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Company Profile

Kohinoor Weaving Mills Limited's vision is to achieve and then remain as the most progressive and profitable textile organization in Pakistan. Incorporated in 1987 as a small weaving mill, today Kohinoor Weaving Mills broadly undertakes five major businesses, weaving, processing, stitching, knitting and power generation. It has, and continues to develop, a portfolio of businesses that are major players within their respective industries. Bringing together outstanding knowledge of customer needs with leading edge technology platforms your company undertakes to provide superior products to its customers.

With an annual turnover of over Rs 6.3 billion, today Kohinoor Weaving Mills Limited employs around 3,000 employees. It aims to create superior value for Kohinoor's customers and stakeholders without compromising its commitment to safety, environment and health for the communities in which it operates. Its products range from greige fabric to processed fabric and stitched home furnishing articles. It is also producing world class athletics socks exporting mainly to USA.

Company Information

<u>Board of Directors</u>

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

<u>Audit Committee</u>

Mr. Rashid Ahmed	Chairman
Mr. Ali Fayyaz Sheikh	Member
Mr. Muhammad Hanif Khan	Member

<u>Chief Financial Officer</u>
Syed Mohsin Raza Naqvi

<u>Company Secretary</u>
Mr. Muhammad Imran

<u>Auditors</u>
M/s. Ford Rhodes Sidat Hyder & Co.,
Chartered Accountants

<u>Bankers</u>
Al Baraka Islamic Bank B.S.C. (E.C)
Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited (Formerly NDLC-IFIC Bank Limited)
PICIC Commercial Bank Limited
Prime Commercial Bank Limited
Saudi Pak Commercial Bank Limited
The Bank of Punjab
Union Bank Limited
United Bank Limited

Registered Office, Mills &
<u>Shares Department</u>
8th K.M. Manga Raiwind Road,
District Kasur.
Cell: (92-333) 4998801-10
Tel: (92-42) 5391941-45
Fax: (92-42) 5391946
E-mail: info@kohinoorweaving.com
Web site: www.kohinoorweaving.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 19TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th Annual General Meeting of the members of *M/s Kohinoor Weaving Mills Limited* will be held at its Registered Office, namely, 8th Kilometer, Manga Raiwind Road, Distt. Kasur, on Saturday, 28th day of October, 2006 at 11:00 a.m. to transact the following corporate business:-

ORDINARY BUSINESS:

1. To confirm the minutes of the 18th Annual General Meeting held on October 27, 2005.
2. To receive, consider and approve the Annual Audited Accounts of the Company for the year ended June 30, 2006, together with Directors' and Auditors' Reports thereon.
3. To appoint the auditors for the year ending June 30, 2007 and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, the following Special Resolution:-

   Resolved That the name of the Company be changed from "Kohinoor Weaving Mills Limited" to "Kohinoor Mills Limited" subject to approval of concerned Registrar under Section 39 of the Companies Ordinance, 1984 ("the Ordinance").

   Further Resolved That the name of the Company be and is hereby substituted in accordance with the provisions of Section 40 read with Section 143 (a) and (c) of the Ordinance, wherever appearing in the memorandum and articles of association, books of accounts, share certificates, agreements, common seal, deeds and all the documents issued by the Company, and if the name is not substituted or amended due to any reason, the change of name shall be deemed to have been recorded or substituted.

   Further Resolved That the Chief Executive and / or the Company Secretary be and are hereby jointly and severally authorized to complete all the legal formalities for the change of name as required by the Ordinance.

5. To consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution:-

   Resolved That a sum of Rs. 33,059,099 out of reserves of the Company be capitalized and applied to the issue of 3,305,909 ordinary shares of Rs. 10/- each and allotted as fully paid up bonus shares to the members who are registered in the books of the Company on October 20, 2006, in the proportion of One such new ordinary share for every Ten existing ordinary shares held, i.e. 10% and that such new shares shall rank pari passu with the existing ordinary shares of the Company as regards future dividends and all other respects.

   Further Resolved That the members entitled to fractions of shares shall be paid the sale proceeds of their fractional entitlement and for that purpose the fractional shares shall be consolidated into whole shares and issued to the Company Secretary upon trust to sell these shares on stock market and distribute the net sale proceeds of such fractional entitlement when realized among the members entitled thereto.

   Further Resolved That for the purpose of giving effect to the foregoing resolution, the Directors be and are hereby authorized to give such directions as may be necessary and as they deemed fit to settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractional shares.

6. To consider and approve an equity investment in associated company pursuant to the requirements of Section 208 of the Ordinance, and if thought fit, to pass, with or without modification, the following Special Resolution:-

   Resolved That the Company be and is hereby authorized, for the purpose of Section 208 of the Ordinance, to make an equity investment, from time to time, up to Rs. 200 Million divided in to 20,000,000 unquoted ordinary shares at par value of Rs. 10/- each, of M/s Q Mart Corporation (Private) Limited an associated company, to make it wholly owned subsidiary of the Company.

   Further Resolved That the Chief Executive of the Company be and is hereby authorized singly to do all acts, deeds and things and take any or all necessary actions to purchase/acquire the above said ordinary shares and to dispose off the shares so purchase/acquire as he thinks fit on behalf of the Company.

7. To transact such other business which may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Place: *Kasur.*
Dated: *October 06, 2006.*

(MUHAMMAD IMRAN)
Company Secretary

NOTES:

1. The shares transfer books of the Company will remain closed from October 21, 2006 to October 28, 2006 (both days inclusive). Transfer received in order at the Company's Registered Office situated at 8th K.M. Manga Raiwind Road, Distt. Kasur, up to the close of business hours on October 20, 2006, will be considered in time.

2. A member entitled to attend and vote at the general meeting may appoint another member as a proxy to attend and vote instead of him. No person shall be appointed as a proxy who is not a member of the Company except that a corporate member may appoint a proxy who is not a member. The proxy forms duly completed and signed by the member appointing a proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time of general meeting.

3. Change of address, if any, should be notified immediately to the Company's Registered Office.

4. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Circular No. 1, dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.

Attending of Meeting:

i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by showing his/her original NIC or original passport at the time of attending the meeting.
ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

Appointing of Proxies:

i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC regulations, shall submit the proxy form as per above requirements.
ii. The proxy form shall be witnessed by the two persons whose name, addresses and NIC numbers shall be mentioned on the form.
iii. Attested copy of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iv. The proxy shall produce his/her original NIC or passport at the time of the meeting.
v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984 read with SRO 865 (I) / 2000, dated December 06, 2000, pertaining to Special Business:

This Statement is annexed to the Notice of 19th Annual General Meeting of the Company to be held on October 28, 2006, pertaining to Special Business to be transacted in accordance with the requirements of Section 160 (1) (b) of the Companies Ordinance, 1984 and SRO No. 865 (I)/2000, dated December 06, 2000. The purpose of this Statement is to set forth the material facts concerning such Special Business.

Agenda No. 4- Change of Name of the Company:

Kohinoor Weaving Mills Limited ("KWML") is principally engaged in the business of textile manufacturing covering knitting, bleaching, dyeing, stitching, buying, selling and otherwise dealing in yarn, bed linen, home furnishing, socks, cloth and other goods and fabrics made from raw cotton, synthetic fiber and cloth, and to generate and distribute electricity.

The word 'Weaving' in the name of KWML does not fully represent the scope of present business carried on by the Company as stated in the Memorandum & Articles of Association. It was, therefore, decided by the Board of Directors to change the name to "Kohinoor Mills Limited" will give better representation of the true nature of business amongst the shareholders, bankers, financial institutions, customers and other stakeholders of KWML.

The Directors of the Company have no interest in the above said special resolution, save to the extent of their shareholding in the Company.

Agenda No. 5- Issuance of Bonus Shares:

Shareholders' approval will be sought for issue of bonus shares in the ratio of One new shares for every Ten existing ordinary shares held i.e., 10%. Your Directors have recommended the issue of 3,305,909 bonus shares by capitalization of a part of the reserves of the Company.

The Directors are interested in this business to the extent of their entitlement to the bonus shares as Shareholders.

Agenda No. 6- Equity Investment in Associated Company:

KWML intends to expand and diversify its business operations by making an equity investment upto Rs. 200 Million divided into 20,000,000 ordinary shares at par value of Rs. 10/- each of its associated company, namely, M/s Q Mart Corporation (Private) Limited ("Q Mart"), to make it wholly owned subsidiary company of KWML.

Q Mart was incorporated as private limited company under the Companies Ordinance, 1984, on July 18, 2005. The main activity of Q Mart is to carry on the business as a mass merchandising company and to build departmental stores, shopping plazas, super markets, utility stores and as dealers in all types of general merchandise .

The concept of Q Mart is to set up a large sized retail chain all over Pakistan starting from Punjab and to become a 'family' store providing a comprehensive retailing experience under one roof.

While this is expected to be a long-term investment and may be disinvested as and when deemed fit in the interest and benefit of the KWML. It is expected that proposed investment will yield considerable returns in the years ahead. It is expected that dividend income from proposed investment in the long run would augment the cash flow of KWML resulting in a better profit distribution to the valued shareholders of KWML.

The Board of Directors of the Company ("the Board") at its meeting held on September 30, 2006, considered on the basis of feasibility study that additional business of mass merchandising will benefit to KWML in terms of adequate return on long-term equity investment.

In view of the above, the Board resolved unanimously to approve, and place before the shareholders at their general meeting for approval by special resolution, pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, the proposed equity investment up to Rs. 200 million divided into 20,000,000 ordinary shares at par value of Rs. 10/- each of Q Mart.

The Memorandum and Articles of Association of both the companies are kept at the Registered Office of the company which can be inspected from 10:00 a.m. to 12:00 noon on all working days up to October 28, 2006.

The terms & conditions and material facts about the proposed equity investment, required by SRO No. 865(I) 2000 dated December 06, 2000, are annotated as follows:

Sr. No.	DESCRIPTION	Information required under SRO
i.	Name of the Investee Company or Associated Company.	Q Mart Corporation (Private) Limited ("the Q Mart")
ii.	Nature, amount and extent of investment.	Long-Term Equity Investment up to Rs. 200 million divided into 20,000,000 ordinary shares of Rs. 10/- each.
iii.	Average market price of the shares intended to be purchased during preceding six months in case of listed companies.	Not Applicable (un-quoted company)
iv.	Break-up value of shares intended to be purchased on the basis of last published financial statements.	Rs. 9.67 per share. (As per un-audited accounts for the period ended June 30, 2006).
v.	Price at which shares will be purchased.	Face value of Rs. 10/- each.
vi.	Earning per share of Investee Company in last three years.	Rs. (0.35) per share for the period ended June 30, 2006. Since the company has only two months of operations, this is not the correct indicator of EPS of Q Mart.
vii.	Source of funds from where shares will be purchased.	Available cash resources, future internal cash generation from the operations of KWML and debt raising, if required.
viii.	Period of which investment will be made.	As a Log-Term investment
ix.	Purpose of investment.	To establish diversified business and strengthen the strategic investment.
x.	Benefits likely to accrue to the Company and the shareholders from the proposed investment.	To diversify the existing textile based manufacturing business into retail business which has a potential to generate significant cash flows for the Company through dividend payout. Manufacturing industry is prone to threats of cheap imports from other low cost countries whereas the retail business is immune to such threats of cheap imports since they will offer all required local as well as imported products for sale to general customers on cash basis. Marketing of KWML products at local level at large scale through Q Mart chain through out Pakistan thus reducing dependence on exports which is facing tough competition across the globe.
xi.	Interest of directors and their relatives in the Investee Company.	The directors of the Company have no interest in the above said resolution except that Mr. Aamir Fayyaz Sheikh, Mr. Asad Fayyaz Sheikh and Mr. Ali Fayyaz Sheikh, the Directors of the Company, are also Directors of Q Mart and they have no interest in this business except and to the extent of their shareholding in Q Mart.

