CONTENTS

Company Profile

Kohinoor 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 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 billion, today Kohinoor Mills Limited employs over 4,300 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 garments. It is also producing world class athletics socks.

Company Information

Board of Directors

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

Audit Committee

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

Chief Financial Officer
Syed Mohsin Raza Naqvi

Head of Internal Audit
Mr. Zeeshan Khurram

Company Secretary
Mr. Muhammad Rizwan Khan

Auditors
M/s. Riaz Ahmad & Co.,
Chartered Accountants

Bankers
Allied Bank Limited
Al Baraka Islamic Bank B.S.C. (E.C)
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Royal Bank of Scotland
Saudi Pak Commercial Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Registered Office, Mills & Shares Department
8th K.M. Manga Raiwind Road,
District Kasur.

UAN:	(92-42) 111-941-941
CELL LINE:	(92-333) 4998801-10
LAND LINE:	(92-42) 6369340
FAX:	(92-42) 5391946, 5393459
EMAIL:	info@kohinoormills.com
WEB:	www.kohinoormills.com

MISSION STATEMENT

The Kohinoor Mills Limited's stated mission is to become 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's best practices, human resources and innovative products and services and sold these to its customers, suppliers and stakeholders.

STATEMENT OF ETHICS AND BUSINESS PRACTICES
For the Year ended June 30, 2008.

This Statement has been formulated to ensure that directors and employees of the Company operate within acceptable standards of conduct and sound business principles which strive for development and growth. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society on the following guidelines:-

Code of Conduct

- The Company strongly believes in fair, transparent, ethical and high professional standards of conduct in all areas of business activities.
- The Company has adopted democratic leadership style and believes that candor leads to effective teamwork.
- The credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity, and respect for people.

Shareholders' Interest

- The Company believes in maximizing shareholders value by providing consistent growth and fair return on their investment.

Operations

- The Company shall formulate and monitor its objectives, strategies and overall business plan of the organization.
- The Company shall be continuously involved in the research and development of new products while improving quality of existing products using highest level of quality control measures at every stage of its operations. Creativity and innovation must prevail at all levels of hierarchy to achieve organizational excellence.

Relations with Customers

- The Company considers it imperative to maintain cordial relationship with the customers as integral to its growth and development of business and is committed to provide high quality products and services that conform to highest international standards.

Abidance of Law

- It is Company's prime object to comply with all applicable laws and regulations and to co-operate with all governmental and regulatory bodies.

Corporate Reporting and Internal Controls

- The Company maintains effective, transparent and secure financial reporting and internal control systems so as to ensure reliable performance measurement and compliance with local regulations and international accounting standards as applicable.
- The Company strictly adheres to the principles of good corporate governance and is committed to high standards of corporate governance.
- The Company regularly updates and upgrades manufacturing and reporting systems so as to keep abreast with technological advancements

and achieve economies of production.

Integrity and Confidentiality

- The Company believes in uprightness and expects it to be a fundamental responsibility of employees to act in Company's best interest while holding confidential information and neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body.

- Inside information about the Company, its customers, vendors, employees shall not be used for their own gain or for that of others directly or indirectly.

Relations with Employees

- The Company is an equal opportunity employer at all levels with respect to issues such as color, race, gender, age, ethnicity and religious beliefs and its promotional policies are free of any discrimination.

- The Company ensures that employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and good citizens.

- The Company believes in continuous development and training of its employees.

- The Company has set high standards of performance and recognizes employee's contribution towards its growth and rewards them based on their performance. The Company believes development, growth and recognition result in motivated employees.

- All employees of the Company are part of Kohinoor family and the families of all members are also part and parcel of Kohinoor family. The Company believes that the sense of belonging to Kohinoor fulfils an essential need of its employees and the organization and as such will always be nurtured.

Environment and Social Responsibility

- Protecting the environment in which we live is an important element. The Company uses all means to ensure a clean, safe, healthy and pollution free environment not only for its workers and employees but also for the well being of all people who live in and around any of the production and manufacturing facilities. The Company will always employ such technology as may be beneficial in maintaining a healthy and hygienic working environment.

- It also believes in community development without political affiliations with any person or group of persons and contributes part of its resources for a better environment with an unprejudiced approach.

NOTICE OF 21ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting of the members of M/s Kohinoor Mills Limited will be held at its Registered Office, namely, 8th Kilometer, Manga Raiwind Road, Distt. Kasur, on Friday, 31st day of October, 2008 at 11:30 a.m. to transact the following corporate business:-

1. **To confirm the minutes of 20th Annual General Meeting held on October 20, 2007.**
2. **To receive, consider and approve the Annual Audited Accounts of the Company for the year ended June 30, 2008, together with Directors' and Auditors' Reports thereon.**
3. **To appoint the auditors for the year ending June 30, 2009 and fix their remuneration as recommended by the Audit Committee and Board of Directors. The present auditors M/s Riaz Ahmad & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.**
4. **To transact such other business which may be placed before the meeting with the permission of the Chairman.**

By Order of the Board

(MUHAMMAD RIZWAN KHAN)
Company Secretary

Place: Kasur.
Dated: October 09, 2008.

NOTES:

1. **The shares transfer books of the Company will remain closed from October 22, 2008 to October 31, 2008 (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 21, 2008, 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 CNIC 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 CNIC numbers shall be mentioned on the form.**

iii. **Attested copy of CNIC 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 CNIC 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.**

DIRECTORS' REPORT

The Directors of the Company present the audited financial statements for the year ended June 30, 2008. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

Textile Industry Outlook

The export oriented Textile industry in Pakistan has been severely affected by the deteriorating law and order situation. The security perception along with evolving political situation of the country is deterring potential and existing customers from visiting Pakistan.

Textile industry, the largest export earner, contributes about $10 billion out of the total country exports of $19 billion. The escalating cost of doing business in Pakistan is eroding our competitiveness. Higher utility charges, increase in labor cost and escalating interest rates compared to our competitors have resulted in diversion of export orders to other countries in the region.

The industry certainly needs to gear up and reposition itself to withstand competitive forces emerging in the post quota regime by increasing productivity, efficiency and its marketing skills, but government also needs to provide textile industry level playing field against global competition.

Research, innovation and development in technical textiles, yarn quality, clothing products, process performance, fabric finishing, coloration technology and diversified marketing coupled with brand acquisitions will bring advancement in textile sector.

Textile and clothing manufacturers who are able to produce high value goods and are up to date with latest trends and fashions and who manage to carve a niche for themselves in the cut throat competitive world will be able to survive this difficult period.

The recent devaluation of Pak Rupee and appreciation of Chinese Yuan and Indian Rupee from an exporting perspective will help our exporters in the short run.

Operating & Financial Results

During the year ended June 30, 2008, your company earned a gross profit of Rs 794 million on sales of Rs 6,071 million as compared to gross profit of Rs 1,124 million on sales of Rs 7,611 million for the corresponding previous financial year. During the year ended June 30, 2008, your company incurred a net loss after tax of Rs. 315 million as compared to a profit after tax of Rs 114 million during the corresponding previous financial year. Gross margin was at 13.07 % during the year as compared to 14.77 % of the corresponding previous financial year. Earning per share stood at (6.34) during the year as compared to 2.78 of the corresponding previous financial year. Geo political environment, susceptible law and order situation of the country, ongoing recession in US economy, massive sui gas and electricity load shedding coupled with increased cost of doing business in Pakistan exerted pressure on the overall performance, and consequently the results of your company. Underutilization of capacity in Hosiery and Home Textile divisions led to major dip in sales and gross margins, thereby, resulting

into the overall loss to the company.

A brief overview of the operations of your company for the year ended June 30, 2008 is discussed below. Please also refer page no. 16-19 of this Annual Report for performance overview of your company.

Weaving Division

This division of your company has been producing greige fabric for both home furnishing and apparel industry. Out of 256 looms, 176 looms were producing home furnishing fabric while the remaining 80 looms were producing fabric mainly for apparel end use. The changing market situation and declining greige prices particularly in home furnishing industry compelled us to re-align our weaving capabilities in line with our vertical integration. As part of this re-alignment, your company replaced 84 wider width looms producing mainly home furnishing fabric with 98 high speed state-of-the-art looms which shall produce apparel wear fabric. These new looms have been commissioned and started their regular production in July 2008. In addition to complete backward integration, in-house consumption of a significant portion of greige woven fabric in your dye house will not only bring synergy in inspection and packing costs, but will also bring in savings in respect of commission, taxation, transportation costs and other related costs.

Dyeing Division

During the year ended June 30, 2008, despite the intense competition and rapidly changing market situations, this division of your company has been able to show good progress. Momentum gained during the last financial year in the capacity utilization of this division continued during the year ended June 30, 2008 and it is expected that the results of financial year 2008-09 will show even further improvement.

Hosiery Division

Stability in the capacity utilization of this division has been a cause of concern for the management of your company. The ongoing consolidation in US Hosiery industry continued to adversely affect the capacity utilization of this division; however with the diversification of customer base and entry in European market during 2008 the results of this division have started to improve. Management of your company is confident that with current market diversification and with the addition of new marketing channels in USA, results of this division will improve. Currently, this division has 100% capacity utilization due to confirmed orders until December 2008.

Genertek Division

Energy requirement of your company was converted fully to gas-powered generation equipment in the last year. Agreement with LESCO for the supply of excess capacity to LESCO has been signed, and after having fulfilled the connectivity requirements of LESCO, supply of electricity to LESCO has commenced since May 3, 2008. This division suffered heavy losses in the 3rd quarter of financial year ended June 30, 2008 as a result of unprecedented gas load shedding due to which we were forced to use HFO-fired back-up Niigata engines to generate electricity. Your company is planning to shift to LESCO supply during the period of gas load shedding in order not to incur such losses again during the coming period of gas load shedding.

Hometex & Apparel Division

Volatility in the Pakistani home furnishing market after post quota regime has started putting pressure on the operations of this division. Your company realizes these challenges and has implemented its plan for diversification into stitching operations of institutional work wear and bottom wear apparels and casual trousers which is in line with planned vertical integration of your organization. Consequently, this division is now renamed as "Apparel Division".

Dividend

In view of the adverse results in the current financial year, cash flows of your company do not permit dividend payout; therefore your directors have regrettably decided to omit any dividend this year.

Q Mart Corporation (Pvt) Ltd (a wholly owned subsidiary of your company)

During the 1st quarter of financial year ended June 30, 2008 your company made an investment in a wholly owned subsidiary Q Mart Corporation (Pvt) Ltd, with the plans to set up a chain of retail stores all over Pakistan. Three stores have already commenced operations and another two stores are planned to be made operational during the current financial year.

Information Technology

Your company is making continuous efforts to have efficient IT systems supporting timely and effective decisions. It has provided its employees, the most modern facilities to achieve optimum efficiency levels. Most of manufacturing equipment and machinery used in the operations are equipped with technologically advanced software providing on line real time information for most of the production processes.

The company's intranet acts as a useful resource base providing in depth information on the company's policies and procedures along with other information for beneficial use to the employees of the company.

Human Resource & Training

With a human capital of about 4,300 employees, the company believes that the employees are vital ingredient in shaping

company's future where each individual contributes directly to the success of the organization.

Your company's HR team is a group of highly skilled and experienced professionals. They work very closely with business teams to design efficient people solutions that will effectively meet the business goals.

Your company places a premium on respect for individuals, equal opportunities, advancement based on merit, effective communication, and the development of high performance culture. The company takes pride in continuous improvement at all levels and strives to ensure that opportunity for growth and varied career experiences are provided to all employees.

Your company is an equal opportunity employer and this is practiced in all aspects of the company's business activities including recruitment and employment.

Combined with state of the art technology and HR Information Systems, the result is a high performance environment within which individuals can achieve their professional and personal dreams.

Training & Development

Your company believes in human resource development through training and development and places due emphasis on training in all spheres of its production process. The company made efforts during the year with more focused and cost effective training programs for the major technical categories such as weavers, technologists, knitting, linking, and boarding operators, off-line checkers, stitching operators, packers and quality control inspectors. Candidates are engaged through a Trainee Scheme and trained in-house over a period of 6 months through a career path. This has helped company in preparing a highly skilled workforce and also provides replacements to cover turnover.

In-house training sessions are regularly conducted in general management, fire fighting, first aid, health and safety, computer and technical disciplines.

Safety, Health & Environment

Your company has provided safe & healthy workplace for both staff & contractors and will act responsibly towards the communities and environment in which we operate. This will be achieved by continuous improvement of our safety, health and environment performance through corporate leadership, dedication of staff and the application of the highest professional standards at workplace.

Corporate Social Responsibility

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates.

Your company through its directors is actively involved in the various social responsibility initiatives in the field of primary education and health care. Company has provided land to Punjab Social Security Health Management Company which has built a modern hospital for the industrial work force in the adjacent areas.

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children have not traded in company's shares during the year.

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 (3) members of which two (2) are non-executive directors including the Chairman of the Committee:

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

Statement of Ethics & Business Practices

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to everybody associated or dealing with the Company.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the company as at June 30, 2008, as required under section 236 of Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

Future Prospects

Grim economic conditions coupled with unimaginable energy crises in the third quarter of the financial year ended

June 30, 2008 hammered the economy in general and textile industry in particular. Your company has been equally effected in the current scenario but has developed a detailed strategy to overcome this situation. Addition of new narrow width looms in Weaving division, diversification of customer base in Hosiery and Dyeing divisions, addition of new marketing channels in USA and supply of electricity to LESCO are some of the steps, which will improve the results of your company in the periods to come. Your company's plan to invest in the aforesaid high speed narrow width looms is in line with its strategy to vertically integrate its operations starting from narrow width weaving to dyeing / processing and then utilization of its cut and sew facility for the stitching of work wear and casual wear apparels. Management of your company is confident that, with this realignment and other strategic measures in pipeline together with significant appreciation of Chinese Yuan and Indian Rupee coupled with recent depreciation of Pakistani Rupee, your company will be able to improve its profitability.

