,001	35,000	93,558
2	35,001	40,000	77,315
1	40,001	45,000	42,729
1	45,001	50,000	50,000
2	55,001	60,000	113,790
1	60,001	65,000	61,641
1	70,001	75,000	73,970
1	95,001	100,000	97,489
1	105,001	110,000	107,350
1	110,001	115,000	111,740
1	125,001	130,000	128,168
2	130,001	135,000	263,583
1	185,001	190,000	187,000
1	270,001	275,000	271,546
1	310,001	315,000	313,500
1	340,001	345,000	340,661
1	355,001	360,000	355,800
2	435,001	440,000	880,000
2	605,001	610,000	1,214,168
1	620,001	625,000	621,409
1	660,001	665,000	664,500
2	2,205,001	2,210,000	4,415,918
1	2,500,001	2,505,000	2,503,734
1	2,640,001	2,645,000	2,644,963
1	4,560,001	4,565,000	4,563,920
1	11,125,001	11,130,000	11,125,608
1,869	T O T A L		33,059,099

Note: The slabs not applicable have not been shown.

5.	Categories of Shareholders	No. of Shareholders	Shares held	G.Total	Percentage
5.1	Directors, Chief Executive Officer, their Spouse and Minor Children				
	Mr. Tariq Sayeed Saigol (Chairman/Director)		124,240		0.3758
	Mr. Aamir Fayyaz Sheikh (Chief Executive/Director)		2,647,959		8.0098
	Mr. Ali Fayyaz Sheikh (Director)		2,644,963		8.0007
	Mr. Asad Fayyaz Sheikh (Director)		2,647,959		8.0098
	Mr. Sayeed Tariq Saigol (Director)		4,097		0.0124
	Mr. Waleed Tariq Saigol (Director)		2,750		0.0083
	Mr. Usman Said (Director)		4,399		0.0133
	Mr. Zamiruddin Azar (Director)		6,861		0.0208
	Mr. Gul Nawaz (Nominee of NIT)		-		
		9		8,083,228	
5.2.	Associated Companies, Undertakings and Related Parties				
	M/s Kohinoor Textile Mills Limited		11,125,608		33.6537
	M/s Zimpex (Private) Limited		147,489		0.4461
		2		11,273,097	
5.3	NIT and ICP				
	Investment Corporation Of Pakistan		6,778		0.0205
	National Bank of Pakistan,Trustee Deptt.		4,564,580		13.8073
		2		4,571,358	
5.4	Banks, Development Financial Institutions, & Non-Banking Financial Institutions	13	366,141	366,141	1.1075
5.5	Insurance Companies	4	1,268,812	1,268,812	3.8380
5.6	Modarabas and Mutual Funds	7	1,549,668	1,549,668	4.6876
5.7	Share holders holding 10%				
	Refer 5.2 & 5.3				
5.8	General Public				
	a. Local	1785	4,676,043		14.1445
	b. Joint Stock Companies	35	1,131,140		3.4216
	c. Foreign Investor (s)	5	105,958		0.3205
				5,913,141	
5.9	Others				
	Friends Stock Linkers		694		0.0021
	Trustees Moosa Lawai Foundation		8,196		0.0248
	Trustees Saeeda Amin Wakf		7,260		0.0220
	Trustees Mohamad Amin Wakf Estate		15,125		0.0457
	Trustees Al-Mal Group Staff Provident Fund		1,541		0.0046
	Lahore Stock Exchange (Guarantee) Limited		680		0.0021
	Manag Commtt Of Tameer-E-Millat Found		158		0.0005
		7		33,654	
	Total :	1,869		33,059,099	100.0000