DIRECTORS' REPORT

The Directors of the Company present the audited financial statements for the year ended June 30, 2006. These accounts are presented in accordance with the requirements of the Companies Ordinance, 1984.

Textile Industry Outlook

For the last few years Pakistan's economy has shown a steady growth of around 7% with all the major sectors contributing to the growth. The Pakistani rupee remained stable against the US dollar and the stock market performed reasonably well. The performance of the textile industry in particular home furnishing and apparel business both at the global and at the regional level has shown significant growth over the last few years. But there are nevertheless, some important downside risks to which our policy makers need to be ready to respond. Increase in energy prices, labour rates and interest rates have significantly raised the cost of doing business in Pakistan. Despite contributing around 60% of our country's total exports, textile industry has not been able to show its true potential and earn the return on investments made during the last few years. The value-added segment continued to face intense competition from India and China, which has affected our margins negatively. The Textile Package announced recently takes up these challenges and provides a short to medium term relief of some of the issues presently being encountered by our industry.

Operating and Financial Results

During the year ended June 30, 2006, your company earned a gross profit of Rs 722 million on sales of Rs 6,357 million as compared to gross profit of Rs 204 million on sales of Rs 3,571 million during the nine months ended June 30, 2005. Profit before taxation for the year ended June 30, 2006 was Rs 6 million as compared to a loss of Rs 182 million for the nine months ended June 30, 2005. Loss after taxation is Rs 53 million for the 12 months period ended June 30, 2006 compared to loss after taxation of Rs 201 million for the nine months ended June 30, 2005.

Operations of the organization showed significant improvement and is evident from increase in gross margin from 5.71% in the last nine months ended June 30, 2005 to 11.35% for the year ended June 30, 2006. Increase in gross margin, during the year was primarily attributable to the better utilization of capacity in Hosiery, Home textiles and Dyeing Division(s).

Escalating financial costs continued to affect the profitability of the organization which increased from Rs 143 million in nine months ended June 30, 2005 to Rs 418 million during the year ended June 30, 2006. This increase in finance cost was partly due to the increased working capital requirements of the company whose turnover increased from Rs 3,571 million in nine months to Rs 6,357 million during the year ended June 30, 2006 and partly due to increasing interest rates.

Increase in administrative and distribution costs was in absolute value only and was directly in relation to the increased operations. During the nine months ended June 30, 2005, administrative and distribution costs were 7.11% of the sales while during the year ended June 30, 2006 they were 5.31% of the sales value.

Your company is in the process of disposing off short term securities, proceeds of which will be used to repay expensive debts. Due to changing market conditions and volatility in stock exchange, plans to dispose off the securities was deferred till the current year as it was not practicable to dispose them in the year ended June 30, 2006. Your company is continuously observing the market situation and is committed to dispose off these securities as soon as it is feasible. The disposal of these securities will not only have positive impact on our current and debt equity ratios but will also have healthy effect on the profitability of your company with reduced financial charge.

Weaving Division

Declining trend in the demand of greige fabric around the world continued to impact exports of weaving division. Local market showed increase in business volumes. This shift in global trend and increasing local demands has increased competition, putting pressure on the prices. Despite difficult conditions, this division performed well during the year and contributed significantly in the operations of the company.
Replacement of old Tsudakoma looms with new high speed narrow looms is likely to be materialized during the ensuing financial year; this will increase our production capacity significantly and provide a dependable supply chain to our dyeing division.

Dyeing Division

During the year under review, this division showed significant improvement both in terms of margins as well as its operations. Capacity utilization increased from 50% to 85% and is likely to increase further. Increased borrowing costs continued to effect the operations of the division. In line with the strategy explained in directors' report dated September 24, 2005, debt reduction plan has been formulated and expensive debts of this division will be paid off, this will have a positive impact on the profitability of the division. With the addition of new washing range in the ensuing financial year, production capacity will increase to about 3 million meters per month. With the recently announced reimbursement of research and development costs by the government and upward trend of capacity utilization which is likely to continue, it is expected that this division will show further improvement in its operations during the ensuing financial year.

Hosiery Division

Capacity utilization in this division continued to show improvement and by the year ended June 30, 2006, this division was operating at around 90% capacity. Management of the company feels that the improvement of capacity utilization is not temporary and the trend is likely to continue. This has resulted in the deferment of your company's plan to upgrade 108 needle knitting machines with 132 needle knitting machines. Accordingly these assets have been reclassified in these financial statements. Despite increasing competition from local as well as international market, your company in this division has been able to market its products aggressively especially during the last two quarters of the year ended June 30, 2006 which resulted in profitability of the division. Hosiery division is continuously focusing on increasing its customer base and it is expected that during ensuing financial year, this division will make significant contributions towards the profitability of your company.

Genertek Division

Increasing Heavy Furnance Oil (HFO) prices continued to impact the operations of the division. Unusual problems encountered in the gas fired turbine, earlier during the year also affected its operations adversely. Though the problem was fixed during the year, the division continued to get impacted for increased HFO prices for the capacity managed through HFO based generators. In order to generate less expensive power, your company has imported two additional gas fired engines, this will convert your company's power requirements to gas driven turbine and generators. With the resolution of issues with gas fired Turbine and commissioning of newly imported gas engines; it is likely that the results of this division will show improvement during the ensuing financial year.

Home Tex Division

This division commenced commercial production during the year. Investment in this division is in line with your company's plan to serve diversified portfolio of customers and markets with value added products. This division is focusing on high quality home furnishing products for mid to up market fashion bedding and specialized bedding for hospitality and medical industry. Capacity utilization in the first half year was low however gained momentum during the second half year of the fiscal year ended June 30, 2006. Operations of the division in its first year of operations showed good potential. Our vertical integration has shown positive results towards in house consumption of production of our weaving division. While in house weaving facility geared up to serve niche customers, stitching facility of Home tex division is providing your company a value addition in its diversified portfolio of products. With relaxation in export financing rates and research and development costs given by government, operations of this division are expected to show a healthy trend during the ensuing financial year.

Investments in Securities

Your company holds an equity investment in Security General Insurance Company Limited (SGI), an unquoted company. The company has been valuing this investment at a break up value stated in the audited accounts available as of the valuation date. Management of the company feels that the break up value of SGI is substantially understated. In order to determine the fair value of SGI shares, management is in consultation with valuators who are using different valuation techniques to arrive at the fair value of the investment. Based on the initial workings, the fair value of SGI share ranges from Rs 400 to Rs 450 per share. Pending finalization of the valuation by the valuator satisfactorily acceptable to the auditors of the company, the share has been valued at breakup value based on the latest accounts of SGI. Management of the company feels that the fair value of the SGI share is around Rs. 400 to Rs. 450 per share and the company expects to sell these securities within this range. Had the company valued its share based on the fair value of atleast Rs. 400 per share, the total amount of investment and equity would have been higher by Rs 402 million (approximately).

Investment in Q mart Corporation (Pvt) Limited

In order to diversify and broaden its scale of operations, your company is making an equity investment up to Rs 200 million in M/s **Q Mart** Corporation (Pvt) Limited **(Q Mart)** a proposed wholly owned subsidiary. The concept of **Q M**art is to set up a retail chain all over Pakistan starting from Punjab and to become a 'family' store providing a comprehensive retailing experience under one roof. Investment in **Q Mart** has a strategic marketing advantage as this will also provide a platform for domestic sales of your Company's products through **Q M**art stores throughout Pakistan. This will reduce our dependence on exports which is facing stiff competition across the globe.

It is expected that dividend income from proposed investment in the long run would augment the cash flows of your company resulting in a better profit distribution to the valued shareholders of the Company.

Dividend and Appropriations

Your company has always endeavored to provide a regular payout to the shareholders. Your directors have recommended bonus shares of 10% for the year under review. In addition, Board has appropriated a sum of Rs. 300 million from general reserve to accumulated profit / (loss) account.

Earnings Per Share

Earnings per share of the Company stood at Rs (1.61) for the year ended June 30, 2006 as compared to Rs (6.09) for the nine months ended June 30, 2005.

Human Resource and Training:

A major factor in your company's success is its highly skilled and motivated workforce which is its most valuable asset. Our people are our strength and for this the Management ensures that a professional and caring environment is fostered so that creative energies of employees are released and fully utilized. The company takes pride in saying that Human Resource has always been given a high priority. Professionalism, people development, ethical standards and growth opportunity are some of the core values promoted which are the motivating factors for the employees.
The company continues to place due emphasis on training in all spheres of its activity. Your company's management development efforts continued during the year. In House training sessions are regularly conducted in general management, health and safety, and technical disciplines. In addition to this employees are sent for external courses, seminars and forums which add to the worth and productivity of our employees.

Corporate Social Responsibility and Community Work

Your company in line with its social obligations, has invested in machinery and equipment which reduces pollution and emission into the environment.

The company has donated a piece of land to Punjab Social Security Health Management Company for

establishing a Social Security Hospital in its vicinity which shows the commitment of the Company towards the community within which it operates.

Certifications

Our divisions are certified as per following:

Weaving Division	Social Accountability SA 8000:2001
Dyeing Division	Social Accountability SA 8000:2001
Hosiery Division	WRAP (Worldwide Responsible Apparel Production)
Hometex Division	WRAP (Worldwide Responsible Apparel Production)

Health, Safety and Security

Your company has a responsibility to ensure health and safety of its employees and is committed in providing safe and healthy workplace by developing systems to reduce risks in all its manufacturing operations. Adequate measures have been taken to provide a safe working environment and the management is striving to meet the international standards of security and becoming reliable and secured suppliers for international organizations.

Change of Name of the Company

Your Company is principally engaged in the business of textile manufacturing comprising of cloth weaving and dyeing, knitting of hosiery products and stitching of home textile articles besides power generation and distribution.

The word '**Weaving**' in the name of the Company does not fully represent the scope of present businesses carried on by the Company as stated in the Memorandum & Articles of Association. It was, therefore, decided by the Directors of your company to change the name to "**Kohinoor Mills Limited**". This will give better representation of the true nature of business amongst the shareholders, bankers, financial institutions, customers and other stakeholders of the Company.

Compliance with the Code of Corporate Governance

The Board of Directors reviews the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of Code of Corporate Governance. The Board is committed to maintain a high standard of good Corporate Governance.

Corporate and Financial Reporting Frame Work

The Board of Directors of the Company is fully cognizant of its responsibility as laid down in the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance.