Auditors

The external auditors of the company, M/s Riaz Ahmed & Company, Chartered Accountants shall retire on the conclusion of forthcoming Annual General Meeting. Being eligible for re-appointment under the Companies Ordinance, 1984, they have offered their services as auditors of the company for the year ending June 30, 2009. The Board of Directors endorsed the recommendations of Audit Committee for their re-appointment.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with the Code of Ethics issued by International Federation of Accountants (IFAC). Further they are also not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the company.

Acknowledgment

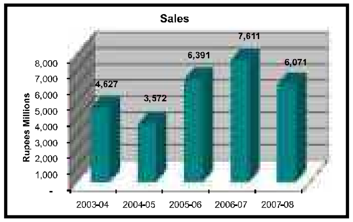
The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management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

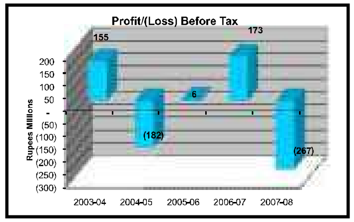
For and on behalf of the Board

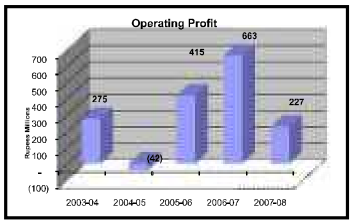
AAMIR FAYYAZ SHEIKH
Chief Executive

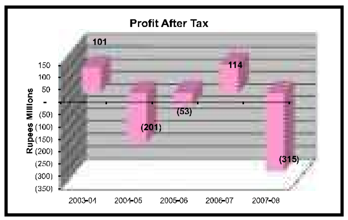
Kasur:
October 07, 2008

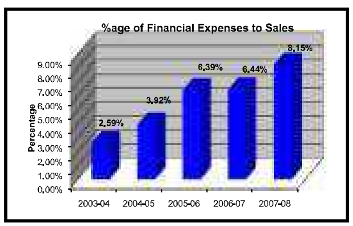
PERFORMANCE OVERVIEW

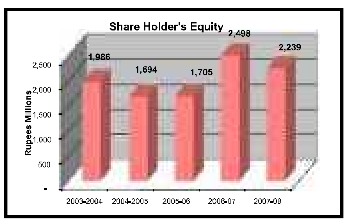


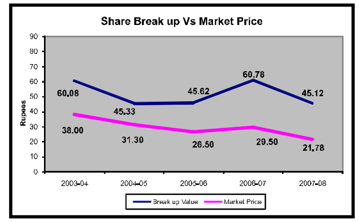


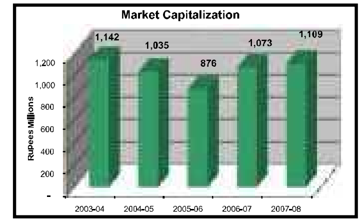


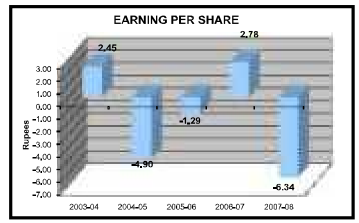


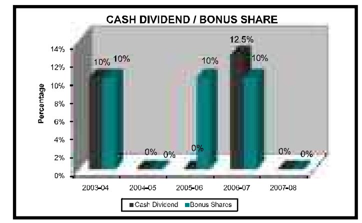


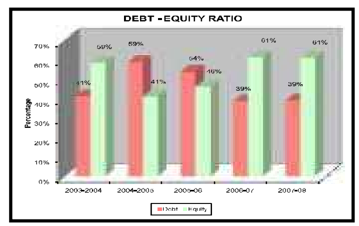


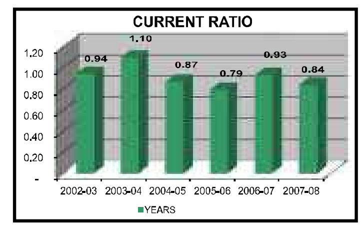












Six Years Performance

		2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
					Nine Months		
OPERATING							
Gross Margin	%	13.07	14.78	12.44	5.71	10.89	11.68
Pre Tax Margin	%	(4.40)	2.27	0.09	(5.10)	3.34	5.31
Net Margin	%	(5.19)	1.50	(0.83)	(5.64)	2.18	4.21
PERFORMANCE							
Return on Assets	%	(7.30)	2.84	(1.29)	(4.87)	3.50	7.22
Assets Turnover		0.67	0.89	0.82	0.52	0.77	0.96
Fixed Assets Turnover		1.49	1.89	1.56	0.87	1.61	1.72
Inventory Turnover	Days	96	71	75	98	62	51
Return on Equity	%	(14.06)	4.58	(3.12)	(11.89)	5.07	12.25
Return on Capital Employed	%	(8.57)	2.81	(1.44)	(4.88)	2.97	6.76
Retention	%	-	71	-	-	40	19
LEVERAGE							
Debt:Equity		39:61	39:61	46:54	59:41	41:59	45:55
LIQUIDITY							
Current		0.84	0.93	0.79	0.87	1.10	0.94
Quick		0.49	0.61	0.45	0.51	0.63	0.58
VALUATION							
Earning per share (pre tax)	Rs.	(5.38)	4.21	0.15	(4.43)	3.76	5.48
Earning per share (after tax)	Rs.	(6.34)	2.78	(1.29)	(4.90)	2.45	4.35
Breakup value	Rs.	44	68.69	51.56	51.24	66.09	55.00
Dividend payout - Cash	%	-	12.50	-	-	10.00	15.00
Bonus issue	%	-	10.00	10.00	-	10.00	10.00
Payout ratio - Cash (after tax)	%	-	-	-	-	29.83	22.39
Price earning ratio	Rs.	(3.43)	9.37	(16.48)	(5.09)	12.47	7.79
Market price to breakup value	Rs.	0.50	0.43	0.51	0.61	0.57	0.69
Dividend yield	%	-	3.39	-	-	26.32	39.47
Market value per share	Rs.	21.78	29.50	26.50	31.30	38.00	38.00
Market capitalization	Rs.	1,108,842	1,072,768	876,064	1,034,747	1,142,052	914,356
HISTORICAL TRENDS							
Turnover		6,071,271	7,611,237	6,391,023	3,571,938	4,627,119	3,825,002
Gross profit		793,521	1,124,500	795,069	204,074	503,847	446,846
Profit/(Loss) before tax		(267,105)	173,054	6,049	(182,124)	154,708	203,171
Profit/(Loss) after tax		(314,802)	114,441	(53,169)	(201,432)	100,767	161,213
FINANCIAL POSITION							
Shareholder's funds		2,238,857	2,497,983	1,704,681	1,693,844	1,986,257	1,315,759
Property Plant and Equipment		4,062,382	4,026,564	4,104,627	4,122,938	2,865,853	2,224,964
Current assets		4,771,035	4,509,102	3,703,831	2,791,870	3,133,148	1,769,767
Current liabilities		5,689,702	4,868,224	4,679,881	3,222,565	2,851,573	1,877,337
Long term assets		4,311,432	4,031,148	4,119,688	4,137,965	2,879,328	2,231,413
Long term liabilities		1,153,908	1,174,043	1,438,957	2,013,426	1,172,645	1,069,317

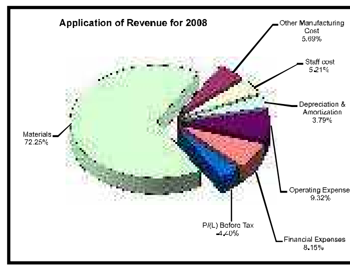
Statement of Value Addition

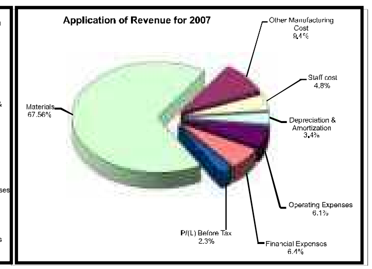
Value Added

	2008		2007	
	%age	Amount (000)	%age	Amount (000)
Local Sales	34.23%	2,078,095	21.87%	1,664,489
Export Sales	65.77%	3,993,176	78.13%	5,946,748
Total Sales	100%	6,071,271	100%	7,611,237

Value Allocated

Materials	72.25%	4,386,362	67.56%	5,141,885
Other Manufacturing Cost	5.69%	345,193	9.41%	715,982
Staff cost	5.21%	316,275	4.84%	368,362
Depreciation & Amortization	3.79%	229,920	3.42%	260,151
Operating Expenses	9.32%	565,762	6.06%	461,379
Financial Expenses	8.15%	494,864	6.44%	490,424
P/(L) Before Tax	-4.40%	(267,105)	2.27%	173,054
	100%	6,071,271	100%	7,611,237





Statement of Compliance with the Code of Corporate Governance.

For the Year Ended June 30, 2008.

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 four non-executive directors including independent non-executive director representing institutional equity interest.

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

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

4. The Board of Directors of the Company completed its term of three years on March 31, 2007 and new Board of Directors elected for next three years and further no other casual vacancy occurred in the Board during the year.

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

6. The Board has developed a Vision/Mission Statement, Overall Corporate Strategy and Significant Policies of the Company. A complete record of particulars of Significant Policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of 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, 2008, 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 :
October 07, 2008.

(AAMIR FAYYAZ SHEIKH)
Chief Executive

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of KOHINOOR MILLS LIMITED ("the Company") for the year ended 30 June 2008, to comply with the Listing Regulations of the respective Stock Exchanges, 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 30 June 2008.

Lahore.
October 07, 2008.

RIAZ AHMAD & COMPANY
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KOHINOOR MILLS LIMITED as at 30 June 2008 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 account 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 account 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 explanations 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 30 June 2008 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore.
October 07, 2008.

RIAZ AHMAD & COMPANY
Chartered Accountants

KOHINOOR MILLS LIMITED
BALANCE SHEET AS AT 30 JUNE 2008

	NOTE	2008 Rupees	2007 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	5	1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital	6	509,110,110	363,650,080
Reserves	7	1,729,746,578	2,134,333,365
Total equity		2,238,856,688	2,497,983,445
Non-current liabilities			
Redeemable capital - secured	8	-	39,999,125
Long term financing - secured	9	902,907,809	880,571,354
Deferred tax	10	251,000,069	253,472,520
		1,153,907,878	1,174,042,999
Current liabilities			
Trade and other payables	11	877,736,509	615,517,415
Accrued mark up	12	113,895,958	108,580,219
Short term borrowings - secured	13	4,127,379,652	3,417,152,907
Current portion of long term liabilities	14	529,543,297	654,035,145
Provision for taxation		41,147,079	72,938,336
		5,689,702,495	4,868,224,022
Total Liabilities		6,843,610,373	6,042,267,021
Contingencies and commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		9,082,467,061	8,540,250,466

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

	NOTE	2008 Rupees	2007 Rupees
ASSETS			
Non-current assets			
Fixed assets	16	4,062,381,866	4,026,563,685
Long term investments	17	247,229,500	1,432,800
Long term security deposits		1,820,751	3,151,751
		4,311,432,117	4,031,148,236
Current assets			
Stores, spares and loose tools	18	383,642,759	304,342,590
Stock-in-trade	19	1,598,730,680	1,175,108,847
Trade debts - Considered good	20	775,013,196	988,152,762
Loans and advances	21	564,476,629	264,345,513
Trade deposits and short term prepayments	22	2,349,040	6,475,758
Other receivables	23	192,858,559	237,292,369
Sales tax recoverable		114,863,679	132,442,694
Short term investments	24	1,085,586,948	1,207,790,600
Cash and bank balances	25	53,513,454	131,689,499
		4,771,034,944	4,447,640,632
Non-current assets classified as held for sale	26	-	61,461,598
		4,771,034,944	4,509,102,230
TOTAL ASSETS		9,082,467,061	8,540,250,466

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

KOHINOOR MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
SALES	27	6,071,270,854	7,611,236,705
COST OF SALES	28	5,277,750,305	6,486,736,826
GROSS PROFIT		793,520,549	1,124,499,879
DISTRIBUTION COST	29	342,913,108	333,401,011
ADMINISTRATIVE EXPENSES	30	198,807,499	146,318,259
OTHER OPERATING EXPENSES	31	101,367,666	32,313,590
		643,088,273	512,032,860
		150,432,276	612,467,019
OTHER OPERATING INCOME	32	77,326,450	46,748,428
PROFIT FROM OPERATIONS		227,758,726	659,215,447
FINANCE COST	33	494,863,830	486,161,514
PROFIT / (LOSS) BEFORE TAXATION		(267,105,104)	173,053,933
PROVISION FOR TAXATION	34	47,697,099	58,612,814
PROFIT / (LOSS) AFTER TAXATION		(314,802,203)	114,441,119
EARNINGS PER SHARE - BASIC & DILUTED	35	(6.34)	2.78