KEY OPERATING AND FINANCIAL DATA

Particulars		2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
		(Rupees In Thousand)					
		9 Months					
OPERATING							
Gross Margin	%	5.71	10.89	11.68	14.56	21.49	22.91
Pre Tax Margin	%	(5.10)	3.34	5.31	8.46	13.11	15.54
Net Margin	%	(5.64)	2.18	4.21	7.32	11.84	14.43
PERFORMANCE							
Return on Assets	%	(5.22)	3.50	7.22	15.46	29.34	42.03
Assets Turnover		0.52	0.77	0.96	1.20	1.18	1.25
Fixed Assets Turnover		0.93	1.61	1.72	2.11	3.18	3.04
Inventory Turnover	Days	98	62	51	40	58	59
Return on Equity	%	(11.89)	5.07	12.25	24.30	34.35	41.62
Return on Capital Employed	%	(4.88)	2.97	6.76	15.44	20.99	41.62
Retention	%	100	40	19	11	5	1
LEVERAGE							
Debt:Equity		59:41	41:59	45:55	36:64	39:61	0:100
LIQUIDITY							
Current		0.95	1.10	0.94	0.89	0.88	1.01
Quick		0.60	0.63	0.58	0.57	0.60	0.63
VALUATION							
Earning per share (pre tax)	Rs.	(5.51)	4.68	6.15	9.96	10.84	10.06
Earning per share (after tax)	Rs.	(6.09)	3.05	4.88	8.62	9.71	9.34
Breakup value	Rs.	51	66	55	54	43	45
Dividend payout - Cash	%	-	10.00	15.00	20.00	60.00	72.50
Bonus Issue	%	-	10.00	10.00	10.00	-	50.00
Payout ratio - Cash (after tax)	%	-	29.83	22.39	15.35	40.89	41.10
Price earning ratio	Rs.	(5.09)	12.47	7.79	4.87	2.27	4.50
Markete price to breakup value	Rs.	0.61	0.57	0.69	0.78	0.52	0.93
Dividend yield	%	-	26.32	39.47	47.62	272.73	172.62
Market value per share	Rs.	31	38	38	42	22	42
Market capitalization	Rs.	1,034,750	1,142,042	914,375	907,813	488,906	787,500
HISTORICAL TRENDS							
Turnover		3,571,938	4,627,119	3,825,002	3,892,343	2,711,343	2,140,007
Gross profit		204,074	503,847	446,846	566,684	582,566	490,367
Profit before tax		(182,124)	154,708	203,171	329,298	358,501	332,653
profit after tax		(201,432)	100,767	161,213	284,951	320,978	308,701
FINANCIAL POSITION							
Shareholder's funds		1,693,844	1,986,257	1,315,759	1,172,731	932,543	741,801
Property Plant and Equipment		3,841,463	2,865,853	2,224,964	1,841,607	852,041	703,438
Current assets		3,073,345	3,131,148	1,769,767	1,411,716	1,162,664	982,543
Current liabilities		3,222,565	2,851,573	1,877,337	1,577,479	1,324,103	975,210
Long term assets		3,856,490	2,879,328	2,231,413	1,842,790	1,094,053	734,469
Long term liabilities		2,013,426	1,172,645	1,069,317	672,906	145,000	-

KOHINOOR WEAVING MILLS LIMITED

42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We ____

of ____

being a member of **KOHINOOR WEAVING MILLS LIMITED** hereby appoint

____
(NAME)

of ______________________________________ another member of the Company

or failing him/her ______________________________________
(NAME)

of ______________________________________ another member of the Company

(being a member of the Company) as my/our proxy to attend and vote for and on my/our behalf, at the 18th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on Thursday, October 27, 2005 at 2:00 p.m. and any adjournment thereof.

As witnessed given under my/our hand(s) ____________ day of ___________ 2005.

1. Witness:

   Signature ______________

   Name ______________

   Address ______________

   ____

Affix
Revenue
Stamps of Rs. 5/-

Signature of Member

2. Witness:

   Signature ______________

   Name ______________

   Address ______________

   ____

Shares Held ______________________

Shareholder's Folio No. ______________________
CDC A/c # ______________________

NIC No. | | | | | | | | | | | | | |

Notes:

1. Proxies, in order to be effective, must be reached at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passport in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.