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. The Company has maintained proper books of accounts as required by the Companies Ordinance, 1984.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from, if any, has been adequately disclosed.
e. The system of internal control is sound in design and has been effectively implemented and monitored.
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 the Corporate Governance as detailed in the Listing Regulations of the stock exchanges where the Company is listed.
h. Information regarding statutory payments on account of outstanding taxes, duties, levies and other charges (if any) has given in related note(s) to the audited accounts.
i. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
j. The valuations of investment made by the staff retirement benefit fund (Provident Fund), based on their respective audited accounts is as follows:-June 30, 2005 Rs. 55.7 million and September 30, 2004:Rs.46.8 million.

BOARD OF DIRECTORS:

The Board of Directors is responsible for the overall governance and administration of the Company. The

Board also exercises the fiduciary powers conferred on it by the Code of Corporate Governance, the Companies Ordinance, 1984 and the Memorandum and Articles of Association of the Company. These are exercised through Board meetings which are held in every quarter for reviewing and approving the adoption of Company's financial statements, in addition to review and implementation of Company's significant business plans and decisions, projections, forecasts and budgets having regard to the recommendations of the Audit Committee. The responsibilities include establishing the Company's strategic objectives, providing leadership, supervising the management of the business and reporting to shareholders on their stewardship.

The Board of Directors would like to place on record its appreciation and gratitude to the outgoing Chairman, Mr. Tariq Sayeed Saigol and Directors, Mr. Sayeed Tariq Saigol, Mr. Waleed Tariq Saigol, Mr. Usman Said, Mr. Zamiruddin Azar, Mr Elahi Dad Noon and Mr. Ali Hassan Noon for their guidance and support during the period they were Directors of the Company. In particular the Board wishes to place on record their appreciation and recognition, for the visionary leadership of the retiring Chairman Mr. Tariq Sayeed Saigol under whose guidance your company has been able to grow from a small weaving mill to one of the largest textile companies of Pakistan. The Board also welcomes Mr. Rashid Ahmed, Mr. Najeeb Malik, Mr. Salman Akram Raja, Syed Mohsin Raza Naqvi and Mr. Muhammad Hanif Khan as Directors to the Board.

During the year under review five (05) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name of Directors	***No of Meetings Attended***
Mr. Aamir Fayyaz Sheikh.	5
Mr. Asad Fayyaz Sheikh.	4
Mr. Ali Fayyaz Sheikh.	5
Mr. Tariq Saeed Saigol.	-
Mr. Saeed Tariq Saigol.	-
Mr. Waleed Tariq Saigol.	-
Mr. Usman Said.	2
Mr. Zamiruddin Azar.	2
Mr. Muhammad Hanif Khan.	3
Mr. Salman Akram Raja.	2
Mr. Najeeb Malik.	2
Syed Mohsin Raza Naqvi.	2

Mr. Rashid Ahmed.	1
Mr. Gul Nawaz (NIT Nominee)	5
Malik Elahi Dad Noon.	-
Mr. Ali Hassan Noon.	-

Leaves of absence were granted to the Directors who could not attend the Board of Directors' Meetings due to their pre-occupations.

Acquisition of Shares of Kohinoor Weaving Mills Limited Under the Listed Companies (Substantial Acquisition of Voting Shares and Takeover Ordinance, 2002.

During the year under review M/s Aamir Fayyaz Sheikh, Asad Fayyaz Sheikh, Ali Fayyaz Sheikh and associates acquired additional 11,511,144 ordinary shares of M/s Kohinoor Weaving Mills Limited ("the Company) under the Share Purchase Agreement with M/s Kohinoor Textile Mills Limited and associates. The acquisition took place in accordance with the provisions of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002.

Mr. Aamir Fayyaz Sheikh took over the charge of the office of Chairman of the Board in addition to the office of Chief Executive of the Company.

Audit Committee

The Audit Committee operates according to the terms of reference agreed by the Board of Directors of the Company. It focuses on monitoring compliance with the best practices of the Code of Corporate Governance and relevant statutory requirements, changes in accounting policies and practices, compliance with applicable accounting standards and listing regulations.

It recommends to the Board of Directors the terms of appointment of external auditors by Company shareholders and reviews their recommendations relating to audit. Other responsibilities include monitoring the internal audit function, safeguarding Company's assets through appropriate internal control systems including financial and operational controls, accounting system and reporting structure, preliminary review of business plans and quarterly, half-yearly and annual results prior to approval and publication by the Board.

The Audit Committee comprises the following three members of which two are non-executive directors

including the Chairman of the Committee:-

Mr. Rashid Ahmed.	Chairman
Mr. Ali Fayyaz Sheikh.	Member
Mr. Muhammad Hanif Khan	Member

Pattern of Shareholding

The Statement of Pattern of Shareholding of the Company as at June 30, 2006, is annexed with this report. This statement is prepared in accordance with the requirements of Code of Corporate Governance and the Companies Ordinance, 1984.

Other than those set out below, there has been no trading during the year under review by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children:-

Name	***Designation***	***Purchased***	***Sold***
Mr. Aamir Fayyaz Sheikh.	Chief Executive.	3,870,048	-
Mr. Asad Fayyaz Sheikh.	Director.	3,870,048	-
Mr. Ali Fayyaz Sheikh.	Director.	3,870,048	-
Mr. Tariq Saeed Saigol.	Ex-Director.	-	124,240
Mr. Saeed Tariq Saigol.	Ex-Director.	-	4,097
Mr. Waleed Tariq Saigol.	Ex-Director.	-	2,750
Mr. Usman Said.	Ex-Director.	-	4,399
Mr. Zamiruddin Azar.	Ex-Director.	-	6,861
Malik Elahi Dad Noon.	Ex-Director.	2,500	-
Mr. Ali Hassan Noon.	Ex-Director.	65,000	14,000
Mr. Muhammad Hanif Khan.	Director.	2,500	-
Mr. Salman Akram Raja.	Director.	2,500	-
Mr. Najeeb Malik.	Director.	2,500	-
Syed Mohsin Raza Naqvi.	Director.	5,000	-
Mr. Rashid Ahmed.	Director.	2,500	-

Material Changes

There have been no material changes since June 30, 2006 and the Company has not entered into any commitment which would affect its financial position at that date.

Future Prospects

With focussed strategy which was transformed into an effective operational plan, your company has been able to control the losses from Rs 201 million incurred during the nine months ended June 30, 2005 to Rs 53 million for the year ended June 30, 2006.

Management of your company feels that by the Grace of God and continuous efforts of the staff of your company, results for the year ending June 30, 2007 will show further improvement. Some of the salient features of the operational plan transformed for the future are set out below:

a) Investment in BMR of weaving division through replacement of existing Tsudakoma looms. This will increase production efficiency and provide reliability in the supply chain of our dyeing division.

b) Addition of new washing cum bleaching range along with additional dyeing and finishing machinery is planned to be installed in the dyeing division, this will increase our production capacity significantly.

c) Commissioning of newly imported gas generators converting your company's complete requirements to gas powered turbine and generators. This will provide less expensive power to your company.

d) Diversification of customers, markets and products of mid to high end fashion markets giving value addition to your company's product base.

e) Diversified marketing in hosiery division undertaken to cover EU countries and Australia.

f) Sale of short term securities for the repayment of expensive debts; providing further fiscal space and giving relief to the heavy financing costs;

g) Investment in proposed wholly owned subsidiary Q Mart Corporation (Pvt) Limited will diversify the operations of your company to other profitable ventures and in the long run will emerge as one of the major outlets for its textile products.

h) Conversion of expensive long term loans to LTF - EOP scheme recently announced by government under which the mark up rates have been reduced.

i) Reimbursement of research and development costs by State Bank of Pakistan for our processing and home textile division(s); this will provide your company a competitive edge to compete with low cost producing countries like India and china.

Auditors

The present auditors M/s Ford Rhodes Sidat Hyder & Company, Chartered Accountants, Lahore, retire at the conclusion of the forthcoming Annual General Meeting. Being eligible, have offered them for re-appointment. The Audit Committee and the Board of Directors of the Company have endorsed their appointment as Auditors of the Company for the year ending June 30, 2007, for shareholders' consideration at the forthcoming Annual General Meeting. The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

Acknowledgement

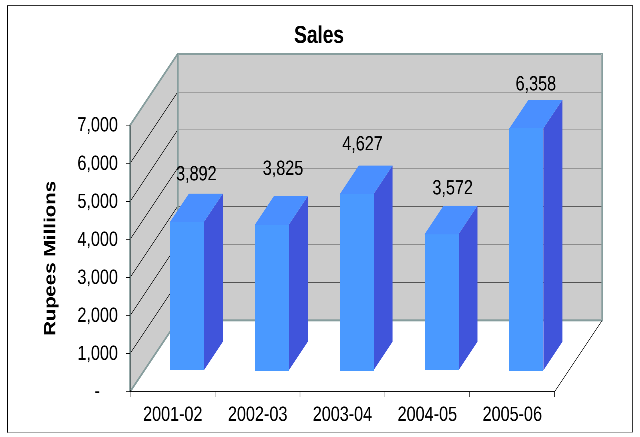
The board places on record its gratitude to its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the year under review, relations between the management and employees 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.