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

KOHINOOR MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(267,105,104)	173,053,933
Adjustment for non cash charges and other items:		
Loss / (gain) on sale of operating assets	399,647	(1,830,458)
Depreciation	249,610,042	260,898,980
Amortization of intangible asset	1,693,229	1,208,123
Dividend income	(12,153,217)	(8,102,145)
Gain on sale of shares	(38,690,201)	(22,118,612)
Provision for impairment	1,432,800	10,507,200
Finance cost	494,863,830	486,161,514
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL	430,051,026	899,778,535
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(79,300,169)	(43,818,987)
Stock-in-trade	(423,621,833)	178,913,072
Trade debts	213,139,566	50,648,814
Loans and advances	(300,131,116)	(34,280,014)
Trade deposits and short term prepayments	4,126,718	(4,024,266)
Other receivables	20,049,362	(64,088,923)
Sales tax recoverable	17,579,015	47,182,738
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured - net	710,226,745	322,264,006
Trade and other payables	262,977,993	(208,379,304)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	425,046,281	244,417,136
CASH GENERATED FROM OPERATIONS	855,097,307	1,144,195,671
Income tax paid	(56,223,640)	(73,321,838)
Finance cost paid	(489,548,091)	(480,129,696)
	(545,771,731)	(553,451,534)
NET CASH FROM OPERATING ACTIVITIES	309,325,576	590,744,137

Kohinoor Mills Limited

	2008 Rupees	2007 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(232,991,899)	(248,505,096)
Capital expenditure on intangible asset	(3,415,995)	(1,040,363)
Proceeds from disposal of property, plant and equipment	10,348,206	5,870,732
Dividend on equity investments received	12,153,217	8,102,145
Investment in subsidiary company	(247,229,500)	-
Short term investment made	(143,510,255)	(36,712,056)
Proceeds from sale of investment	130,325,994	47,067,702
Long term security deposits	1,331,000	(31,000)
NET CASH USED IN INVESTING ACTIVITIES	(472,989,232)	(225,247,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of right shares	290,920,060	-
Repayment of redeemable capital	(79,998,250)	(79,998,250)
Long term financing - net	(62,156,268)	(335,005,392)
Dividend paid	(63,277,931)	(360)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	85,487,611	(415,004,002)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,176,045)	(49,507,801)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	131,689,499	181,197,300
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	53,513,454	131,689,499

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

KOHINOOR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

		Reserves							
		Capital			Revenue				
	Share capital	Share premium	Surplus on revaluation of investments	Sub-Total	General	Unappropriated Profit / (Accumulated Loss)	Sub-Total	Total	Total equity
	Rupees								
Balance as on 30 June 2006	330,590,990	67,946,280	151,252,758	219,199,038	1,391,086,730	(236,195,538)	1,154,891,192	1,374,090,230	1,704,681,220
Transfer from general reserves	-	-	-	-	(300,000,000)	300,000,000	-	-	-
Bonus shares issued @ 10%	33,059,090	-	-	-	(33,059,090)	-	(33,059,090)	(33,059,090)	-
Profit for the year ended 30 June 2007	-	-	-	-	-	114,441,119	114,441,119	114,441,119	114,441,119
Fair value adjustment on investments-net off deferred tax	-	-	678,861,106	678,861,106	-	-	-	678,861,106	678,861,106
Balance as on 30 June 2007	363,650,080	67,946,280	830,113,864	898,060,144	1,058,027,640	178,245,581	1,236,273,221	2,134,333,365	2,497,983,445
Issue of right shares in proportion of one share for every 2.5 shares @ Rupees 20 each	145,460,030	145,460,030	-	145,460,030	-	-	-	145,460,030	290,920,060
Dividend for the year ended 30 June 2007 @ Rupees 1.25 per share	-	-	-	-	-	(63,638,764)	(63,638,764)	(63,638,764)	(63,638,764)
Loss for the year ended 30 June 2008	-	-	-	-	-	(314,802,203)	(314,802,203)	(314,802,203)	(314,802,203)
Fair value adjustment on investments-net off deferred tax	-	-	(171,605,850)	(171,605,850)	-	-	-	(171,605,850)	(171,605,850)
Balance as on 30 June 2008	509,110,110	213,406,310	658,508,014	871,914,324	1,058,027,640	(200,195,386)	857,832,254	1,729,746,578	2,238,856,688

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

KOHINOOR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited (the Company) is a public limited Company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The registered office of the Company is situated at 8-K.M.-Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, 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 and synthetic fiber, and to generate, and distribute and sell electricity.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Amendments to published standard effective in current period

During the year ended 30 June 2008, amendments relating to capital disclosures made in International Accounting Standard (IAS) 1 'Presentation of Financial Statements' became effective. Adoption of such amendment has added disclosure relating to capital risk management (Note 38.4).

2.3 Standards, interpretations and amendments to published approved accounting standards effective in current period but not relevant

There are other new standards and interpretations that are mandatory for accounting periods beginning on or after 01 July 2007 but are considered not to be relevant or do not have any significant impact on the Company's financial statements.

2.4 Standards and amendments to published approved accounting standards that are not yet effective

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2008 or later periods:

IFRS 7 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 28 April 2008). It introduces new disclosures relating to financial instruments. This standard would not have any impact on the classification and valuation of the Company's financial instruments.

IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 01 January 2009). It introduces the "management approach" to segment reporting. IFRS 8 will require presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's chief operating decision makers in order to assess each segment's performance and to allocate resources to them. Currently the Company do not presents segment information as IAS 14 limits reportable segments to those that earn a majority of their revenue from sales to external customers and therefore did not require the different stages of vertically integrated operations to be identified as separate segments. Under the management approach, the Company will present segment information in respect of Weaving, Dyeing, Hosiery, Hometex / Apparel and Power.

IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2009), issued in September 2007 revises the existing IAS 1 and requires apart from changing the names of certain components of financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in the Comprehensive Income Statement. Adoption of the aforesaid standard will only impact the presentation of the financial statements.

IAS 23 (Amendment) 'Borrowing Costs' (effective for annual periods beginning on or after 01 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

This change will not affect the financial statements as the company already has the policy to capitalize its borrowing costs.

There are other amendments resulting from May 2008 Annual Improvements to IFRSs, specifically in IAS 1 'Presentation of Financial Statements', IAS 16 'Property, Plant and Equipment', IAS 23 'Borrowing Costs', IAS 36 'Impairment of Assets' IAS 38 'Intangible Assets', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' that are considered relevant to the Company's financial statements. The management is in the process of evaluating the impact of these changes on the Company's financial statements.

There are other accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2008 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention, except for financial instruments which are carried at their fair value. These financial statements represent separate financial statements of the Company. The consolidated financial statements of the Group are being issued separately.

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

3.2.1 Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful 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.

3.2.2 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.2.3 Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.2.4 Provisions

The Company reviews investments / receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Employee Benefit

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.

4.2 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits 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.

4.3 Taxation

Current
Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred
Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.4 Foreign Currency
The financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

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

4.5 Fixed Assets

4.5.1 Property, plant and equipment and depreciation

Owned

a) Cost
Property, plant and equipment except freehold 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 asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

b) Depreciation
Depreciation on all operating fixed assets is charged to income on a reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 16.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposal.

c) Change in accounting estimate
During the year ended 30 June 2008, the Company has revised its estimate of useful life of computers. Hence depreciation rate of computers has been revised to 30% per annum from 10% per annum. This change in assessment of useful life of computers has been accounted for as a change in accounting estimate and is

recognized prospectively. Had there been no change in this accounting estimate, the loss for the year and the written down value of operating fixed assets as on 30 June 2008 would have been lower and higher by Rupees 4.727 million respectively. Accordingly, earnings per share for the year ended 30 June 2008 would have also been higher by Rupees 0.095 per share.

The Company has accounted for the above stated changes in accounting estimates prospectively in accordance with IAS 8 "Accounting policies, changes in Accounting Estimates and Errors". Quantification and disclosure of these changes for the future years is impracticable.

d) Derecognition
An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Leased

a) Finance Lease
Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. 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 cost so as to achieve a constant rate on the balance outstanding. The finance cost 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. Depreciation of the leased assets is charged to income.

b) 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 on a straight-line basis over the period of lease.

4.5.2 Intangible Assets
Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

4.6 Investments
The Company's management determines the appropriate classification of its investments at the time of purchase. Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investments at fair value through profit and loss".

Investments at fair value through profit and loss account
Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term.

Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held-to-maturity
Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the

Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. For investments 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.

Available-for-sale
Other investments not covered in any of the above categories are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Upon impairment, gain / loss including that had been previously recognized directly in equity, is included in the profit and loss account for the year.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined based on appropriate valuation techniques, if it is practicable to determine.

All purchases and sales of investments are recognized on the trade date which is the date that the Company contracted to purchase or sell the investment.

Equity investments in associated companies
The investments in associates in which the Company does not have significant influence are classified as "Available-for-Sale".

Investment in subsidiary
Long term investment in subsidiary is accounted for at cost in accordance with IAS-27 "Consolidated and Separate Financial Statements".

4.7 Inventories
Inventories, except for stock in transit, waste stock and rejected goods are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores and Spares
Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

Stock in Trade
Cost of raw material is based on weighted average cost.

Cost of work in process and finished goods comprises prime cost and appropriate production overheads determined on weighted average cost. Cost of goods purchased for resale are valued at their respective purchase price by using first-in-first-out method.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock and rejected goods are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.8 Non-current assets held for sale
Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

4.9 Borrowing cost
Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of

borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

4.10 Revenue recognition

(a) 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.

(b) Dividend on equity investment is recognized as income if right to receive payment is established.

(c) Profit on bank deposits is recognized on a time proportion basis taking into account, the principal outstanding and rates of profits applicable thereon.

(d) Revenue on sale of electricity is recognized at the time of transmission.

4.11 Impairment
The carrying amounts of the Company's assets are reviewed at each balance sheet date, to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are charged to income.

4.12 Financial instruments
Financial instruments are recognized at fair value 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 loses the control over contractual right that comprises the financial asset or a portion of financial asset. While a financial liability or a part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in contract is discharged, cancelled or expired.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are long term investments, trade debts, deposits, loans and advances and other receivables, short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term borrowings and trade and other payables.

4.12.1 Trade debts and other receivables
Trade debts are initially measured at fair value and subsequently at amortized cost using effective interest rate method less provision for impairment. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.12.2 Trade and other payables
Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

4.12.3 Mark up bearing borrowings
Borrowings are recognized initially at fair value and are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method.

4.12.4 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.13 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.

4.14 Related party transactions
Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

4.15 Dividend and other appropriations
Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

4.16 Derivative Financial Instruments
Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will affect profit or loss.

5. AUTHORIZED SHARE CAPITAL

2008	2007		2008	2007
(Number of shares)			Rupees	Rupees
80,000,000	80,000,000	Ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000	30,000,000	Preference shares of Rupees 10 each	300,000,000	300,000,000
110,000,000	110,000,000		1,100,000,000	1,100,000,000

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

14,000,000	14,000,000	Ordinary shares of Rupees 10 each fully paid in cash	140,000,000	140,000,000
18,780,031	18,780,031	Ordinary shares of Rupees 10 each as fully paid bonus shares	187,800,310	187,800,310
3,584,977	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
14,546,003	-	Ordinary shares of Rupees 10 each issued as right shares @ Rupees 20 per share each (Note 6.1)	145,460,030	-
50,911,011	36,365,008		509,110,110	363,650,080

6.1 During the year, the Company issued 14,546,003 right shares in proportion of one share for every 2.5 shares held.

7. RESERVES

Composition of reserves is as follows:	2008	2007
Capital	**Rupees**	**Rupees**
Share premium (Note 7.1)	213,406,310	67,946,280
Surplus on revaluation of investments - net off deferred tax (Note 7.2)	658,508,014	830,113,864
	871,914,324	898,060,144
Revenue		
General	1,058,027,640	1,058,027,640
Un appropriated profit / (Accumulated loss)	(200,195,386)	178,245,581
	857,832,254	1,236,273,221
	1,729,746,578	2,134,333,365

7.1 This reserve can be utilized by the Company only for the purposes specified in section 83 (2) of the Companies Ordinance, 1984.

7.2 Surplus on revaluation of investments - net off deferred tax

	2008	2007
Balance as on 01 July	1,083,586,384	151,252,758
Fair value adjustment on investments:		
Maple Leaf Cement Factory Limited	(164,659,439)	(7,141,766)
Security General Insurance Company Limited	(9,418,862)	939,475,392
	(174,078,301)	932,333,626
	909,508,083	1,083,586,384
Less: Deferred tax liability		
Security General Insurance Company Limited	251,000,069	253,472,520
Balance as on 30 June	658,508,014	830,113,864

7.2.1 This represents the unrealized gain on remeasurement of investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

8. REDEEMABLE CAPITAL-SECURED

	2008	2007
Non participatory		
Term Finance Certificates	39,999,125	119,997,375
Less: Current portion shown under current liabilities (Note 14)	39,999,125	79,998,250
	-	39,999,125

8.1 This represents the privately placed Term Finance Certificates issued to consortium of two banks led by United Bank Limited which are secured against joint first pari passu equitable mortgage charge on all present and future fixed assets 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. The finance is redeemable in 10 equal semi annual installments commenced from 14 January 2004. Only one installment of Rupees 39.999 million is payable.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The Deputy Collector (Refund – Gold) by order dated 19 June 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 10.345 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. Consequently, the Company has filed an appeal before the Customs Federal Excise and Sales Tax Appellate Tribunal. Pending the outcome of appeal no provision for inadmissible input tax has been recognized in the financial statements, since the Company has strong grounds against the order of taxation authority.

15.1.2 The Additional Collector, Sales Tax Department has raised sales tax demand amounting to Rupees 8.956 million alongwith additional tax and penalty, as a result of sales tax audit for the year 1999-2000 conducted by the Sales Tax Department. The Company is contesting the demand and management is confident that decision will be in favour of the Company. Accordingly, no provision for inadmissible input tax has been made in the financial statements.

15.1.3 The Additional Commissioner of Income Tax issued a show cause notice to the Company in respect of tax year 2003 regarding tax liability of Rupees 1.5 million on return on bank deposits. Response to this show cause notice has been furnished in the light of Income Tax Appellate Tribunal's decision in favour of the Company. Accordingly, no provision of this liability has been made in these financial statements.

15.1.4 The Company has filed a recovery suit of US $ 93,225 against a customer for goods supplied to him. Matter is pending before Senior Civil Judge, Lahore. Pending the outcome of the case, no provision for doubtful recoverability of debtor is made in these financial statements since the Company and its legal counsel are confident that the outcome of the case will be in favour of the Company.

15.1.5 Bank guarantee of Rupees 60.50 million (2007: Rupees 68.000 million) in favour of Sui Northern Gas Pipelines Limited against gas connections.

15.1.6 Bank guarantee of Rupees 4.0 million in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess contested in Sindh High Court.

15.2 Commitments

15.2.1 Aggregate commitments for capital expenditure contracted Rupees 2.6 million as on 30 June 2008 (2007: Rupees 17.073 million) and for revenue expenditures contracted Rupees 13.928 million as on 30 June 2008 (2007: Rupees 51.360 million).

15.2.2 Post dated cheques issued to suppliers amounting to Rupees 6.861 million as on 30 June 2008 (2007: 46.383 million).

15.2.3 Cross currency swap of Rupees 320 million (outstanding notional amount) as on 30 June 2008.

16. FIXED ASSETS

	2008 Rupees	2007 Rupees
Property, plant and equipment	3,891,303,330	3,828,979,329
Operating assets (Note 16.1)	164,523,280	192,751,866
Capital work in progress (Note 16.2)	4,055,826,610	4,021,731,195
Intangible asset - computer software (Note 16.1)	6,555,256	4,832,490
	4,062,381,866	4,026,563,685

16.1 **Reconciliation of carrying amounts at the beginning and end of the year is as follows:**

Description	Freehold land	Residential buildings	Factory building	Plant and machinery	Electric Installations	Furniture, fixtures and equipment	Computers	Motor vehicles	Total	Intangible asset
	RUPEES									
As at 01 July 2006										
Cost	128,308,609	36,144,317	724,161,600	4,191,996,978	95,971,966	85,496,007	28,423,729	60,476,326	5,350,979,532	5,085,000
Accumulated depreciation / amortization	-	(16,871,633)	(137,769,975)	(1,219,156,416)	(31,640,410)	(21,659,149)	(10,930,192)	(23,437,611)	(1,461,465,386)	(84,750)
Net book value	128,308,609	19,272,684	586,391,625	2,972,840,562	64,331,556	63,836,858	17,493,537	37,038,715	3,889,514,146	5,000,250
Year ended 30 June 2007										
Opening net book value	128,308,609	19,272,684	586,391,625	2,972,840,562	64,331,556	63,836,858	17,493,537	37,038,715	3,889,514,146	5,000,250
Additions	-	-	17,118,766	198,522,763	3,107,504	15,221,181	5,901,959	25,993,862	265,866,035	1,040,363
Disposal:										
Cost	-	-	-	-	-	-	-	(11,375,845)	(11,375,845)	-
Accumulated Depreciation	-	-	-	-	-	-	-	7,335,571	7,335,571	-
	-	-	-	-	-	-	-	(4,040,274)	(4,040,274)	-
Transfer of assets held for disposal:										
Cost	-	-	-	(222,947,043)	-	-	-	-	(222,947,043)	-
Accumulated Depreciation	-	-	-	161,485,445	-	-	-	-	161,485,445	-
	-	-	-	(61,461,598)	-	-	-	-	(61,461,598)	-
Depreciation charge / amortization	-	(986,578)	(30,866,920)	(208,430,577)	(5,154,671)	(6,282,617)	(2,661,175)	(6,516,442)	(260,898,980)	(1,208,123)
Closing net book value	128,308,609	18,286,106	572,643,471	2,901,471,150	62,284,389	72,775,422	20,734,321	52,475,861	3,828,979,329	4,832,490
As at 01 July 2007										
Cost	128,308,609	36,144,317	741,280,366	4,167,572,698	99,079,470	100,717,188	34,325,688	75,094,343	5,382,522,679	6,125,363
Accumulated depreciation / amortization	-	(17,858,211)	(168,636,895)	(1,266,101,548)	(36,795,081)	(27,941,766)	(13,591,367)	(22,618,482)	(1,553,543,350)	(1,292,873)
Net book value	128,308,609	18,286,106	572,643,471	2,901,471,150	62,284,389	72,775,422	20,734,321	52,475,861	3,828,979,329	4,832,490
Year ended 30 June 2008										
Opening net book value	128,308,609	18,286,106	572,643,471	2,901,471,150	62,284,389	72,775,422	20,734,321	52,475,861	3,828,979,329	4,832,490
Additions	-	-	55,476,216	173,393,280	4,367,572	8,517,117	6,112,105	13,354,195	261,220,485	3,415,995
Disposal:										
Cost	-	-	-	-	-	-	-	(5,739,627)	(5,739,627)	-
Accumulated Depreciation	-	-	-	-	-	-	-	2,822,073	2,822,073	-
	-	-	-	-	-	-	-	(2,917,554)	(2,917,554)	-
Transfer of assets from held for disposal (Note 26):										
Cost	-	-	-	199,597,352	-	-	-	-	199,597,352	-
Accumulated Depreciation	-	-	-	(145,966,240)	-	-	-	-	(145,966,240)	-
	-	-	-	53,631,112	-	-	-	-	53,631,112	-
Depreciation charge / amortization	-	(923,854)	(28,748,452)	(192,045,427)	(6,149,981)	(6,983,641)	(7,332,355)	(7,426,332)	(249,610,042)	(1,693,229)
Closing net book value	128,308,609	17,362,252	599,371,235	2,936,450,115	60,501,980	74,308,898	19,514,071	55,486,170	3,891,303,330	6,555,256
As at June 30, 2008										
Cost	128,308,609	36,144,317	796,756,582	4,540,563,330	103,447,042	109,234,305	40,437,793	82,708,911	5,837,600,889	9,541,358
Accumulated depreciation / amortization	-	(18,782,065)	(197,385,347)	(1,604,113,215)	(42,945,062)	(34,925,407)	(20,923,722)	(27,222,741)	(1,946,297,559)	(2,986,102)
Net book value	128,308,609	17,362,252	599,371,235	2,936,450,115	60,501,980	74,308,898	19,514,071	55,486,170	3,891,303,330	6,555,256
Depreciation rate % per annum	-	5	5	5 - 10	10	10	30	20	-	20

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

	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchasers
	----	----	Rupees	----		
Vehicles						
Suzuki Cultus LRE-9678	559,050	410,151	148,899	285,000	Negotiation	Mrs. Ruqaiya Mushtaq, Multan Road, Lahore.
Suzuki Bolan LRF-4895	367,000	267,442	99,558	265,000	Insur.claim	Adamjee Insurance Company Limited, Bank Square, Lahore.
Toyota Corolla LXZ-162	795,618	632,371	163,247	522,000	Negotiation	Mr. Mehmood-ul-Hassan, Kohi Bagh Hangu, NWFP
Suzuki Cultus LXW-5160	234,611	126,186	108,425	250,000	Negotiation	Mr. Nauman Sabir Basra-employee, Shahdara, Lahore.
Toyota Corolla LZU-2589	1,062,000	283,992	778,008	765,000	Negotiation	Mr. Salman Ahmed, Defence, Lahore Cantt.
Toyota Corolla LRH-650	1,151,484	778,055	373,429	775,000	Negotiation	Syed Altaf Hussain, Margalla Towers, Islamabad.
Honda City LEE-9963	772,314	77,731	694,583	775,000	Negotiation	Mr. Mutahir Munir, Faisal Town, Lahore.
Honda City LRZ-330	797,550	246,145	551,405	605,000	Negotiation	Adnan Rafiq Qureshi, Baidian Road, Lahore Cantt.

16.1.2 The depreciation charge for the year has been allocated as follows:

	2008 Rupees	2007 Rupees
Cost of sales (Note 28)	244,418,303	252,923,202
Distribution cost (Note 29)	1,750,678	507,952
Administrative expenses (Note 30)	3,441,061	7,467,826
	249,610,042	260,898,980

16.1.3 The amortization of intangible asset amounting to Rupees 1,693,229 (2007: Rupees 1,208,123) is included in administrative expenses.

16.1.4 Land having cost of Rupees 1.865 million (2007: Rupees 1.865 million) is in the possession of the Punjab Social Security Health Management Company as at 30 June 2008 for which finalization of sale proceeds is pending.

16.2 **Capital work in progress**

Tangible fixed assets		
Plant and machinery	54,983,669	55,216,094
Civil works on freehold land	96,893,537	128,038,324
Electric Installations	3,649,245	3,742,106
Unallocated Capital Expenditures	8,996,829	3,539,347
Intangible fixed assets		
Computer software	-	2,215,995
	164,523,280	192,751,866

16.2.1 Borrowing cost of Rupees 11.395 million (2007: Rupees 7.546 million) has been capitalized during the year and the rate of capitalization was 7.9% to 12.14% (2007: 6.0% to 12.39%).

		2008 Rupees	2007 Rupees
17.	**LONG TERM INVESTMENTS**		
	Investment in subsidiary company-at cost		
	Q Mart Corporation (Private) Limited - unquoted		
	19,792,950 (2007: Nil) ordinary shares of Rupees 10 each	197,929,500	-
	Advance for purchase of shares	49,300,000	-
		247,229,500	-
	Available for sale		
	K-2 Hosiery (Private) Limited - unquoted (Note 17.1)		
	1,194,000 (2007: 1,194,000) ordinary shares of Rupees 10 each	11,940,000	11,940,000
	Less: Provision for impairment (Note 31)	11,940,000	10,507,200
		-	1,432,800
		247,229,500	1,432,800

17.1 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.

18. **STORES, SPARES AND LOOSE TOOLS**

Stores and spares	381,076,132	302,560,521
Loose tools	2,566,627	1,782,069
	383,642,759	304,342,590

19. **STOCK IN TRADE**

Raw material	472,678,888	391,597,491
Work in process	380,593,492	365,947,895
Finished goods (Note 19.1 and 19.2)	745,458,300	417,563,461
	1,598,730,680	1,175,108,847

19.1 Finished goods valued at net realizable value are amounting to Rupees 103.899 million (2007: Rupees 40.064 million).

19.2 Finished goods includes stock in transit amounting to Rupees 186.993 million (2007: Rupees 61.655 million).

20. **TRADE DEBTS - CONSIDERED GOOD**

Secured	365,511,611	654,382,229
Unsecured (Note 20.1)	409,501,585	333,770,533
	775,013,196	988,152,762

20.1 This includes Rupees Nil (2007: Rupees 0.435 million) receivable from Q Mart Corporation (Private) Limited - subsidiary company.

21. **LOANS AND ADVANCES - CONSIDERED GOOD**

Q Mart Corporation (Private) Limited - subsidiary company	1,162,003	-
Others		
Advances to:		
staff (Note 21.1)	13,222,186	18,436,049
suppliers	421,206,381	139,293,747
contractors	11,867,151	1,878,221
Letters of credit	117,018,908	104,737,496
	564,476,629	264,345,513

21.1 This includes interest free advances to executives amounting to Rupees 6.647 million (2007:Rupees 5.092 million) and the maximum amount of advance outstanding at the end of any month during the year was Rupees 17.527 million (2007: Rupees 5.403 million)

22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2008 Rupees	2007 Rupees
Security deposits	764,567	100,000
Short term prepayments	1,584,473	6,375,758
	2,349,040	6,475,758

23. OTHER RECEIVABLES - Considered Good

	2008 Rupees	2007 Rupees
Advance income tax	71,857,832	96,242,280
Export rebate and claims	43,977,004	52,791,763
Research and development support receivable	31,719,993	63,901,309
Receivable from provident fund	4,963,594	-
Accrued interest	5,496	65,740
Miscellaneous receivables	40,334,640	24,291,277
	192,858,559	237,292,369

24. SHORT TERM INVESTMENTS

	2008 Rupees	2007 Rupees
Available for sale		
Quoted		
Maple Leaf Cement Factory Limited		
11,251,000 (2007: 9,653,000) ordinary shares of Rupees 10 each	169,431,065	117,556,416
Surplus / (Deficit) on revaluation of investment	(46,682,655)	117,976,784
	122,748,410	235,533,200
Unquoted		
Security General Insurance Company Limited-Associated undertaking		
6,076,608 (2007: 1,620,429) fully paid ordinary shares of Rupees 10 each	6,647,800	6,647,800
Surplus on revaluation of investment	956,190,738	965,609,600
Break up value of Rupees 158.45 (2007: Rupees 600) per share was calculated using assets based valuation technique on the basis of market / financial value of assets as per un-audited financial statements for the period ended 30 June 2008.	962,838,538	972,257,400
	1,085,586,948	1,207,790,600

24.1 Security General Insurance Company Limited is associated undertaking due to common directorship.

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

25. CASH AND BANK BALANCES

	2008 Rupees	2007 Rupees
Cash in hand (Note 25.1)	3,189,455	2,607,174
Cash with banks:		
In current accounts (Note 25.2)	37,195,852	77,621,477
In deposit accounts (Note 25.3)	13,128,147	51,460,848
	50,323,999	129,082,325
	53,513,454	131,689,499

25.1 Cash in hand includes foreign currency of US$ 100, Pounds 1,275, Euro 1,576, Canadian Dollars 100 (2007: Pounds 200 and Euro 4,115)

25.2 Cash with banks in current accounts includes foreign currency balances of US$ 34,599 (2007: US$ 37,812).

25.3 Rate of profit on bank deposits ranges from 0.10% to 6.5% (30 June 2007: 0.10% to 6.0%) per annum.

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Plant and machinery having net book value and fair value amounting to Rupees 61,461,598 and Rupees 191,357,000 respectively was presented as held for sale as on 30 June 2007. Due to unavoidable circumstances and depressed economic condition, the company could not sell these assets except for eight looms during the year. Therefore, remaining assets have been transferred to fixed assets and depreciation of Rupees 4,341,717 have been charged during the year as required by IFRS-5. At the time of transfer carrying values and fair values of these assets were Rupees 53,631,112 and Rupees 173,184,111 respectively.