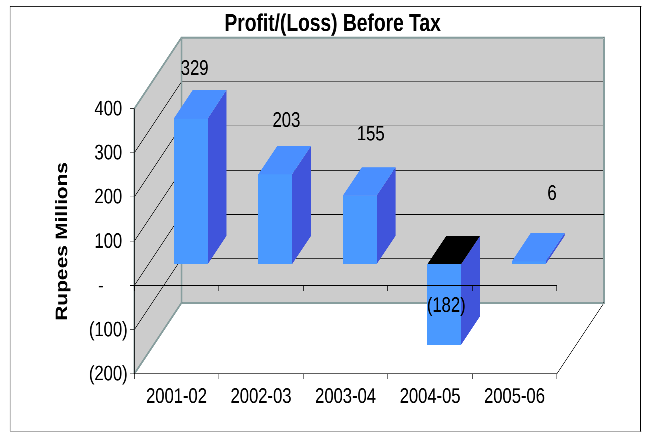
For and on behalf of the Board

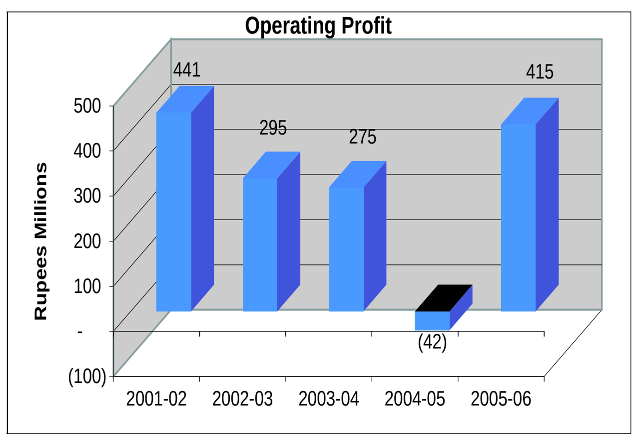
AAMIR FAYYAZ SHEIKH
Chief Executive

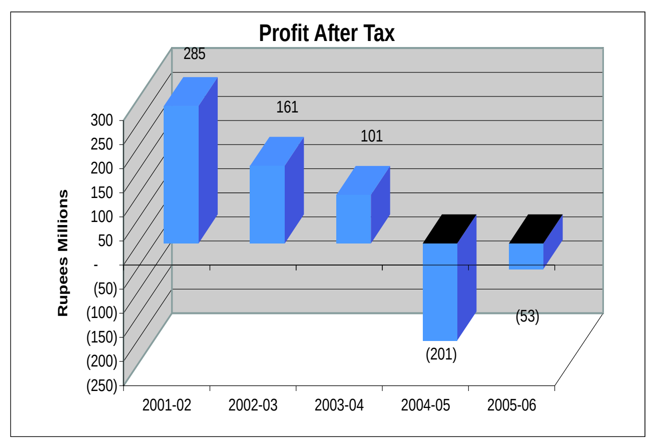
Kasur:
September 30, 2006

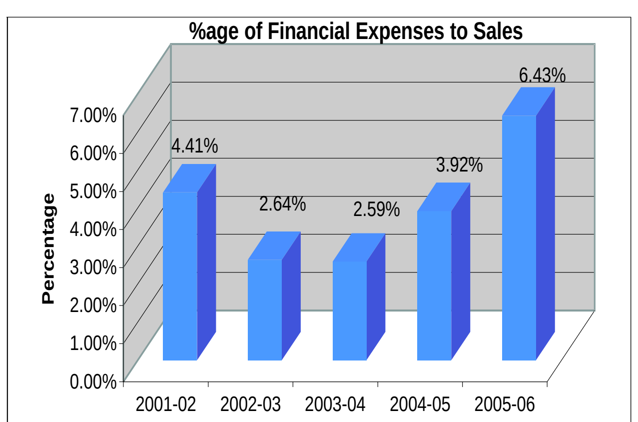
PERFORMANCE OVERVIEW

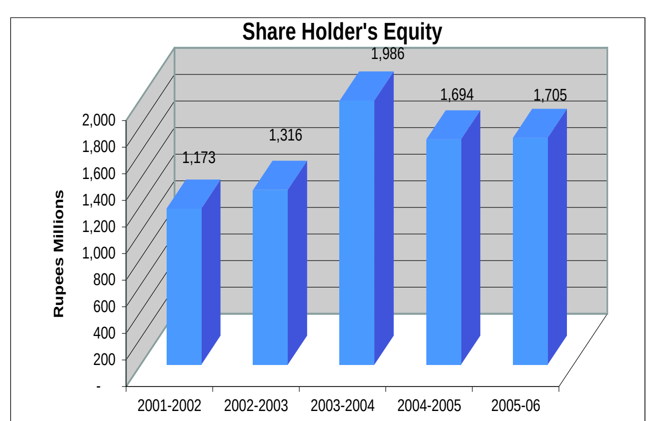


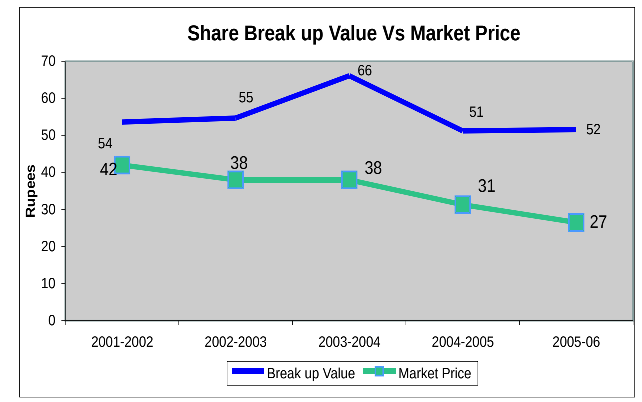


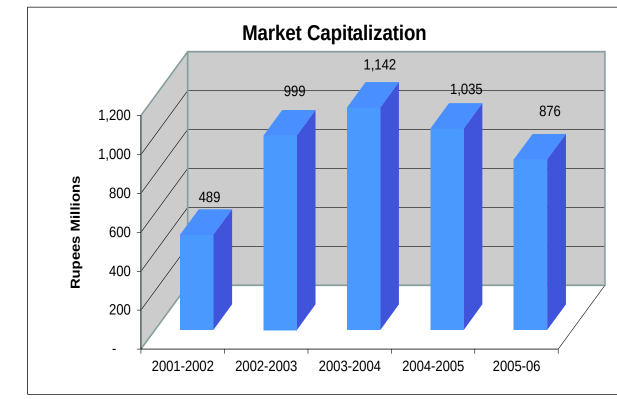


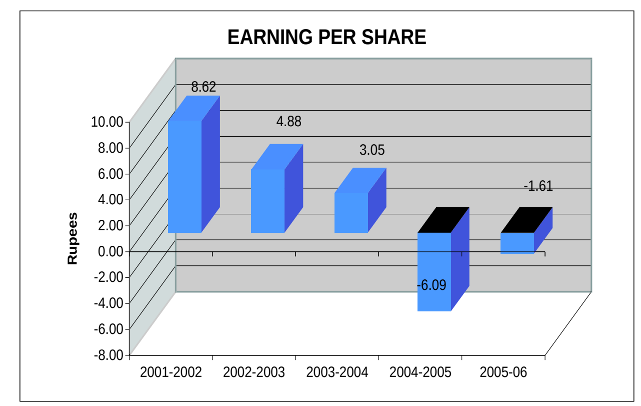


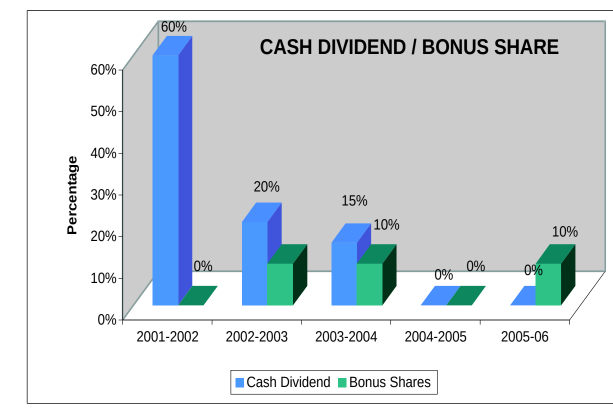


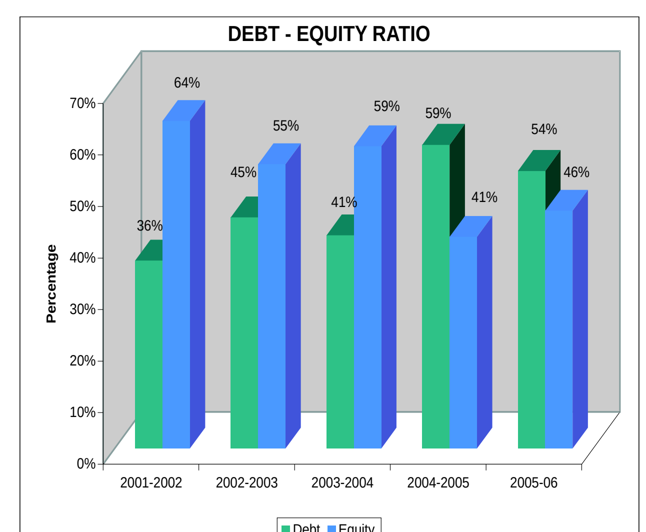


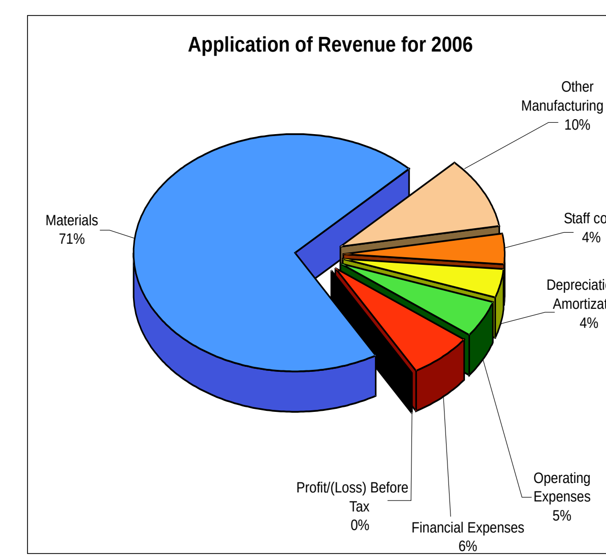












STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE.

For the Year Ended June 30, 2006.

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 representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board of Directors includes five non-executive directors including 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. Casual vacancies occurring in the Board on 03-02-2006, 07-02-2006, 20-02-2006, 31-03-2006 and 07-04-2006 were filled up by the directors within 30 days thereof.

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 meetings were appropriately recorded and circulated.

9. The Company arranged Orientation Course for its Directors during the year to apprise them of their duties and responsibilities. The Majority of the Directors including CFO and Company Secretary attended the course.

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 year ended June 30, 2006, 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, of whom two 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 manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.

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

Kasur :
September 30, 2006.

(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 applicable to the company for the year ended June 30, 2006 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 as applicable to the Company for the year ended June 30, 2006.

Ford Rhodes Sidat Hyder

Lahore: September 30, 2006

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Kohinoor Weaving Mills Ltd** as at **June 30, 2006** 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 year 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 the 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 an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the company 's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company 's affairs as at June 30,2006 and of the loss, its cash flow and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ford Rhodes Sidat Hyder

Lahore: September 30, 2006

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2006

EQUITY AND LIABILITIES	NOTE	June 30, 2006 Rupees	June 30, 2005 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
80,000,000 (2005: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000(2005: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital			
33,059,099 (2005:33,059,099) ordinary shares of Rupees 10 each fully paid up in cash	4	330,590,990	330,590,990
Reserves			
Capital reserves- Share premium	5	67,946,280	67,946,280
Revenue reserves - General		1,391,086,730	1,391,086,730
Accumulated loss		(236,195,538)	(183,026,563)
Surplus on revaluation of investments		151,252,758	87,246,728
		1,374,090,230	1,363,253,175
		1,704,681,220	1,693,844,165
NON-CURRENT LIABILITIES			
Redeemable capital	6	119,997,375	199,995,625
Long term loans	7	1,318,959,250	1,813,430,094
Liabilities against assets subject to finance lease	8	-	-
		1,438,956,625	2,013,425,719
CURRENT LIABILITIES			
Trade and other payables	9	824,760,026	579,547,776
Interest accrued on loans		102,548,401	60,915,629
Short term finances	10	3,094,888,901	2,117,367,717
Current portion of long term liabilities	11	550,652,641	416,920,997
Provision for taxation		107,031,197	47,812,786
		4,679,881,166	3,222,564,905
		7,823,519,011	6,929,834,789
CONTINGENCIES AND COMMITMENTS	12	-	-

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

ASSETS	NOTE	June 30, 2006 Rupees	June 30, 2005 Rupees
NON-CURRENT ASSETS			
Fixed Assets			
Tangible fixed assets			
Property, plant and equipment	13	3,889,514,146	3,112,942,370
Capital work-in-progress	14	210,112,805	1,009,995,425
Intangible fixed assets			
Software	15	5,000,250	-
		4,104,627,201	4,122,937,795
Long term investment	16	11,940,000	11,940,000
Long term security deposits		3,120,751	3,087,142
		15,060,751	15,027,142
		4,119,687,952	4,137,964,937
CURRENT ASSETS			
Stores, spares and loose tools	17	260,523,603	209,407,470
Stock-in-trade	18	1,354,021,919	946,548,050
Trade debts	19	1,038,801,576	594,752,951
Advances, deposits, prepayments and other receivables	20	605,592,653	702,607,800
Short term investments	21	263,694,008	199,219,528
Cash and bank balances	22	181,197,300	139,334,053
		3,703,831,059	2,791,869,852
		7,823,519,011	6,929,834,789