27. SALES

	2008 Rupees	2007 Rupees
Export (Note 27.1)	3,993,175,739	5,946,747,632
Local (Note 27.2)	2,078,095,115	1,664,489,073
	6,071,270,854	7,611,236,705

27.1 Net exchange gain due to currency rate fluctuation relating to export sales amounting to Rupees 14.465 million (2007: net exchange loss Rupees 12.832 million) has been included in the exports sales.

27.2

	2008 Rupees	2007 Rupees
Local sales	2,096,084,291	1,683,545,709
Less: sales tax	15,516,987	19,056,636
Less: Electricity duty and withholding tax	2,472,189	-
	2,078,095,115	1,664,489,073

28. COST OF SALES

	2008 Rupees	2007 Rupees
Raw material consumed (Note 28.1)	3,912,061,179	4,136,106,861
Chemical consumed	505,668,613	509,502,380
Salaries, wages and other benefits	322,653,227	344,582,538
Employees' provident fund contributions	14,148,604	13,902,237
Cloth conversion and processing charges	71,332,406	217,581,118
Fuel, oil and power	63,274,076	265,639,239
Stores, spares and loose tools	139,480,966	102,675,057
Packing material	137,484,135	191,982,476
Repair and maintenance	24,836,726	21,758,036
Insurance	14,776,862	13,595,376
Other manufacturing expenses	53,896,456	74,840,413
Depreciation (Note 16.1.2)	244,418,303	252,923,202
	5,504,031,553	6,145,088,933
Work-in-process inventory		
As on 01 July	365,947,895	441,050,023
As on 30 June	(380,593,492)	(365,947,895)
	(14,645,597)	75,102,128
Cost of goods manufactured	5,489,385,956	6,220,191,061
Cost of yarn and cloth purchased for resale	116,259,188	161,433,987
	5,605,645,144	6,381,625,048
Finished goods inventory		
As on 01 July	417,563,461	522,675,239
As on 30 June	(745,458,300)	(417,563,461)
	(327,894,839)	105,111,778
	5,277,750,305	6,486,736,826

28.1 Raw material consumed

	2008 Rupees	2007 Rupees
Opening stock	391,597,491	390,296,657
Purchased during the year	3,993,142,576	4,137,407,695
	4,384,740,067	4,527,704,352
Closing stock	(472,678,888)	(391,597,491)
	3,912,061,179	4,136,106,861

29. DISTRIBUTION COST

	2008 Rupees	2007 Rupees
Salaries, wages and other benefits	36,259,062	31,143,359
Employees' provident fund contributions	2,091,970	1,755,005
Travelling, conveyance and entertainment	14,964,829	12,630,934
Printing and stationery	112,119	160,506
Communications	8,780,451	13,477,259
Vehicles' running	2,837,982	2,481,904
Insurance	6,015,285	4,238,086
Fee, subscription and taxes	180,308	2,200
Repair and maintenance	66,530	3,345
Commission	65,630,667	90,085,582
Outward freight and handling	129,789,923	126,603,295
Clearing and forwarding	63,034,754	45,061,398
Sales promotion and advertising	4,148,502	744,936
Depreciation (Note 16.1.2)	1,750,678	507,952
Miscellaneous	7,250,048	4,505,250
	342,913,108	333,401,011

30. ADMINISTRATIVE EXPENSES

	2008 Rupees	2007 Rupees
Salaries, wages and other benefits	93,170,389	76,728,753
Employees' provident fund contributions	3,324,719	3,212,529
Travelling, conveyance and entertainment	22,869,252	12,345,622
Printing and stationery	9,451,114	3,121,733
Communications	4,230,406	2,351,163
Vehicles' running	8,581,815	8,009,656
Legal and professional	1,891,131	1,641,593
Insurance	4,375,589	3,426,436
Fee, subscription and taxes	1,927,927	278,379
Repair and maintenance	4,839,368	2,107,914
Research and development (Note 30.1)	20,095,875	9,824,042
Electricity, gas and water	78,732	822,292
Sales promotion and advertising	862,476	699,430
Auditor's remuneration (Note 30.3)	593,457	556,637
Depreciation (Note 16.1.2)	3,441,061	7,467,826
Amortization of intangible asset (Note 16.1.3)	1,693,229	1,208,123
Miscellaneous	17,380,959	12,516,131
	198,807,499	146,318,259

30.1 Research and development

	2008 Rupees	2007 Rupees
Support on account of research and development (Note 30.2)	108,294,507	203,960,459
Less: Utilization		
Product development	76,941,032	143,253,901
Skill development and training	30,108,570	27,668,926
Up gradation of information technology	432,313	532,315
Professional consultancy	171,635	6,900,920
Market research	10,453,457	4,960,452
Technical up gradation of production lines	2,252,310	4,502,345
Environment improvement	6,452,285	13,252,213
Participation in exhibitions	1,578,780	12,713,429
	128,390,382	213,784,501
	20,095,875	9,824,042

30.2 The research and development support has been given by Ministry of Textile Industry, Government of Pakistan vide SRO 803(1)/2006 dated 04 August 2006 in order to encourage and regulate the research and development in textile sector.

30.3 Auditors' remuneration

	2008 Rupees	2007 Rupees
Audit fee	350,000	300,000
Half yearly review	150,000	150,000
Reimbursable expenses	68,457	56,637
Other certification fee	25,000	50,000
	593,457	556,637

31. OTHER OPERATING EXPENSES

	2008 Rupees	2007 Rupees
Workers' profit participation fund	-	9,293,981
Workers' welfare fund	-	3,531,713
Donations (Note 31.1)	-	4,718,466
Provision for impairment	1,432,800	10,507,200
Loss on sale of fixed assets	399,647	-
Exchange loss	99,535,219	4,262,230
	101,367,666	32,313,590

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

32. OTHER OPERATING INCOME

	2008 Rupees	2007 Rupees
Income from financial assets		
Gain on sale of shares	38,690,201	22,118,612
Dividend on equity investment		
Security General Insurance Company Limited - associated company	12,153,217	8,102,145
Return on bank deposits	972,053	1,522,358
Income from non financial assets		
Scrap sales and others	25,510,979	13,174,855
Gain on sale of fixed assets	-	1,830,458
	77,326,450	46,748,428

33. FINANCE COST

	2008 Rupees	2007 Rupees
Markup on long term financing and redeemable capital	109,452,205	201,169,396
Mark up on short term borrowings	299,310,450	250,777,248
Bank commission and other financial charges	46,109,091	34,214,870
Loss on cross currency swap	39,236,494	-
Interest on workers' profit participation fund (Note 11.1)	755,590	-
	494,863,830	486,161,514

34. PROVISION FOR TAXATION

	2008 Rupees	2007 Rupees
Current	41,147,079	64,686,659
Prior year	6,550,020	(6,073,845)
	47,697,099	58,612,814

34.1 The company is under the ambit of final tax upto the extent of export sales under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. No provision for income tax was considered necessary for income which is not subject to final tax under section 169 of the Income Tax Ordinance, 2001, as the company has carry forwardable assessed tax losses of Rupees 216.029 million (2007: Rupees 238.960 million). However, as explained in note 10, no provision for deferred tax was considered necessary.

38.2 Financial risk management

Overall, risks arising from the Company's financial assets and liabilities are limited. The Company manages its exposure to financial risk in the following manner:

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Foreign currency risk on financial instrument receivable in foreign currency is not material.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has long term Rupee based loans at variable rates. The company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. As there are no borrowings at fixed rates, the Company is not exposed to fair value interest rate risk.

c) 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. Out of the total financial assets of Rupees 1,971,423,241 (2007:Rupees 2,375,044,738), the financial assets which are subject to credit risk amounts to Rupees 1,602,722,175 (2007: Rupees 1,718,055,335).

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

38.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38.4 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent redeemable capital, long term financing and short term borrowings obtained by the Company as referred to in Note 8, 9 and 13 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Company's Strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity.

		2008	2007
Borrowings	Rupees	5,559,830,758	4,991,758,531
Total equity	Rupees	2,238,856,688	2,497,983,445
Total capital employed	Rupees	7,798,687,446	7,489,741,976
Gearing ratio	Percentage	71.29	66.65

The increase in the gearing ratio resulted primarily from increase in borrowings from the banks and decrease in fair value reserves due to decrease in value of shares.

39. PLANT CAPACITY AND PRODUCTION

	2008	2007
Weaving		
Number of looms installed	248	256
Number of looms worked	248	256
Rated capacity converted to 60 picks (square meter)	67,651,425	69,833,729
Actual production converted to 60 picks (square meter)	57,576,438	62,527,595
Number of days worked during the year (3 shifts per day)	366	365

	2008	2007
Dyeing		
Rated capacity in 3 shifts (linear meter)	30,000,000	30,000,000
Actual production for three shifts	28,334,512	27,534,845
No. of days worked during the year (3 shifts per day)	366	365
Hosiery		
Number of knitting machines installed	480	480
Number of knitting machines worked	264	386
Rated capacity per day per machine 50 Dozs	8,760,000	8,760,000
Actual production in Dozs	4,388,070	7,856,627
Number of days worked during the year (3 Shifts per day)	366	365
Home Tex / Apparel		
Number of stitching machines	273	229
Number of stitching machines worked	150	224
Rated capacity in linear meters	14,305,677	12,000,000
Actual production in linear meters	2,465,234	8,186,085
Number of days worked during the year	310	351
Genertek		
Number of generators installed	9	7
Number of generators worked	6	4
Installed capacity (Mega Watt Hours)	291,446	273,575
Actual generation (Mega Watt Hours)	76,000	98,415
Standby generators		
Nigatta / Caterpillars generators (Mega Watt Hours)	70,080	8,935
Number of generators	3	2

Plant operation capacity is based on 366 days (2007: 365 days)

39.1 Underutilization of available capacity for weaving, dyeing, hosiery and hometex / apparel division is due to normal maintenance and actual demand.

39.2 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.

40. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements are approved and issued by the Board of Directors for issue on October 07, 2008.

41. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on October 07, 2008, has proposed nill (2007: 12.5%) cash dividend for the year ended 30 June 2008. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of appropriation which will be accounted for subsequent to the year ended.

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangement / regrouping have been made.

43. GENERAL

Figures have been rounded off to nearest of Rupee.

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

Form - 34

The Companies Ordinance 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1.	CUI Number	**17194**
2.	Name of Company	**KOHINOOR MILLS LIMITED**
3.	Pattern of holding of shares held by the shareholders as at	**June 30, 2008**

4. No of Shareholders	Shareholding From		To	Total Shares held
392	1	-	100	10,091
885	101	-	500	194,070
153	501	-	1,000	112,343
255	1,001	-	5,000	586,553
37	5,001	-	10,000	273,380
18	10,001	-	15,000	234,175
16	15,001	-	20,000	276,080
7	20,001	-	25,000	166,829
1	25,001	-	30,000	28,900
2	30,001	-	35,000	65,925
1	35,001	-	40,000	39,128
3	40,001	-	45,000	125,169
4	45,001	-	50,000	187,260
3	50,001	-	55,000	158,242
2	60,001	-	65,000	129,110
1	65,001	-	70,000	66,100
2	75,001	-	80,000	154,154
1	80,001	-	85,000	81,367
1	110,001	-	115,000	110,500
1	225,001	-	230,000	229,500
1	415,001	-	420,000	418,180
1	480,001	-	485,000	482,790
1	505,001	-	510,000	505,112
1	545,001	-	550,000	547,932
1	680,001	-	685,000	683,549
1	705,001	-	710,000	707,500
1	930,001	-	935,000	934,626
1	1,005,001	-	1,010,000	1,007,700
1	1,090,001	-	1,095,000	1,090,700
1	1,230,001	-	1,235,000	1,232,257
1	2,505,001	-	2,510,000	2,506,553
1	2,760,001	-	2,765,000	2,762,357
1	4,520,001		4,525,000	4,522,059
1	10,090,001		10,095,000	10,090,514
2	10,095,001		10,100,000	20,190,306
1,801	**T o t a l**			**50,911,011**

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

5.	**Categories of Shareholders**		**Shares held**	**G.Total**	**Percentage**
5.1	**Directors, Chief Executive Officer, their Spouse and Minor Children**				
	Mr. Aamir Fayyaz Sheikh (Chief Executive/Director)		10,095,178		19.8291
	Mr.Asad Fayyaz Sheikh (Director)		10,095,128		19.8290
	Mr. Ali Fayyaz Sheikh (Director)		10,090,514		19.8199
	Syed Mohsin Raza Naqvi (Director)		1,007,700		1.9793
	Mr. Rashid Ahmed (Director)		3,850		0.0076
	Mr. Salman Akram Raja (Director)		3,850		0.0076
	Mr. Gul Nawaz **(Nominee Director of NIT)**	7	-		
				31,296,220	
5.2.	**Associated Companies, Undertakings and Related Parties**		-	-	-
5.3	**NIT and ICP**				
	Investment Corporation Of Pakistan		2,200		0.0043
	National Bank of Pakistan,Trustee Deptt.	2	7,028,612		13.8057
				7,030,812	
5.4	**Banks, Development Financial Institutions, & Non-Banking Financial Institutions**	8	22,771	22,771	0.0447
5.5	**Insurance Companies**	3	1,774,374	1,774,374	3.4852
5.6	**Modarabas and Mutual Funds**	8	2,384,474	2,384,474	4.6836
5.7	**Share holders holding 10% and more**				
	Refer 5.1 & 5.3				
5.8	**General Public**				
	a. Local	1712	7,304,540		14.3477
	b. Foreign	5	116,538		0.2289
	c. Joint Stock Companies	50	934,749		1.8360
				8,355,827	
5.9	**Others**				
	TRUSTEES MOOSA LAWAI FOUNDATION		9,015		0.0177
	TRUSTEES MOHAMAD AMIN WAKF ESTATE		23,291		0.0457
	TRUSTEES SAEEDA AMIN WAKF		11,180		0.0220
	TRUSTEES AL-MAL GROUP STAFF PROVIDENT FUND		1,694		0.0033
	LAHORE STOCK EXCHANGE		680		0.0013
	MANAG COMMTT OF TAMEER-E-MILLAT FOUND		673		0.0013
		6		46,533	
	Total : →	**1,801**		**50,911,011**	**100.0000**

Kohinoor Mills Limited
&
Subsidiary Company

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Kohinoor Mills Limited (the Holding Company) and its Subsidiary Company, Q Mart Corporation (Private) Limited as at 30 June 2008 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Kohinoor Mills Limited. The financial statements of the Subsidiary Company, Q Mart Corporation (Private) Limited was audited by another firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such Company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Kohinoor Mills Limited and its Subsidiary Company, Q Mart Corporation (Private) Limited as at 30 June 2008 and the results of their operations for the year then ended.

LAHORE:
October 07, 2008

RIAZ AHMAD & COMPANY
Chartered Accountants

[redacted]

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
SALES	27	6,130,611,081	7,611,236,705
COST OF SALES	28	5,327,950,564	6,486,736,826
GROSS PROFIT		802,660,517	1,124,499,879
DISTRIBUTION COST	29	354,818,463	333,401,011
ADMINISTRATIVE EXPENSES	30	230,228,608	146,318,259
OTHER OPERATING EXPENSES	31	101,508,079	32,313,590
		686,555,150	512,032,860
		116,105,367	612,467,019
OTHER OPERATING INCOME	32	78,663,444	46,748,428
PROFIT FROM OPERATIONS		194,768,811	659,215,447
FINANCE COST	33	495,121,600	486,161,514
PROFIT / (LOSS) BEFORE TAXATION		(300,352,789)	173,053,933
PROVISION FOR TAXATION	34	44,912,078	58,612,814
PROFIT / (LOSS) AFTER TAXATION		(345,264,867)	114,441,119
EARNINGS PER SHARE - BASIC & DILUTED	35	(6.96)	2.78

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(300,352,789)	173,053,933
Adjustment for non cash charges and other items:		
Loss / (gain) on sale of operating assets	594,953	(1,830,458)
Depreciation	259,316,220	260,898,980
Amortization of intangible asset	2,515,870	1,208,123
Dividend income	(12,153,217)	(8,102,145)
Gain on sale of shares	(38,690,201)	(22,118,612)
Provision for impairment	1,432,800	10,507,200
Provision for gratuity	1,034,248	-
Finance cost	495,121,600	486,161,514
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE		
ADJUSTMENT OF WORKING CAPITAL	408,819,484	899,778,535
(INCREASE) / DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(78,937,739)	(43,818,987)
Stock-in-trade	(436,494,355)	178,913,072
Trade debts	213,139,566	50,648,814
Loans and advances	(302,170,198)	(34,280,014)
Trade deposits and short term prepayments	3,870,713	(4,024,266)
Other receivables	20,049,362	(64,088,923)
Sales tax recoverable	17,579,015	47,182,738
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Short term borrowings - secured - net	710,226,745	322,264,006
Trade and other payables	275,900,333	(208,379,304)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	423,163,442	244,417,136
CASH GENERATED FROM OPERATIONS	831,982,926	1,144,195,671
Income tax paid	(56,296,107)	(73,321,838)
Finance cost paid	(489,805,861)	(480,129,696)
	(546,101,968)	(553,451,534)
NET CASH FROM OPERATING ACTIVITIES	285,880,958	590,744,137

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure on property, plant and equipment	(249,929,758)	(248,505,096)
Capital expenditure on intangible asset	(8,421,041)	(1,040,363)
Proceeds from disposal of property, plant and equipment	10,544,196	5,870,732
Dividend on equity investments received	12,153,217	8,102,145
Investment in subsidiary company	(195,720,019)	-
Short term investment made	(143,510,255)	(36,712,056)
Proceeds from sale of investment	130,325,994	47,067,702
Long term security deposits	(461,708)	(31,000)
NET CASH USED IN INVESTING ACTIVITIES	(445,019,374)	(225,247,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of right shares	290,920,060	-
Repayment of redeemable capital	(79,998,250)	(79,998,250)
Long term financing - net	(62,156,268)	(335,005,392)
Dividend paid	(63,277,931)	(360)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	85,487,611	(415,004,002)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,650,805)	(49,507,801)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	131,689,499	181,197,300
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	58,038,694	131,689,499

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Share capital	Reserves								Total equity
		Capital			Revenue			Total		
		Share premium	Surplus on revaluation of investments	Sub-Total	General	Unappropriated Profit / (Accumulated Loss)	Sub-Total			
	Rupees									
Balance as on 30 June 2006	330,590,990	67,946,280	151,252,758	219,199,038	1,391,086,730	(236,195,538)	1,154,891,192	1,374,090,230		1,704,681,220
Transfer from general reserves	-	-	-	-	(300,000,000)	300,000,000	-	-		-
Bonus shares issued @ 10%	33,059,090	-	-	-	(33,059,090)	-	(33,059,090)	(33,059,090)		-
Profit for the year ended 30 June 2007	-	-	-	-	-	114,441,119	114,441,119	114,441,119		114,441,119
Fair value adjustment on investments-net off deferred tax	-	-	678,861,106	678,861,106	-	-	-	678,861,106		678,861,106
Balance as on 30 June 2007	363,650,080	67,946,280	830,113,864	898,060,144	1,058,027,640	178,245,581	1,236,273,221	2,134,333,365		2,497,983,445
Issue of right shares in proportion of one share for every 2.5 shares @ Rupees 20 each	145,460,030	145,460,030	-	145,460,030	-	-	-	145,460,030		290,920,060
Dividend for the year ended 30 June 2007 @ Rupees 1.25 per share	-	-	-	-	-	(63,638,764)	(63,638,764)	(63,638,764)		(63,638,764)
Loss for the year ended 30 June 2008	-	-	-	-	-	(345,264,867)	(345,264,867)	(345,264,867)		(345,264,867)
Fair value adjustment on investments-net off deferred tax	-	-	(171,605,850)	(171,605,850)	-	-	-	(171,605,850)		(171,605,850)
Balance as on 30 June 2008	509,110,110	213,406,310	658,508,014	871,914,324	1,058,027,640	(230,658,050)	827,369,590	1,699,283,914		2,208,394,024

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

RASHID AHMED
DIRECTOR

3.2.2 Financial Instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.2.3 Taxation
In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.2.4 Provision for doubtful debts
The Group reviews investment / receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

3.2.5 Provision for gratuity
The Subsidiary Company accounts for gratuity at the rate of 30 days wages for every completed year effective from the date of joining of employees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Consolidation
Subsidiary
Subsidiaries are those entities in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company. Intra group balances and transactions have been eliminated.

Minority interests are that part of net results of the operations and of net assets of the Subsidiary Company attributable to interest which are not owned by the Holding Company. Minority interests are presented as a separate item in the consolidated financial statements.

4.2 Employee Benefits
Holding Company
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.

Subsidiary Company
The Company maintains an unfunded and unapproved gratuity scheme for its employees where the employees are entitled to 30 days wages for each completed year employment effective from the date of joining. No actuarial valuation has been carried out as management considers in view of number of employees that adequate provision has been made in the financial statements towards this liability.

Further, there was an unapproved defined contribution fund scheme, which was terminated during the year with the approval of employees and has been replaced with the unapproved and unfunded gratuity scheme as explained above.

4.3 Provisions
Provisions are recognized in the balance sheet when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits 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.

4.4 Taxation
Current
Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred
Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.5 Foreign currencies
These financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of translation or on the date when fair values are determined. Exchange gain and loss where applicable are recognized in the profit and loss account.

4.6 Fixed assets
4.6.1 Property, plant, equipment and depreciation
Owned

(a) Cost
Property, plant and equipment except freehold 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 asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

(b) Depreciation
Depreciation on all operating fixed assets is charged to income on a reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 16.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposal.

(c) Change in accounting estimate
During the year ended 30 June 2008, the Holding Company has revised its estimate of useful life of computers. Hence depreciation rate of computers has been revised to 30% per annum from 10% per annum. This change in assessment of useful life of computers has been accounted for as a change in accounting estimate and is recognized prospectively. Had there been no change in this accounting estimate, the loss for the year and the written down value of operating fixed assets as on 30 June 2008 would have been lower and higher by Rupees 4.727 million. Accordingly, earnings per share for the year ended 30 June 2008 would have also been higher by Rupees 0.095 per share.

The Holding Company has accounted for the above stated changes in accounting estimates prospectively in accordance with IAS 8 "Accounting policies, changes in Accounting Estimates and Errors". Quantification and disclosure of these changes for the future years is impracticable.

(d) Derecognition
An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Leased
a) Finance Lease
Leases where the Group has substantially all the risk and rewards of ownership are classified as finance lease. Assets

Financial assets are long term investments, trade debts, deposits, loans and advances and other receivables short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term borrowing and trade and other payables.

4.13.1 Trade debts and other receivables

Trade debts are initially measured at fair value and subsequently at amortized cost using effective interest rate method less provision for impairment. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.13.2 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

4.13.3 Mark up bearing borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method.

4.13.4 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.14 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 management intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.15 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

4.16 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

4.17 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

4.18 Derivative Financial Instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Holding Company designates certain derivatives as cash flow hedges.

The Holding Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Holding Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will affect profit or loss.

5. AUTHORIZED SHARE CAPITAL

2008 (Number of shares)	2007 (Number of shares)		2008 Rupees	2007 Rupees
80,000,000	80,000,000	Ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000	30,000,000	Preference shares of Rupees 10 each	300,000,000	300,000,000
110,000,000	110,000,000		1,100,000,000	1,100,000,000

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

14,000,000	14,000,000	Ordinary shares of Rupees 10 each fully paid in cash	140,000,000	140,000,000
18,780,031	18,780,031	Ordinary shares of Rupees 10 each as fully paid bonus shares	187,800,310	187,800,310
3,584,977	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
14,546,003	-	Ordinary shares of Rupees 10 each issued as right shares @ Rupees 20 per share each (Note 6.1)	145,460,030	-
50,911,011	36,365,008		509,110,110	363,650,080

6.1 During the year, the Holding Company issued 14,546,003 right shares in proportion of one share for every 2.5 shares held.

7. RESERVES

Composition of reserves is as follows:

	2008 Rupees	2007 Rupees
Capital		
Share premium (Note 7.1)	213,406,310	67,946,280
Surplus on revaluation of investments - net off deferred tax (Note 7.2)	658,508,014	830,113,864
	871,914,324	898,060,144
Revenue		
General	1,058,027,640	1,058,027,640
Un appropriated profit / (Accumulated loss)	(230,658,050)	178,245,581
	827,369,590	1,236,273,221
	1,699,283,914	2,134,333,365

7.1 This reserve can be utilised only for the purposes specified in section 83 (2) of the Companies Ordinance, 1984.

7.2 Surplus on revaluation of investments - net off deferred tax

	2008 Rupees	2007 Rupees
Balance as on 01 July	1,083,586,384	151,252,758
Fair value adjustment on investments:		
Maple Leaf Cement Factory Limited	(164,659,439)	(7,141,766)
Security General Insurance Company Limited	(9,418,862)	939,475,392
	(174,078,301)	932,333,626
	909,508,083	1,083,586,384
Less: Deferred tax liability		
Security General Insurance Company Limited	251,000,069	253,472,520
Balance as on 30 June	658,508,014	830,113,864

7.2.1 This represents the unrealized gain on remeasurement of investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

8. REDEEMABLE CAPITAL-SECURED

Non participatory

	2008 Rupees	2007 Rupees
Term Finance Certificates (Note 8.1)	39,999,125	119,997,375
Less: Current portion shown under current liabilities (Note 14)	39,999,125	79,998,250
	-	39,999,125

8.1 This represents the privately placed Term Finance Certificates issued by the Holding Company to consortium of two banks led by United Bank Limited which are secured against joint first pari passu equitable mortgage charge on all present and future fixed assets 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. The finance is redeemable in 10 equal semi annual installments commenced from 14 January 2004. Only one installment of Rupees 39.999 million is payable.

9. LONG TERM FINANCING-SECURED

Obtained by Holding Company

	2008 Rupees	2007 Rupees
Financing from banking companies (Note 9.1)	1,392,451,981	1,454,608,249
Less: Current portion shown under current liabilities (Note 14)	489,544,172	574,036,895
	902,907,809	880,571,354

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

Holding Company

15.1.1 The Deputy Collector (Refund – Gold) by order dated 19 June 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 10.345 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. Consequently, the Company has filed an appeal before the Customs Federal Excise and Sales Tax Appellate Tribunal. Pending the outcome of appeal no provision for inadmissible input tax has been recognized in the financial statements, since the Company has strong grounds against the order of taxation authority.

15.1.2 The Additional Collector, Sales Tax Department has raised sales tax demand amounting to Rupees 8.956 million alongwith additional tax and penalty, as a result of sales tax audit for the year 1999-2000 conducted by the Sales Tax Department. The Company is contesting the demand and management is confident that decision will be in favour of the Company. Accordingly, no provision for inadmissible input tax has been made in the financial statements.