AAMIR FAYYAZ SHEIKH
Chief Executive

RASHID AHMED
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2006

	Notes	12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
SALES	23	6,357,993,273	3,571,937,527
COST OF GOODS SOLD	24	5,636,104,456	3,367,863,761
GROSS PROFIT		721,888,817	204,073,766
DISTRIBUTION COST	25	206,710,041	161,550,839
ADMINISTRATIVE EXPENSES	26	130,971,810	92,395,542
OTHER CHARGES	27	9,694,885	3,050,000
OTHER OPERATING INCOME	28	(40,192,294)	(10,852,831)
		307,184,442	246,143,550
OPERATING PROFIT / (LOSS)		414,704,375	(42,069,784)
FINANCE COST	29	408,654,939	140,053,834
PROFIT/ (LOSS) BEFORE TAXATION		6,049,436	(182,123,618)
PROVISION FOR TAXATION	30	(59,218,411)	(19,308,764)
(LOSS) AFTER TAXATION		(53,168,975)	(201,432,382)
EARNINGS PER SHARE - BASIC	31	(1.61)	(6.09)

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

AAMIR FAYYAZ SHEIKH
Chief Executive

RASHID AHMED
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2006

	12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	6,049,436	(182,123,618)
Adjustment for non cash charges and other items:		
Gain on disposal of property, plant and equipment	(22,501,621)	(2,517,864)
Depreciation	268,131,895	163,504,373
Amortization	84,750	-
Dividend income	(2,432,038)	(982,078)
Finance cost	408,654,939	140,053,834
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	657,987,361	117,934,647
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(51,116,130)	244,501,866
Stock in trade	(407,473,869)	(77,527,000)
Trade debts	(444,048,625)	236,896,818
Advances, deposits, prepayments and other receivables	155,567,505	(72,542,778)
Short term investment	(468,450)	(49,500,000)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term finances	977,521,184	141,635,188
Trade and other payables	245,222,954	17,024,854
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	475,204,569	440,488,948
CASH FLOWS FROM OPERATING ACTIVITIES	1,133,191,930	558,423,595
Income taxes paid	(58,552,361)	(28,460,386)
Finance cost paid	(367,022,167)	(104,836,579)
	(425,574,528)	(133,296,965)
NET CASH GENERATED FROM OPERATING ACTIVITIES	707,617,402	425,126,630

	12 Months Ended June 30, 2006	9 Months Ended June 30, 2005
CASH FLOWS FROM INVESTING ACTIVITIES	Rupees	Rupees
Property, plant and equipment acquired	(277,831,404)	(1,423,423,206)
Sale proceeds from property, plants and equipment	50,426,974	5,351,424
Dividend income received	2,432,038	982,078
Long term security deposits	(33,609)	(751,891)
Long term investment	-	(2,800,000)
NET CASH USED IN INVESTING ACTIVITIES	(225,006,001)	(1,420,641,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability paid	-	(2,643,391)
Repayment of redeemable capital	(79,998,250)	(39,999,125)
Long term loans-net	(360,739,200)	1,071,863,995
Dividend paid	(10,704)	(29,977,676)
NET CASH GENERATED FROM FINANCING ACTIVITIES	(440,748,154)	999,243,803
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	41,863,247	3,728,838
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR / PERIOD	139,334,053	135,605,215
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD	181,197,300	139,334,053

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

AAMIR FAYYAZ SHEIKH
Chief Executive

RASHID AHMED
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2006

	SHARE CAPITAL	RESERVES								SHARE-HOLDER'S EQUITY
		Capital Reserve			Revenue Reserve			Surplus on revaluation of investments	Total	
		Reserve for issue of bonus shares	Share Premium	Sub-Total	General	Unappropriated profit / Accumulated loss	Sub-Total			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees
Balance as at 30 September 2004	300,537,270	30,053,720	67,946,280	98,000,000	1,391,086,730	48,459,546	1,439,546,276	148,174,429	1,685,720,705	1,986,257,975
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)
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	67,946,280	1,391,086,730	(183,026,563)	1,208,060,167	87,246,728	1,363,253,175	1,693,844,165
Loss for the year	-	-	-		-	(53,168,975)	(53,168,975)	-	(53,168,975)	(53,168,975)
Fair value adjustment on investments	-	-	-	-	-	-	-	64,006,030	64,006,030	64,006,030
Balance as on 30 June, 2006	330,590,990	-	67,946,280	67,946,280	1,391,086,730	(236,195,538)	1,154,891,192	151,252,758	1,374,090,230	1,704,681,220

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

AAMIR FAYYAZ SHEIKH
Chief Executive

RASHID AHMED
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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 was changed from 42-Lawrance Road Lahore to 8th KM-Manga, Raiwind Road, Kasur with effect from March 13, 2006. The company is principally engaged in the business of textile manufacturing covering knitting, bleaching, dyeing, stitching, buying, selling and otherwise dealing in yarn, bed linen, home furnishing, socks, cloth and other goods and fabrics made from raw cotton, synthetic fiber and cloth, and to generate and distribute electricity.

2. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for revaluation of equity investments as stated in note 3.8 to the financial statements.

3.2 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.
Other areas where estimates and judgments involved are disclosed in respective notes to the financial statements.

3.3 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 year.

3.4 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.

3.5 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 sale 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 differences have arisen.

3.6 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.

3.7 Fixed Assets

3.7.1 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 balance method except generator and turbines so as to write off historical cost of an asset 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 amount, 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

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 8 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.

3.7.2 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 and the rate has been disclosed in the respective note.

3.8 Investments

Investments are initially recognized on trade date at cost comprising of consideration paid and the cost of transaction. For listed securities, closing quotations of stock exchanges on last working day of the accounting year 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

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 investments are determined to be impaired, at which time the accumulated gain / loss previously reported in equity is included in income

Held to Maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the management has the positive intention and ability to hold to maturity. These are carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process. 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

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in income.

3.9 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.

3.10 Stock in trade

Raw material, work-in-process 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-process 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 value:-It is determined on the basis of selling price prevailing in the market less expenses incidentals to sale.

3.11 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.

3.12 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.

3.13 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 are 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.

3.14 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 charged 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 financial liability or a part of financial liability is de-recognized 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 / long term loans, 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.

3.15 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.

3.16 Cash and cash equivalents

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

3.17 Related party transactions and transfer pricing

Transactions 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.

3.18 Mark up bearing borrowings

Mark up bearing borrowings are recognized initially at cost being the 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.

3.19 Dividends

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

	Notes	June 30, 2006 Rupees	June 30, 2005 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
14,000,000 (2005:14,000,000) ordinary shares of Rupees 10 each fully paid in cash		140,000,000	140,000,000
15,474,122 (2005:15,474,122) ordinary shares of Rupees 10 each as fully paid bonus shares		154,741,220	154,741,220
3,584,977(2005:3,584,977) ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement		35,849,770	35,849,770
		330,590,990	330,590,990

	June 30, 2006 No. of Shares	June 30, 2005 No. of Shares
4.1 Nil (2005:11,273,097) shares are held by associated undertakings.		
Kohinoor Textile Mills Limited	-	11,125,608
Zimpex (Private) Limited	-	147,489
	-	11,273,097

	Notes	June 30, 2006 Rupees	June 30, 2005 Rupees
5 CAPITAL RESERVES			
Reserves for issue of bonus shares			
At the beginning of the year/period		-	30,053,720
Less: Issue of shares		-	(30,053,720)
At the end of the year/period		-	-
Share Premium			
At the end of the year/period		67,946,280	67,946,280
		67,946,280	67,946,280
6 REDEEMABLE CAPITAL- NON PARTICIPATORY (SECURED)			
Syndicated term finance	(Note 6.1)	199,995,625	279,993,875
Less: Current portion		79,998,250	79,998,250
		119,997,375	199,995,625

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 10 biannual installments commencing from January 2004.

	Notes	June 30, 2006 Rupees	June 30, 2005 Rupees
7 LONG TERM LOANS-SECURED			
Demand Finance-I		-	23,713,162
Demand Finance-II	(Note 7.1)	250,000,000	350,000,000
Demand Finance-III	(Note 7.2)	158,018,543	209,705,271
Demand Finance-IV	(Note 7.3)	349,999,143	399,999,143
Demand Finance-V	(Note 7.4)	113,750,000	130,000,000
Demand Finance-VI	(Note 7.5)	210,262,500	240,300,000
Demand Finance-VII	(Note 7.6)	51,428,571	72,000,000
Demand Finance-VIII		-	189,599,005
Demand Finance-IX		-	218,833,759
Demand Finance-X	(Note 7.7)	300,000,000	300,000,000
Demand Finance-XI	(Note 7.8)	300,000,000	-
Demand Finance-XII	(Note 7.9)	56,154,884	-
		1,789,613,641	2,134,150,340
Less: Current portion		470,654,391	320,720,246
		1,318,959,250	1,813,430,094

7.1 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 6months treasury bills cut off yield plus 2.5 percent per annum and the remaining balance is repayable in 5 equal semi annual installments.

7.2 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 first joint pari passu charge over fixed assets of the company and carries mark up at 3 months KIBOR plus 1.25 percent per annum with no floor and no cap. The remaining balance is repayable in 7 equal semi annual installments.

7.3 Demand finance IV is a part of total credit facility of Rupees 400 million obtained from National Bank of Pakistan against import of machinery of Hosiery unit. This facility is secured against first Joint 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 remaining balance is repayable in 7 equal installments.

7.4 Demand finance V was obtained from United Bank Limited and is secured against first exclusive charge of Rupees 173 million on imported knitting machinery installed at the Hosiery division of the company and carries mark up at 6 months KIBOR plus 100 bps payable quarterly. The remaining balance is repayable in 7 equal semi annual installments.

7.5 Demand finance VI was obtained from Allied Bank of Pakistan and is presently secured against first pari passu charge of Rupees 320.4 million over fixed assets of the company. The facility carries mark up at 6 months KIBOR plus 1.5 percent with a floor of 5 percent per annum payable quarterly and is repayable in 7 equal semi annual installments.

7.6 Demand finance VII was obtained from NIB Bank Limited and is secured against first pari passu charge of Rupees 200 million 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. The remaining balance is repayable in 9 quarterly installments.

7.7 Demand finance X represents demand facility of Rupees 300 million obtained from Allied Bank of Pakistan. The loan is repayable with in 5 years including one grace year in 8 equal half yearly installments commencing from March 2007. The facility carries markup at the rate of 6 months average KIBOR plus 2% with the floor of 5% to be recovered bi-annually. The loan is secured against first pari passu charge amounting to Rupees 400 million on fixed assets of the company.

7.8 Demand finance XI represents term finance facility of Rupees 300 million obtained from The Bank of Punjab and is secured against first pari passu charge of Rupees 400 million on all present and future fixed assets of the company. This facility carries an interest rate of 3 months KIBOR plus 375 bps payable quarterly. The loan is repayable in 24 equal quarterly installments commencing from June 2007.

7.9 Demand finance XII represents term finance facility of Rupees 90 million obtained from Prime Commercial Bank Limited for purchase of 2 generators. This facility is secured against first exclusive hypothecation charge over power generators and carries an interest rate of 3 months KIBOR plus 2% payable quarterly. The loan is repayable in 20 equal quarterly installments. This loan was disbursed upto Rupees 56 million as at June 30, 2006.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The rate of interest used as the discounting factor, implicit in lease is 7.5% (2005:7.5%) per annum. The amount of future payments and periods during which they fall due are:

		June 30, 2006 Rupees	June 30, 2005 Rupees
Period ended			
	2005	-	-
	2006	-	16,637,060
		-	16,637,060
Less: Unamortized finance charges		-	434,559
Present value of minimum lease payments		-	16,202,501
Less: Current portion		-	16,202,501
		-	-

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

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2006	2005	2006	2005
	Rupees	Rupees	Rupees	Rupees
Due not later than one year	-	16,637,060	-	16,202,501
Due later than one year but not later than five years	-	-	-	-
	-	16,637,060	-	16,202,501

	Notes	June 30, 2006 Rupees	June 30, 2005 Rupees
9 TRADE AND OTHER PAYABLES			
Creditors	(Note 9.1)	696,899,781	456,430,156
Advances from customers		689,649	7,334,747
Sales commission payable		32,994,824	56,405,377
Income tax deducted at source		4,296,868	1,257,526
Security deposits	(Note 9.2)	2,548,647	2,538,073
Worker's profit participation fund	(Note 9.3)	-	-
Accrued and other liabilities		82,952,291	51,193,227
Unclaimed dividend		4,377,966	4,388,670
		824,760,026	579,547,776

9.1 It includes an amount of Rupees 3.896 million (2005:Rupees 78 million) payable to related parties.

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

9.3 Worker's profit participation fund

	2006	2005
Balance as at beginning of the period / year	-	9,180,366
Interest provided during the period / year	-	59,910
	-	9,240,276
Payments during the period / year	-	(9,240,276)
Share of the company's profit for the period / year	-	-
	-	-

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 4,120.36 million (2005:Rs.2,784 million). These facilities carry mark up at the rate ranging from 7 to 13 percent (2005: 6 to 8 percent) per annum and these facilities are secured against hypothecation charge on current assets, lien on export contracts / letter of credits, first and second pari passu charge, personal guarantees of directors and ranking charge on fixed assets of the company.

	Note	June 30, 2006 Rupees	June 30, 2005 Rupees
11 CURRENT PORTION OF LONG TERM LIABILITIES			
Redeemable Capital	(Note 6)	79,998,250	79,998,250
Long term loans	(Note 7)	470,654,391	320,720,246
Liabilities against assets subject to finance lease	(Note 8)	-	16,202,501
		550,652,641	416,920,997

12 CONTINGENCIES AND COMMITMENTS

Contingencies

The company is contingently liable for a sum of Rupees 5.485 million (2005: Rupees 5.485 million) in respect of custom duties levied by Government of Pakistan on import of machinery. A writ petition has been filed with the Honorable 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 million (2005: Rupees 1 million) has not been made as the company has filed an appeal in the Honorable Supreme Court of Pakistan against the decision of Honorable Lahore High Court in this respect which is still pending.

A supplier of furnace oil has filed a civil suit against the recovery of Rupees 2,506,369 (2005: 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 Honorable 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 Honorable 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 favorable.

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

Commitments

Aggregate commitments for capital expenditure contracted for Rupees 65.924 million as on 30 June 2006 (2005: Rupees 90.8 million).

13 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST As at 01 July 2005	COST Additions/ (Deletions)	COST As at 30 June 2006	ACCUMULATED DEPRECIATION As at 01 July 2005	ACCUMULATED DEPRECIATION Adjustments	ACCUMULATED DEPRECIATION As at 30 June 2006	BOOK VALUE As at 30 June 2006	DEPRECIATION Charge for the year	DEPRECIATION Rate %
	Rupees			Rupees			Rupees		
OWN ASSETS									
Freehold land	128,308,609		128,308,609	-		-	128,308,609	-	-
Buildings on freehold land:									
Factory	403,951,507	320,210,093	724,161,600	121,391,399		137,769,975	586,391,625	16,378,576	5
Residential	35,788,617	355,700	36,144,317	15,834,497		16,871,633	19,272,684	1,037,136	5
Plant and machinery	3,555,197,254	697,144,567 (60,344,843)	4,191,996,978	1,024,699,769	37,001,907	1,219,156,416	2,972,840,562	231,458,554	5-10
Electric installations	83,587,316	12,384,650	95,971,966	26,785,072		31,640,410	64,331,556	4,855,338	5-10
Furniture, fixtures and equipments	90,353,282	23,566,454	113,919,736	24,859,944		32,589,341	81,330,395	7,729,397	10
Vehicles	48,760,342	18,967,560 (7,251,576)	60,476,326	19,433,876	2,669,159	23,437,611	37,038,715	6,672,894	20
	4,345,946,927	1,072,629,024 (67,596,419)	5,350,979,532	1,233,004,557	39,671,066	1,461,465,386	3,889,514,146	268,131,895	
2006 Rupees	4,345,346,927		5,350,979,532	1,233,004,557		1,461,465,386	3,889,514,146		
2005 Rupees	3,772,192,555	580,557,666 (6,823,294)	4,345,946,927	1,073,489,918	3,989,734	1,233,004,557	3,112,942,370	163,504,373	

13.1 Depreciation charge has been allocated as follows:

	12 Months Ended June 30, 2006	9 Months Ended June 30, 2005
	Rupees	Rupees
Administrative expenses	7,911,745	5,720,194
Cost of goods sold	260,012,550	157,577,030
Distribution cost	207,600	207,149
	268,131,895	163,504,373

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13.2 Land having cost of Rupees 1.865 million (2005: Rupees 1.865 million) is in the possession of the Punjab Social Security Health Management Company as at June 30, 2006 for which finalization of sale proceeds is pending.

13.3 Detail of fixed assets exceeding book value of Rupees 50,000 disposed of during the year is as follows:

DESCRIPTION	COST	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
	Rupees	Rupees	Rupees		
Plant & Machinery					
Plant & Machinery (Caterpillar)	15,000,000	9,889,954	15,000,000	Negotiation	Samin Textiles Limited
Plant & Machinery (Caterpillar)	5,000,000	3,369,444	5,600,000	Negotiation	Diamond Fabrics Limited
Plant & Machinery (Caterpillar)	5,000,000	3,413,120	5,600,000	Negotiation	Diamond Fabrics Limited
Plant & Machinery (Caterpillar)	5,000,000	3,413,120	5,600,000	Negotiation	Diamond Fabrics Limited
Atlas capco compressor	30,246,918	16,864,936	6,145,235	Negotiation	ACS Textile Ltd. Baridhara, Dhaka Bangladesh
Vehicles					
LRU-250 (Honda Civic)	950,000	949,088	865,000	Negotiation	*Kohinoor Textile Mills Limited.
LZM-3975 (Suzuki Bolan)	455,020	431,895	425,000	Negotiation	*Maple Leaf Cement Factory Limited
LRV-19 (Toyota Corolla)	990,570	799,539	800,000	Negotiation	*Kohinoor Textile Mills Limited
LRX-7090 (Hyundai Santro)	512,715	289,997	400,000	Negotiation	*Kohinoor Textile Mills Limited
LXB-2885 (Suzuki Khyber)	380,277	54,229	215,000	Negotiation	Riaz Ahmed H.No. 184, Khandpurain Main
LXP-6188 (Hyundai Shehzore Pickup)	565,319	397,037	350,000	Negotiation	Mr. Dillawar Hussain H. No. 19 St # 31 canal Park Gulberg
LZL-257 (Corolla XLI)	908,125	131,678	875,000	Insurance Claim	EFU General Insurance
LRS-3763 (Suzuki Bolan)	374,895	104,104	304,000	Insurance Claim	EFU General Insurance
LR-6000 (Honda Civic VTI)	1,277,961	687,032	855,000	Negotiation	Rana Muhammad Yousaf 233-B Mamdoot Block ,Mustafa Town, Lahore.
LRZ-3725 (Hyundai Santro)	499,000	25,087	470,000	Negotiation	Mr. Sarfraz Masood, 50-Shahdin Scheme Ichra, Lahore
LXW-570 (Motor Cycle)	62,715	50,799	36,670	Negotiation	*Q Mart Corporation

*These were related parties when the transactions occured.

	June 30, 2006 Rupees	June 30, 2005 Rupees
14 CAPITAL WORK IN PROGRESS		
Tangible		
Plant and machinery	107,863,564	689,051,421
Civil works on freehold land	99,016,645	282,182,331
Electric Installations	-	29,965,550
Intangible		
Computer software	3,232,596	8,796,123
	210,112,805	1,009,995,425

14.1 Borrowing cost amounting to Rupees 18.028 million (2005:Rupees 21.42 million) has been capitalized during the year and the rate of capitalisation was 8.5% to 9.0%(2005:7% to 8%).

15 INTANGIBLE ASSETS

DESCRIPTION	C O S T			ACCUMULATED AMORTIZATION			BOOK VALUE	AMORTIZATION	
	As at 01 July 2005	Additions/ (Deletions)	As at 30 June 2006	As at 01 July 2005	Adjustments	As at 30 June 2006	AS AT 30 June 2006	Charge for the year	Rate %
	Rupees			Rupees			Rupees		
Computer software	-	5,085,000	5,085,000	-	-	84,750	5,000,250	84,750	20
2006 Rupees	-	5,085,000	5,085,000	-	-	84,750	5,000,250	84,750	
2005 Rupees	-	-	-	-	-	-	-	-	

15.1 Amortization charge for the year has been allocated to administrative expenses

	June 30, 2006 Rupees	June 30, 2005 Rupees
16 LONG TERM INVESTMENT		
Available for sale		
Unquoted		
K-2 Hosiery (Pvt.) Limited		
1,194,000 (2005:1,194,000) ordinary shares of Rupees 10 each	11,940,000	11,940,000
	11,940,000	11,940,000

16.1 The extent of shareholding is 32.14% of share capital of investee, however this extent of share holding has not resulted in the exercise of significant influence over the operations of investee as the company does not have power to participate in the financial and operating decisions of investee.

		June 30, 2006 Rupees	June 30, 2005 Rupees
17 STORE, SPARES AND LOOSE TOOLS			
Store and spare parts		258,388,311	207,541,129
Loose tools		2,135,292	1,866,341
		260,523,603	209,407,470
18 STOCK IN TRADE			
Raw material		390,296,657	285,313,446
Work in progress		441,050,023	206,904,454
Finished goods	(Note 18.1 & 18.2)	522,675,239	454,330,150
		1,354,021,919	946,548,050

18.1 Finished goods valued at net realizable value are amounting to Rupees 96.649 million (2005: Rupees 213.022 million).