15.1.3 The Additional Commissioner of Income Tax issued a show cause notice to the Company in respect of tax year 2003 regarding tax liability of Rupees 1.5 million on return on bank deposits. Response to this show cause notice has been furnished in the light of Income Tax Appellate Tribunal's decision in favour of the Company. Accordingly, no provision of this liability has been made in these financial statements.

15.1.4 The Company has filed a recovery suit of US $ 93,225 against a customer for goods supplied to him. Matter is pending before Senior Civil Judge, Lahore. Pending the outcome of the case, no provision for doubtful recoverability of debtor is made in these financial statements since the Company and its legal counsel are confident that the outcome of the case will be in favour of the Company.

15.1.5 Bank guarantee of Rupees 60.50 million (2007: Rupees 68.000 million) in favour of Sui Northern Gas Pipelines Limited against gas connections.

15.1.6 Bank guarantee of Rupees 4.0 million in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess contested in Sindh High Court.

Subsidiary Company

15.1.7 The Company had acquired a piece of freehold land and paid buyania of Rupees 0.500 million but the sellers has filed a suit for the increase of price in the local court as explained in note 16.2.2. The management is confident that case will be decided in their favour.

15.1.8 The Company has received a notice from EOBI for the payment of employees benefits amounting to Rupees 0.209 million. The case is still pending in the Court of the EOBI adjudicating authority but the management is confident that case will be decided in their favour.

15.2 Commitments

Holding Company

15.2.1 Aggregate commitments for capital expenditure contracted Rupees 2.6 million as on 30 June 2008 (2007: Rupees 17.073 million) and for revenue expenditures contracted Rupees 13.928 million as on 30 June 2008 (2007: Rupees 51.360 million).

15.2.2 Post dated cheques issued to suppliers amounting to Rupees 6.861 million as on 30 June 2008 (2007: 46.383 million).

15.2.3 Cross currency swap of Rupees 320 million (outstanding notional amount) as on 30 June 2008.

Subsidiary Company

15.2.4 Commitment for rent of building amounting to Rupees 0.080 million. (2007: Nil)

16. FIXED ASSETS

	2008 Rupees	2007 Rupees
Property, plant and equipment		
Operating assets (Note 16.1)	4,048,882,146	3,828,979,329
Capital work in progress (Note 16.2)	173,365,349	192,751,866
	4,222,247,495	4,021,731,195
Intangible asset - computer software (Note 16.1)	10,737,661	4,832,490
	4,232,985,156	4,026,563,685

16.1 Reconciliation of carrying amounts at the beginning and end of the year is as follows:

Description	Freehold land	Residential buildings	Factory building	Building on leasehold land	Plant and machinery	Electric Installations	Furniture, fixtures and equipment	Computers	Motor vehicles	Total	Intangible asset
	RUPEES										
As at 01 July 2006											
Cost	128,308,609	36,144,317	724,161,600	-	4,191,996,978	95,971,966	85,496,007	28,423,729	60,476,326	5,350,979,532	5,085,000
Accumulated depreciation / amortization	-	(16,871,633)	(137,769,975)	-	(1,219,156,416)	(31,640,410)	(21,659,149)	(10,930,192)	(23,437,611)	(1,461,465,386)	(84,750)
Net book value	128,308,609	19,272,684	586,391,625	-	2,972,840,562	64,331,556	63,836,858	17,493,537	37,038,715	3,889,514,146	5,000,250
Year ended 30 June 2007											
Opening net book value	128,308,609	19,272,684	586,391,625	-	2,972,840,562	64,331,556	63,836,858	17,493,537	37,038,715	3,889,514,146	5,000,250
Additions	-	-	17,118,766	-	198,522,763	3,107,504	15,221,181	5,901,959	25,993,862	265,866,035	1,040,363
Disposal:											
Cost	-	-	-	-	-	-	-	-	(11,375,845)	(11,375,845)	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	7,335,571	7,335,571	-
	-	-	-		-	-	-	-	(4,040,274)	(4,040,274)	-
Transfer of assets held for disposal:											
Cost	-	-	-	-	(222,947,043)	-	-	-	-	(222,947,043)	-
Accumulated Depreciation	-	-	-	-	161,485,445	-	-	-	-	161,485,445	-
	-	-	-		(61,461,598)	-	-	-	-	(61,461,598)	-
Depreciation charge / amortization	-	(986,578)	(30,866,920)	-	(208,430,577)	(5,154,671)	(6,282,617)	(2,661,175)	(6,516,442)	(260,898,980)	(1,208,123)
Closing net book value	128,308,609	18,286,106	572,643,471	-	2,901,471,150	62,284,389	72,775,422	20,734,321	52,475,861	3,828,979,329	4,832,490
As at 01 July 2007											
Cost	128,308,609	36,144,317	741,280,366	-	4,167,572,698	99,079,470	100,717,188	34,325,688	75,094,343	5,382,522,679	6,125,363
Accumulated depreciation / amortization	-	(17,858,211)	(168,636,895)	-	(1,266,101,548)	(36,795,081)	(27,941,766)	(13,591,367)	(22,618,482)	(1,553,543,350)	(1,292,873)
Net book value	128,308,609	18,286,106	572,643,471	-	2,901,471,150	62,284,389	72,775,422	20,734,321	52,475,861	3,828,979,329	4,832,490
Year ended 30 June 2008											
Opening net book value	128,308,609	18,286,106	572,643,471	-	2,901,471,150	62,284,389	72,775,422	20,734,321	52,475,861	3,828,979,329	4,832,490
Additions	23,798,007	92,926,531	55,476,216	3,611,914	173,393,280	21,772,602	32,669,559	7,456,880	17,791,796	428,896,785	8,421,041
Disposal:											
Cost	-	-	-	-	-	-	(220,659)	-	(6,158,627)	(6,379,286)	-
Accumulated Depreciation	-	-	-	-	-	-	93,975	-	2,976,451	3,070,426	-
	-	-	-		-	-	(126,684)	-	(3,182,176)	(3,308,860)	-
Transfer of assets from held for disposal (Note 26):											
Cost	-	-	-	-	199,597,352	-	-	-	-	199,597,352	-
Accumulated Depreciation	-	-	-	-	(145,966,240)	-	-	-	-	(145,966,240)	-
	-	-	-		53,631,112	-	-	-	-	53,631,112	-
Depreciation charge / amortization	-	(5,222,548)	(28,748,452)	(277,840)	(192,045,427)	(7,386,443)	(9,169,479)	(8,386,005)	(8,080,026)	(259,316,220)	(2,515,870)
Closing net book value	152,106,616	105,990,089	599,371,235	3,334,074	2,936,450,115	76,670,548	96,148,818	19,805,196	59,005,455	4,048,882,146	10,737,661
As at June 30, 2008											
Cost	152,106,616	133,258,521	796,756,582	3,611,914	4,540,563,330	122,288,102	136,920,065	42,758,049	87,598,822	6,015,862,001	15,770,882
Accumulated depreciation / amortization	-	(27,268,432)	(197,385,347)	(277,840)	(1,604,113,215)	(45,617,554)	(40,771,247)	(22,952,853)	(28,593,367)	(1,966,979,855)	(5,033,221)
Net book value	152,106,616	105,990,089	599,371,235	3,334,074	2,936,450,115	76,670,548	96,148,818	19,805,196	59,005,455	4,048,882,146	10,737,661
Depreciation rate % per annum	-	5	5	33	5 - 10	10	10	30 - 33	20	-	20

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

	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchasers
	----------	---------- Rupees	----------	----------		
Vehicles						
Suzuki Cultus LRE-9678	559,050	410,151	148,899	285,000	Negotiation	Mrs. Ruqaiya Mushtaq, Multan Road, Lahore.
Suzuki Bolan LRF-4895	367,000	267,442	99,558	265,000	Insur.claim	Adamjee Insurance Company Limited, Bank Square, Lahore.
Toyota Corolla LXZ-162	795,618	632,371	163,247	522,000	Negotiation	Mr. Mehmood-ul-Hassan, Kohi Bagh Hangu, NWFP
Suzuki Cultus LXW-5160	234,611	126,186	108,425	250,000	Negotiation	Mr. Nauman Sabir Basra-employee, Shahdara, Lahore.
Toyota Corolla LZU-2589	1,062,000	283,992	778,008	765,000	Negotiation	Mr. Salman Ahmed, Defence, Lahore Cantt.
Toyota Corolla LRH-650	1,151,484	778,055	373,429	775,000	Negotiation	Syed Altaf Hussain, Margalla Towers, Islamabad.
Honda City LEE-9963	772,314	77,731	694,583	775,000	Negotiation	Mr. Mutahir Munir, Faisal Town, Lahore.
Honda City LRZ-330	797,550	246,145	551,405	605,000	Negotiation	Adnan Rafiq Qureshi, Baidian Road, Lahore Cantt.
Truck	419,000	154,378	264,622	140,000	Negotiation	Muhammad Aslam

16.1.2 The depreciation charge for the year has been allocated as follows:

	2008 Rupees	2007 Rupees
Cost of sales (Note 28)	244,418,303	252,923,202
Distribution cost (Note 29)	2,863,822	507,952
Administrative expenses (Note 30)	12,034,095	7,467,826
	259,316,220	260,898,980

16.1.3 The amortization of intangible asset amounting to Rupees 2,515,870 (2007: Rupees 1,208,123) is included in administrative expenses.

16.1.4 Land having cost of Rupees 1.865 million of Holding Company(2007: Rupees 1.865 million) is in the possession of the Punjab Social Security Health Management Company as at 30 June 2008 for which finalization of sale proceeds is pending.

16.1.5 Free hold land of Subsidiary Company includes two pieces of land having carrying value of Rupees 15.406 million and Rupees 3.672 million which are in the name of Mr. Amir Fayyaz Sheikh (Director) and Mrs. Amir Fayyaz Sheikh respectively.

16.2 Capital work in progress

	2008 Rupees	2007 Rupees
Tangible fixed assets		
Land (Note 16.2.2)	500,000	-
Plant and machinery	54,983,669	55,216,094
Civil works on freehold land	102,189,756	128,038,324
Electric Installations	3,649,245	3,742,106
Unallocated Capital Expenditures	12,042,679	3,539,347
Intangible fixed assets		
Computer software	-	2,215,995
	173,365,349	192,751,866

16.2.1 Borrowing cost of Holding Company amounting to Rupees 11.395 million (2007: Rupees 7.546 million) has been capitalized during the year and the rate of capitalization was 7.9% to 12.14% (2007: 6.0% to 12.39%).

16.2.2 The Subsidiary Company had acquired piece of freehold land measuring more than one Kanal situated at Umer Park Chak no. 47 North Tehsil and District Sargodha for Rupees 3.000 million against which Rs. 0.500 million has been paid as buyania.The Subsidiary Company has the possession of the land and has started the construction thereon. However, the owner has filed a suit against the Subsidiary Company for the increase in the price of the land.

17. LONG TERM INVESTMENTS

	2008 Rupees	2007 Rupees
Available for sale		
K-2 Hosiery (Private) Limited - unquoted (Note 17.1)		
1,194,000 (2007: 1,194,000) ordinary shares of Rupees 10 each	11,940,000	11,940,000
Less: Provision for impairment (Note 31)	11,940,000	10,507,200
	-	1,432,800

17.1 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 Holding Company does not have power to participate in the financial and operating decisions of investee.

18. STORES, SPARES AND LOOSE TOOLS

	2008	2007
Stores and spares	381,076,132	302,560,521
Loose tools	2,566,627	1,782,069
	383,642,759	304,342,590

19. STOCK IN TRADE

	2008	2007
Raw material	472,678,888	391,597,491
Work in process	380,593,492	365,947,895
Finished goods (Note 19.1 and 19.2)	766,034,852	417,563,461
	1,619,307,232	1,175,108,847

19.1 Finished goods valued at net realizable value are amounting to Rupees 103.899 million (2007: Rupees 40.064 million).

19.2 Finished goods includes stock in transit amounting to Rupees 186.993 million (2007: Rupees 61.655 million).

20. TRADE DEBTS - CONSIDERED GOOD

	2008	2007
Secured	365,511,611	654,382,229
Unsecured	409,501,585	333,770,533
	775,013,196	988,152,762

21. LOANS AND ADVANCES - CONSIDERED GOOD

	2008	2007
Advances to:		
staff (Note 21.1)	14,436,279	18,436,049
suppliers	426,567,751	139,293,747
contractors	11,867,151	1,878,221
Letters of credit	117,018,908	104,737,496
	569,890,089	264,345,513

21.1 This includes interest free advances to executives amounting to Rupees 6.647 million (2007:Rupees 5.092 million) and the maximum amount of advance outstanding at the end of any month during the year was Rupees 17.527 million (2007: Rupees 5.403 million).