18.2 Finished goods includes stock in transit amounting to Rupees 54.702 million (2005: Rupees 52.333 million).

		June 30, 2006 Rupees	June 30, 2005 Rupees
19 TRADE DEBTS- CONSIDERED GOOD			
Secured-Against export bills		828,491,138	485,520,428
Unsecured-Local		210,310,438	109,232,523
		1,038,801,576	594,752,951
20 ADVANCES, DEPOSITS, PREPAYMENTS, AND OTHER RECEIVABLES			
Advances-Considered good, unsecured			
To company's employees	(Note 20.1)	18,631,133	10,346,120
To suppliers		119,256,420	82,508,150
To contractors		15,904,225	612,616
Due from related parties		-	495,313
Advance income tax		116,489,064	57,936,703
Security deposits		71,290	4,723,255
Letter of credit		76,273,721	81,414,514
Short term prepayments		2,380,202	11,968,162
Export rebates receivable		52,765,469	35,764,926
Sales tax refundable		179,625,432	399,492,929
Profit accrued on bank deposits		29,330	23,904
Miscellaneous receivables	(Note 20.2)	24,166,367	17,321,208
		605,592,653	702,607,800

20.1 It includes interest free advance to executives amounting to Rupees 3.482 million (2005:Rupees 0.804 million) and the maximum amount of advance outstanding at the end of any month during the year was Rupees 3.482 million (2005: Rupees 1.187 million)

20.2 It includes Rupees 4.84 million (2005: Rupees 4.84 million) receivable from customs department as disclosed in note 12, against the disputed custom liability for the import of machinery.

		June 30, 2006 Rupees	June 30, 2005 Rupees
21 SHORT TERM INVESTMENTS			
Available for sale			
Quoted			
Cement sector			
Maple Leaf Cement Factory Limited			
9,020,000 (2005: 8,250,000) ordinary shares			
of Rupees 10 each		105,793,450	105,325,000
Add surplus on revaluation of investments		125,118,550	74,525,000
		230,912,000	179,850,000
Unquoted			
Insurance Sector			
Security General Insurance Company Limited			
1,080,286 (2005: 1,080,286) fully paid ordinary shares			
of Rupees 10 each		6,647,800	6,647,800
Add surplus on revaluation of investments		26,134,208	12,721,728
Break up value of Rupees 30.35 (2005: 19.72) as per accounts for the period ended June 30, 2006.		32,782,008	19,369,528
Chief Executive Officer: Mr. Manzar Mushtaq			
		263,694,008	199,219,528

21.1 Management intends to sell these investments as soon as it is practicable.

22 CASH IN HAND AND BANK			
Cash in hand		2,930,602	1,714,390
Cash with banks			
In current accounts	(Note 22.1)	96,711,432	32,451,425
In deposit accounts		81,555,266	105,168,238
		178,266,698	137,619,663
		181,197,300	139,334,053

22.1 Cash with banks in current accounts includes foreign currency balances of US$ 17,754.65 (2005: US$15,663).

		12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
23 SALES			
Export	(Note 23.1)	5,008,943,185	2,746,105,799
Export rebate		95,050,711	33,697,035
Local	(Note 23.2)	1,346,093,768	930,962,068
		6,450,087,664	3,710,764,902
Less: commission to selling agent		92,094,391	138,827,375
		6,357,993,273	3,571,937,527

23.1 Exchange gain / (loss) due to currency rate fluctuation relating to export sales amounting to Rupees 2.525 million (2005: (3.274) million) has been included in the exports sales.

		12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
23.2 Gross local sales		1,371,057,547	1,061,001,808
Less: sales tax		24,963,779	130,039,740
Net sales		1,346,093,768	930,962,068
24 COST OF GOODS SOLD			
Raw material consumed	(Note 24.1)	3,985,633,044	2,051,027,276
Chemicals consumed		440,033,396	274,241,986
Salaries, wages and other benefits		263,620,424	141,600,078
Employee's provident fund contributions		11,011,025	5,823,749
Cloth conversion and processing charges		225,062,394	84,596,764
Fuel, oil and power		230,875,307	348,598,479
Stores, spares and loose tools		117,564,731	93,317,584
Packing material		159,314,857	38,635,857
Repair and maintenance		23,024,029	16,043,190
Insurance		14,090,521	10,549,257
Other manufacturing expenses		52,042,605	26,391,410
Depreciation	(Note 13.1)	260,012,550	157,577,030
		5,782,284,883	3,248,402,660
Work-in-process inventory			
As on 01 October		-	179,658,821
As on 01 July		206,904,454	-
As on 30 June		(441,050,023)	(206,904,454)
		(234,145,569)	(27,245,633)
Cost of goods manufactured		5,548,139,314	3,221,157,027
Cost of yarn and cloth purchased for resale		156,310,231	202,405,965
		5,704,449,545	3,423,562,992
Finished goods inventory			
As on 01 October		-	398,630,919
As on 01 July		454,330,150	-
As on 30 June		(522,675,239)	(454,330,150)
		(68,345,089)	(55,699,231)
		5,636,104,456	3,367,863,761

	12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
24.1 RAW MATERIAL CONSUMED		
Opening stock	285,313,446	290,731,310
Purchased during the year / period	4,090,616,255	2,045,609,412
	4,375,929,701	2,336,340,722
Closing stock	(390,296,657)	(285,313,446)
	3,985,633,044	2,051,027,276

		12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
25 DISTRIBUTION COST			
Salaries, wages and other benefits		23,411,562	14,130,634
Employee's provident fund contributions		1,212,536	694,127
Traveling, conveyance and entertainment		15,791,974	11,698,885
Printing and stationery		1,733,157	451,797
Communications		15,658,727	8,881,895
Vehicle's running		1,678,502	668,777
Insurance		1,704,732	1,345,587
Fee, subscription and taxes		1,500	16,000
Repair and maintenance		16,500	11,450
Miscellaneous		1,288,217	1,564,985
Outward freight and handling		114,490,750	99,812,747
Clearing and forwarding		28,574,237	18,415,254
Sales promotion and advertising		940,047	3,651,552
Depreciation	(Note 13.1)	207,600	207,149
		206,710,041	161,550,839
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		59,915,638	44,226,842
Employee's provident fund contributions		2,393,270	1,640,178
Traveling, conveyance and entertainment		20,415,590	13,082,535
Printing and stationery		6,133,407	4,271,876
Communications		2,907,171	3,135,858
Vehicle's running		7,678,668	4,532,427
Legal and professional		2,267,236	1,053,973
Insurance		2,959,512	2,096,855
Fee, subscription and taxes		323,023	835,062
Repair and maintenance		2,261,800	2,686,648
Auditor's remuneration	(Note 26.1)	497,742	417,480
Electricity, gas and water		1,547,099	1,315,132
Quality control expenses		-	2,078,933
Miscellaneous		9,985,885	4,852,220
Skill and product development		2,824,881	-
Sales promotion and advertising		864,393	449,329
Depreciation	(Note 13.1)	7,911,745	5,720,194
Amortization	(Note 15.1)	84,750	-
		130,971,810	92,395,542
26.1 Annual audit fee		300,000	275,000
Half yearly review		150,000	120,000
Out of pocket expenses		47,742	22,480
		497,742	417,480

		12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
27 OTHER CHARGES			
Donations	(Note 27.1)	9,694,885	3,050,000
		9,694,885	3,050,000

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

		12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
28 OTHER OPERATING INCOME			
Dividend on equity investment			
Security General Insurance Company Limited		2,432,038	982,078
Return on bank deposits		874,741	464,477
Scrap sales and others		14,383,894	6,888,412
Gain on sale of operating fixed assets		22,501,621	2,517,864
		40,192,294	10,852,831
29 FINANCE COST			
Markup on long term loans and redeemable capital		182,549,237	47,670,739
Finance charges on lease liabilities		351,287	854,591
Mark up on short term finances		203,107,013	71,590,710
Interest on worker's profit participation fund		-	59,910
Bank commission and other financial charges		22,647,402	19,877,884
		408,654,939	140,053,834
30 PROVISION FOR TAXATION			
Current	(Note 30.1)	59,218,411	27,847,132
Prior year		-	(8,538,368)
		59,218,411	19,308,764

30.1 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 accordingly. Provision on dividend income is made under section 5 of the Income Tax Ordinance, 2001. However no provision is made on other income (excluding dividend income) under section 113 of the Income Tax Ordinance, 2001 as the company has carried forwardable tax losses.

		12 Months Ended June 30, 2006 Rupees	9 Months Ended June 30, 2005 Rupees
31 EARNINGS PER SHARE			
There is no dilutive effect on the basic earnings per share, which is based on:			
(Loss) / Profit for the year / period	Rupees	(53,168,975)	(201,432,382)
Number of ordinary shares		33,059,099	33,059,099
Earnings per share	Rupees	(1.61)	(6.09)

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.

	12 Months Ended June 30, 2006	9 Months Ended June 30, 2005
	Rupees	Rupees
Purchase of goods and services	830,171,910	1,011,374,235
Purchase of fixed assets	-	950,000
Sale of goods and services	342,398,288	506,091,634
Sale of fixed assets	2,526,670	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:

	2006			2005		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,980,000	3,960,000	13,783,295	1,485,000	2,887,500	8,885,189
House rent	495,000	990,000	3,073,947	371,250	721,875	2,334,412
Utilities	198,000	396,000	1,341,012	148,500	288,750	880,338
Special allowance	396,000	792,000	2,735,050	297,000	577,500	1,345,173
Contribution to provident fund	198,000	396,000	147,500	148,500	67,000	92,500
Miscellaneous	198,000	396,000	131,236	148,500	774,375	1,465,946
	3,465,000	6,930,000	21,212,040	2,598,750	5,317,000	15,003,558
Number of persons	1	3	19	1	3	18

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 3,000 was paid to two directors for attending meetings during the year (2005: Rupees 18,000 paid to three directors for attending meetings.)

	June 30, 2006	June 30, 2005
	Rupees	Rupees
34 NUMBER OF EMPLOYEES-AS AT	2,988	2,364

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Interest / mark-up rate

The exposure to interest / mark up rate risk on financial assets and financial liabilities is 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	2006	2005
Financial assets	**Rupees**	Rupees	Rupees	Rupees	Rupees	Rupees
Long term investments	-	-	-	11,940,000	11,940,000	11,940,000
Long-term security deposits				3,120,751	3,120,751	3,087,142
Trade debts	-	-	1,038,801,576	-	1,038,801,576	594,752,951
Advances, deposits and other receivables	-	-	61,182,547	-	61,182,547	32,909,800
Short term investments	-	-	263,694,008	-	263,694,008	199,219,528
Cash and bank balances	81,555,266	-	99,642,034	-	181,197,300	139,334,053
	81,555,266	-	1,463,320,165	15,060,751	1,559,936,182	981,243,474

	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	2006	2005
Financial liabilities	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Liabilities against assets subject to finance lease	-				-	16,637,060
Redeemable capital	79,998,250	119,997,375			199,995,625	279,993,875
Long term loans	470,654,391	1,318,959,250	-	-	1,789,613,641	2,134,150,340
Interest accrued on loans and redeemable capital			102,548,401		102,548,401	60,915,629
Short term finances	3,094,888,901	-	-	-	3,094,888,901	2,117,367,717
Trade and other payables		-	819,773,509	-	819,773,509	570,955,503
	3,645,541,542	1,438,956,625	922,321,910	-	6,006,820,077	5,180,020,124
Sensitivity gap	(3,563,986,276)	(1,438,956,625)	540,998,255	15,060,751	(4,446,883,895)	(4,198,776,650)
Commitment for capital and revenue expenditure.					65,924,000	90,800,000

35.2 Effective Interest/mark-up rates

	2006	2005
Financial assets		
Bank balances	3 to 7 percent p.a.	3 to 7 percent p.a.
Financial liabilities		
Redeemable capital	10 to 11 percent p.a	3.40 to 5.4 percent p.a
Long-term loans	9 to 12 percent p.a	4 to 12 percent p.a
Liabilities against assets subject to finance lease	7.5 percent p.a	7.5 percent p.a
Short term finances	7 to 13 percent p.a	6 to 8 percent p.a
Worker's profit participation fund	-	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. 1,559,936,182 (2005:Rupees 981,243,474), the financial assets which are subject to credit risk amounts to Rupees 210,310,438 (2005:Rupees 109,232,523).

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, 2006 Rupees	June 30, 2005 Rupees
Weaving		
Number of looms installed	256	256
Number of looms worked	256	256
Rated capacity converted to 60 picks (square meter)	69,833,729	54,759,909
Actual production converted to 60 picks (square meter)	62,340,389	46,052,436
Number of days worked during the year / period (3 shifts per day)	365	273
Dyeing		
Rated capacity in 3 shifts (linear meter)	30,000,000	22,438,356
Actual production for three shifts	25,682,934	14,388,869
No. of days worked during the year / period (3 shifts per day)	365	273
Hosiery		
Number of Knitting machines installed	480	240
Number of Knitting machines worked	301	240
Rated capacity per day per machine 50 Dozs	8,760,000	3,285,000
Actual production in Dozs	5,710,532	1,939,189
Number of days worked during the year / period (3 Shifts per day)	365	273
Home Tex		
Number of Stitching Machines	229	-
Number of Stitching Machines worked	140	-
Rated capacity in linear meters	10,984,000	-
Actual production in linear meters	5,873,463	-
Number of days worked during the year / period	365	-

	June 30, 2006 Rupees	June 30, 2005 Rupees
Genertek		
Number of generators installed	3	3
Number of generators worked	3	3
Installed capacity (Mega Watt Hours)	222,328	117,470
Actual Generation (Mega Watt Hours)	99,238	87,301
Standby Generators		
Caterpillars Generators (Mega Watt Hours)	1,755	7,019
Number of Generators	2	8

Plant operation capacity is based on 365 days (2005: 273 days)

36.1 Underutilization of available capacity for weaving, dyeing and home tex divisions 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 30th September 2006

38 APPROPRIATION OF RESERVES

The board of directors in their meeting held on September 30, 2006 has recommended the bonus shares in the ratio of one new share for every ten existing ordinary shares held. In addition, Board has also appropriated Rs 300 million from General Reserves to Accumulated Profit / (Loss) Account.

39 CORRESPONDING FIGURES

The following re-classifications have been made in order to conform with the management decision.

From	To
Assets held for disposal amounting to Rupees 281,475,211	Capital work in progress amounting to Rupees 281,475,211

40 GENERAL

Figures have been rounded off to the nearest of Rupee.

AAMIR FAYYAZ SHEIKH
Chief Executive

RASHID AHMED
Director

The Companies Ordinance, 1984 Form - 34
(Section 236 (1) and 464)
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: JUNE 30, .2006

4.

No of Shareholders	Shareholding From		Shareholding To	Total Shares held
364	1	-	100	9,591
923	101	-	500	185,391
132	501	-	1000	97,584
251	1001	-	5000	543,737
32	5001	-	10000	225,226
21	10001	-	15000	273,417
5	15001	-	20000	78,847
4	20001	-	25000	91,636
3	25001	-	30000	79,853
4	30001	-	35000	124,147
1	35001	-	40000	39,305
1	40001	-	45000	42,839
2	50001	-	55000	105,500
1	55001	-	60000	56,100
1	60001	-	65000	64,000
1	70001	-	75000	73,970
1	90001	-	95000	90,602
1	130001	-	135000	132,863
1	200001	-	205000	201,000
1	270001	-	275000	271,546
1	310001	-	315000	313,500
1	340001	-	345000	340,661
1	355001	-	360000	355,800
2	605001	-	610000	1,214,168
1	620001	-	625000	621,409
1	800001	-	805000	800,168
1	2510001	-	2515000	2,511,234
1	4560001	-	4565000	4,563,980
3	6515001	-	6520000	19,551,025
1,762	T o t a l			33,059,099

Note: The slabs not applicable, have not been shown.

5.	Categories of Shareholders	No. of Share holders	Shares held	G.Total	Percentage
5.1	Directors, Chief Executive Officer, their Spouse and Minor Children				
	Mr. Aamir Fayyaz Sheikh (Chief Executive/Director)		6,518,007		19.7162
	Mr.Asad Fayyaz Sheikh (Director)		6,518,007		19.7162
	Mr. Ali Fayyaz Sheikh (Director)		6,515,011		19.7072
	Syed Mohsin Raza Naqvi (Director)		5,000		0.0151
	Mr. Muhammad Hanif Khan (Director)		2,500		0.0076
	Mr. Rashid Ahmed (Director)		2,500		0.0076
	Mr. Najeeb Malik (Director)		2,500		0.0076
	Mr. Salman Akram Raja (Director)		2,500		0.0076
	Mrs. Shazia Malik		2,511,234		7.5962
	Mr. Gul Nawaz (Nominee Director of NIT)		-		-
		10		22,077,259	
5.2.	Associated Companies, Undertakings and Related Parties		-	-	-
	-				
5.3	NIT and ICP				
	Investment Corporation Of Pakistan		2,772		0.0084
	National Bank of Pakistan,Trustee Deptt.		4,905,241		14.8378
		2		4,908,013	
5.4	Banks, Development Financial Institutions, & Non-Banking Financial Institutions	9	22,448	22,448	0.0679
5.5	Insurance Companies	4	1,268,812	1,268,812	3.8380
5.6	Modarabas and Mutual Funds	7	1,549,554	1,549,554	4.6872
5.7	Share holders holding 10%				
	Refer 5.1 & 5.3				
5.8	General Public				
	a. Local	1681	2,642,997		7.9948
	b. Joint Stock Companies	37	451,159		1.3647
	c. Foreign Investor	5	105,958		0.3205
				3,200,114	
5.9	Others				
	Trustees Moosa Lawai Foundation		8,196		0.0248
	Trustees Saeeda Amin Wakf		7,260		0.0220
	Trustees Mohamad Amin Wakf Estate		15,125		0.0458
	Trustees Al-Mal Group Staff Provident Fund		1,541		0.0047
	Lahore Stock Exchange (Guarantee) Limited		619		0.0019
	Manag Commtt of Tameer-E-Millat Foundation		158		0.0005
		7		32,899	
	Total :	1,762		33,059,099	100.0000

KEY OPERATING AND FINANCIAL DATA

KEY INDICATORS		2005-06	2004-05 Nine Months	2003-04	2002-03	2001-02	2000-01
OPERATING							
Gross Margin	%	11.35	5.71	10.89	11.68	14.56	21.49
Pre Tax Margin	%	0.10	(5.10)	3.34	5.31	8.46	13.11
Net Margin	%	(0.84)	(5.64)	2.18	4.21	7.32	11.84
PERFORMANCE							
Return on Assets	%	(1.29)	(4.87)	3.50	7.22	15.46	29.61
Assets Turnover		0.81	0.52	0.77	0.96	1.20	1.18
Fixed Assets Turnover		1.55	0.87	1.61	1.72	2.11	3.18
Inventory Turnover	Days	74	98	62	51	40	58
Return on Equity	%	(3.12)	(11.89)	5.07	12.25	24.30	34.35
Return on Capital Employed	%	(1.44)	(4.88)	2.97	6.76	15.44	20.99
Retention	%	-	-	40	19	11	5
LEVERAGE							
Debt:Equity		54:46	59:41	41:59	45:55	36:64	13:87
LIQUIDITY							
Current		0.79	0.87	1.10	0.94	0.89	0.88
Quick		0.45	0.51	0.63	0.58	0.57	0.60
VALUATION							
Earnings per share (pre tax)	Rs.	0.18	(5.51)	4.68	6.15	9.96	10.84
Earnings per share (after tax)	Rs.	(1.61)	(6.09)	3.05	4.88	8.62	9.80
Breakup value	Rs.	52	51	66	55	54	43
Dividend payout - Cash	Rs.	-	-	10.00	15.00	20.00	60.00
Bonus issue	%	10.00	-	10.00	10.00	10.00	-
Payout ratio - Cash (after tax)	%	-	-	29.83	22.39	15.35	40.51
Market price to breakup value	Rs.	0.51	0.61	0.57	0.69	0.78	0.51
Dividend yield	%	-	-	26.32	39.47	47.62	272.73
Market value per share	Rs.	26.5	31	38	38	42	22
Market capitalization	Rs.	876,064	1,024,829	1,142,052	914,356	918,750	481,250
HISTORICAL TRENDS							
Turnover		6,357,993	3,571,938	4,627,119	3,825,002	3,892,343	2,711,343
Gross profit		721,889	204,074	503,847	446,846	566,684	582,566
Profit/(Loss) before tax		6,049	(182,124)	154,708	203,171	329,298	358,501
Profit/(Loss) after tax		(53,169)	(201,432)	100,767	161,213	284,951	323,992
FINANCIAL POSITION							
Shareholder's equity		1,704,681	1,693,844	1,986,257	1,315,759	1,172,731	934,543
Property, plant and equipment		4,104,627	4,122,938	2,865,853	2,224,964	1,841,607	852,041
Current assets		3,703,831	2,791,870	3,131,148	1,769,767	1,411,716	1,162,664
Current liabilities		4,679,881	3,222,565	2,851,573	1,877,337	1,577,479	1,324,103
Long term assets		4,119,688	4,137,965	2,879,328	2,231,413	1,842,790	1,094,053
Long term liabilities		1,438,957	2,013,426	1,172,645	1,069,317	672,906	145,000

Form of Proxy **2006**

19th Annual General Meeting

I/We ______________________________

of ______________ in the district of ______________

being a member of KOHINOOR WEAVING MILLS LIMITED

hereby appoint ______________________________

of ______________ another member of the Company or failing him/her

appoint ______________________________

of ______________ another member of the Company as my / our proxy

to vote for me/us and on my/our behalf, at the **19th Annual General Meeting** of the Company to be held on **Saturday, October 28, 2006 at 11:00 am.** and at any adjournment thereof.

As witness my/our hand seal this ______________ day of ______________ , 2006

Folio No.	CDC Account Holders		No. of Ordinary Shares held
	Participant I.D. No.	Account / Sub-Account No.	

Signature on Five Rupees Revenue Stamp

The Signature should agree with the specimen registered with the Company

Witness 1

Signature ______________

Name ______________

CNIC No. ______________

Address ______________

____

Witness 2

Signature ______________

Name ______________

CNIC No. ______________

Address ______________

____

Important Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office situated at 8th K.M. Manga District Kasur, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2 If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. No person can act as proxy unless he / she is member of the Company, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate entities

In addition to the above, the following requirements have to be met.

a) The proxy form shall be witnessed by two persons whose names, addresses and computerized National Identity Card (CNIC) number shall be mentioned on the form.
b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
c) The proxy shall produce original CNIC or passport at the time of attending the meeting.
d) In case of the Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company