22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2008	2007
Security deposits	834,567	100,000
Short term prepayments	2,116,169	6,375,758
	2,950,736	6,475,758

23. OTHER RECEIVABLES
Considered Good

	2008	2007
Advance income tax	72,069,061	96,242,280
Export rebate and claims	43,977,004	52,791,763
Research and development support receivable	31,719,993	63,901,309
Receivable from provident fund	4,963,594	-
Accrued interest	5,496	65,740
Miscellaneous receivables	40,724,272	24,291,277
	193,459,420	237,292,369

24. SHORT TERM INVESTMENTS

	2008 Rupees	2007 Rupees
Available for sale		
Quoted		
Maple leaf Cement Factory Limited		
11,251,000 (2007: 9,653,000) ordinary shares of Rupees 10 each	169,431,065	117,556,416
Surplus / (Deficit) on revaluation of investment	(46,682,655)	117,976,784
	122,748,410	235,533,200
Unquoted		
Security General Insurance Company Limited-Associated undertaking		
6,076,608 (2007: 1,620,429) fully paid ordinary shares of Rupees 10 each	6,647,800	6,647,800
Surplus on revaluation of investment	956,190,738	965,609,600
	962,838,538	972,257,400
Break up value of Rupees 158.45 (2007: Rupees 600) per share was calculated using assets based valuation technique on the basis of market / financial value of assets as per un-audited financial statements for the period ended 30 June 2008.	1,085,586,948	1,207,790,600

24.1 Security General Insurance Company Limited is associated undertaking due to common directorship.

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

25. CASH AND BANK BALANCES

	2008 Rupees	2007 Rupees
Cash in hand (Note 25.1)	3,794,871	2,607,174
Cash with banks:		
In current accounts (Note 25.2)	39,622,554	77,621,477
In deposit accounts (Note 25.3)	14,621,269	51,460,848
	54,243,823	129,082,325
	58,038,694	131,689,499

25.1 Cash in hand includes foreign currency of US$ 100, Pounds 1,275, Euro 1,576, Canadian Dollars 100 (2007: Pounds 200 and Euro 4,115).

25.2 Cash with banks in current accounts includes foreign currency balances of US$ 34,599 (2007: US$ 37,812).

25.3 Rate of profit on bank deposits ranges from 0.10% to 6.5% (30 June 2007: 0.10% to 6.0%) per annum.

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In the financial statements of Holding Company plant and machinery having net book value and fair value amounting to Rupees 61,461,598 and Rupees 191,357,000 respectively was presented as held for sale as on 30 June 2007. Due to unavoidable circumstances and depressed economic condition, the Company could not sell these assets except for eight looms during the year. Therefore, remaining assets have been transferred to fixed assets and depreciation of Rupees 4,341,717 have been charged during the year as required by IFRS-5. At the time of transfer carrying values and fair values of these assets were 53,631,112 and 173,184,111 respectively.

27. SALES

	2008 Rupees	2007 Rupees
Export (Note 27.1)	3,993,175,739	5,946,747,632
Local (Note 27.2)	2,137,435,342	1,664,489,073
	6,130,611,081	7,611,236,705

27.1 Net exchange gain due to currency rate fluctuation relating to export sales amounting to Rupees 14.465 million (2007: net exchange loss Rupees 12.832 million) has been included in the exports sales.

	2008 Rupees	2007 Rupees
27.2 Local sales	2,155,872,877	1,683,545,709
Less: sales tax	15,965,346	19,056,636
Less: Electricity duty and withholding tax	2,472,189	-
	2,137,435,342	1,664,489,073

28. COST OF SALES

	2008 Rupees	2007 Rupees
Holding Company		
Raw material consumed (Note 28.1)	3,912,061,179	4,136,106,861
Chemical consumed	505,668,613	509,502,380
Salaries, wages and other benefits	322,653,227	344,582,538
Employees' provident fund contributions	14,148,604	13,902,237
Cloth conversion and processing charges	71,332,406	217,581,118
Fuel, oil and power	63,274,076	265,639,239
Stores, spares and loose tools	139,480,966	102,675,057
Packing material	137,484,135	191,982,476
Repair and maintenance	24,836,726	21,758,036
Insurance	14,776,862	13,595,376
Other manufacturing expenses	53,896,456	74,840,413
Depreciation (Note 16.1.2)	244,418,303	252,923,202
	5,504,031,553	6,145,088,933
Work-in-process inventory		
As on 01 July	365,947,895	441,050,023
As on 30 June	(380,593,492)	(365,947,895)
	(14,645,597)	75,102,128
Cost of goods manufactured	5,489,385,956	6,220,191,061
Cost of yarn and cloth purchased for resale	116,259,188	161,433,987
	5,605,645,144	6,381,625,048
Finished goods inventory		
As on 01 July	417,563,461	522,675,239
As on 30 June	(745,458,300)	(417,563,461)
	(327,894,839)	105,111,778
Cost of sales	5,277,750,305	6,486,736,826
Subsidiary Company		
Opening stock	7,701,121	-
Purchased during the year	63,075,690	-
	70,776,811	-
Closing stock	(20,576,552)	-
Cost of sales	50,200,259	-
	5,327,950,564	6,486,736,826

28.1 Raw material consumed

	2008 Rupees	2007 Rupees
Opening stock	391,597,491	390,296,657
Purchased during the year	3,993,142,576	4,137,407,695
	4,384,740,067	4,527,704,352
Closing stock	(472,678,888)	(391,597,491)
	3,912,061,179	4,136,106,861

29. DISTRIBUTION COST

	2008 Rupees	2007 Rupees
Salaries, wages and other benefits	40,409,232	31,143,359
Employee's provident fund contributions	2,091,970	1,755,005
Travelling, conveyance and entertainment	15,117,292	12,630,934
Printing and stationery	119,042	160,506
Communications	8,955,152	13,477,259
Vehicles' running	3,438,168	2,481,904
Insurance	6,160,708	4,238,086
Fee, subscription and taxes	180,308	2,200
Repair and maintenance	288,454	3,345
Commission	65,630,667	90,085,582
Outward freight and handling	130,262,324	126,603,295
Clearing and forwarding	63,034,754	45,061,398
Sales promotion and advertising	6,469,689	744,936
Rent, Rates and Taxes	1,342,087	-
Depreciation (Note 16.1.2)	2,863,822	507,952
Miscellaneous	8,454,794	4,505,250
	354,818,463	333,401,011

37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year for remuneration, including certain benefits, to the full time working directors and executives are as follows:

	2008			2007		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial remuneration	2,640,000	6,435,000	21,661,227	2,145,000	5,417,500	19,625,721
House rent	660,000	1,608,750	5,671,361	536,250	1,084,875	5,261,328
Utilities	264,000	643,500	2,165,830	214,500	558,202	1,962,311
Special allowance	528,000	1,287,000	3,941,385	429,000	1,116,500	2,788,625
Contribution to provident fund	264,000	643,500	2,159,530	214,500	255,750	603,082
Miscellaneous	444,000	1,023,750	4,273,356	-	889,500	4,571,124
	4,800,000	11,641,500	39,872,689	3,539,250	9,322,327	34,812,191
Number of persons	1	3	28	1	4	27

37.1 Chief executive, directors and executives are provided with free use of company's owned and maintained cars.

37.2 No remuneration was paid to the directors and chief executive of the Subsidiary Company.

37.3 Meeting fee of Rupees 240,000 was paid to three directors for attending meetings during the year (2007: Rupees 65,000 paid to three directors for attending meetings.)

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Interest / mark-up rate

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

	Interest / mark-up bearing		Non-Interest / mark-up bearing		Total	
	Maturity		Maturity			
	Within one year	One year to Five years	Within one year	One year to Five years	2008	2007
Financial assets	Rupees					
Long term investments	-	-	-	-	-	1,432,800
Long-term security deposits	-	-	-	4,038,673	4,038,673	3,151,751
Trade debts	-	-	775,013,196	-	775,013,196	988,152,762
Loans and advances	-	-	14,843,821	-	14,843,821	18,436,049
Trade deposits	-	-	834,567	-	834,567	100,000
Other receivables	-	-	40,729,768	-	40,729,768	24,357,017
Short term investments	-	-	1,085,586,948	-	1,085,586,948	1,207,790,600
Cash and bank balances	14,621,269	-	43,417,425	-	58,038,694	131,689,499
	14,621,269	-	1,960,425,725	4,038,673	1,979,085,667	2,375,110,478
Off balance sheet	-	-	-	-	-	-
Total financial assets	14,621,269	-	1,960,425,725	4,038,673	1,979,085,667	2,375,110,478
Financial liabilities						
Redeemable capital	39,999,125	-	-	-	39,999,125	119,997,375
Long term financing	489,544,172	902,907,809	-	-	1,392,451,981	1,454,608,249
Trade and other payables	-	-	843,215,879	-	843,215,879	581,596,306
Mark up accrued on loans	-	-	113,895,958	-	113,895,958	108,580,219
Short term borrowings	4,127,379,652	-	-	-	4,127,379,652	3,417,152,907
	4,656,922,949	902,907,809	957,111,837	-	6,516,942,595	5,681,935,056
Off balance sheet						
Commitments	130,000,000	190,000,000	23,469,000	-	343,469,000	114,816,000
Total financial liabilities	4,786,922,949	1,092,907,809	980,580,837	-	6,860,411,595	5,796,751,056
On balance sheet gap	(4,642,301,680)	(902,907,809)	1,003,313,888	4,038,673	(4,537,856,928)	(3,306,824,578)
Off balance sheet gap	(130,000,000)	(190,000,000)	(23,469,000)	-	(343,469,000)	(114,816,000)

Effective Interest/mark-up rates		2008	2007
		(Percentage)	
Financial assets			
Bank balances	(Rate per annum)	0.10 to 6.5	0.10 to 6.0
Financial liabilities			
Redeemable capital	(Rate per annum)	12.71	11.56
Long term financing	(Rate per annum)	6.0 to 16.88	6.0 to 12.88
Short term borrowings - Local	(Rate per annum)	7.5 to 15.12	6.5 to 12.5
Short term borrowings - Foreign	(Rate per annum)	4.15 to 7.06	4.10 to 6.86

38.2 Financial risk management

Overall, risks arising from the Group's financial assets and liabilities are limited. The Group manages its exposure to financial risk in the following manner:

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Foreign currency risk on financial instrument receivable in foreign currency is not material.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has long term Rupee based loans at variable rates. The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. As there are no borrowings at fixed rates, the Group is not exposed to fair value interest rate risk.

c) 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. Out of the total financial assets of Rupees 1,979,085,667 (2007:Rupees 2,375,044,738), the financial assets which are subject to credit risk amounts to Rupees 1,609,779,185 (2007: Rupees 1,718,055,335).

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

38.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38.4 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent redeemable capital, long term financing and short term borrowings obtained by the Group as referred to in Note 8, 9 and 13 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Group's Strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity.

		2008	2007
Borrowings	Rupees	5,559,830,758	4,991,758,531
Total equity	Rupees	2,208,394,024	2,497,983,445
Total capital employed	Rupees	7,768,224,782	7,489,741,976
Gearing ratio	Percentage	71.57	66.65

The increase in the gearing ratio resulted primarily from increase in borrowings from the banks and decrease in fair value reserves due to decrease in value of shares.

		2008	2007
39.	**PLANT CAPACITY AND PRODUCTION**		
	Holding Company		
	Weaving		
	Number of looms installed	248	256
	Number of looms worked	248	256
	Rated capacity converted to 60 picks (square meter)	67,651,425	69,833,729
	Actual production converted to 60 picks (square meter)	57,576,438	62,527,595
	Number of days worked during the year (3 shifts per day)	366	365
	Dyeing		
	Rated capacity in 3 shifts (linear meter)	30,000,000	30,000,000
	Actual production for three shifts	28,334,512	27,534,845
	No. of days worked during the year (3 shifts per day)	366	365
	Hosiery		
	Number of knitting machines installed	480	480
	Number of knitting machines worked	264	386
	Rated capacity per day per machine 50 Dozs	8,760,000	8,760,000
	Actual production in Dozs	4,388,070	7,856,627
	Number of days worked during the year (3 Shifts per day)	366	365
	Home Tex / Apparel		
	Number of stitching machines	273	229
	Number of stitching machines worked	150	224
	Rated capacity in linear meters	14,305,677	12,000,000
	Actual production in linear meters	2,465,234	8,186,085
	Number of days worked during the year	310	351
	Genertek		
	Number of generators installed	9	7
	Number of generators worked	6	4
	Installed capacity (Mega Watt Hours)	291,446	273,575
	Actual generation (Mega Watt Hours)	76,000	98,415
	Standby generators		
	Nigatta / Caterpillars generators (Mega Watt Hours)	70,080	8,935
	Number of generators	3	2
	Plant operation capacity is based on 366 days (2007: 365 days)		

39.1 Underutilization of available capacity for weaving, dyeing, hosiery and hometex / apparel division is due to normal maintenance and actual demand.

39.2 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.

40. ACQUISITION OF SUBSIDIARY

On 31 July 2007, 100% shares in Q Mart Corporation (Private) Limited were acquired by Kohinoor Mills Limited resulting in formation of the Kohinoor Group. Details of net assets acquired and goodwill are as follows:

	Rupees
Purchase consideration (in cash)	197,929,500
Fair value of net assets acquired	164,044,715
Goodwill	33,884,785

The assets and (liabilities) arising from acquisition are as follows:

	Rupees
Fixed assets	159,580,510
Long term security deposits	425,214
Deferred tax assets	3,842,632
Stores, spares and loose tools	362,430
Stock-in-trade	7,704,030
Loans and advances	3,374,378
Trade deosits and short term prepayments	345,691
Other receivables	600,861
Cash and bank balances	2,209,481
Provision for gratuity	(777,792)
Trade and other payables	(13,364,849)
Provision for taxation	(257,871)
	164,044,715

40.1 The carrying value of assets and liabilities acquired approximate their fair values.

41. AUTHORIZATION OF FINANCIAL STATEMENTS

These consolidated financial statements are approved and issued by the Board of Directors for issue on October 07, 2008.

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangement / regrouping have been made.

43. GENERAL

Figures have been rounded off to the nearest of Rupee.

AAMIR FAYYAZ SHEIKH	RASHID AHMED
CHIEF EXECUTIVE	DIRECTOR

Annual Report 2008

Form of Proxy
21st Annual General Meeting 2008

I/We ______________________________

of ____________ in the district of ____________ being a member of

KOHINOOR 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 **21st Annual General Meeting** of the Company to be held on **Friday , October 31, 2008 at 11:30 a.m.** and at any adjournment thereof.

As witness my/our hand seal this ______________ day of ______________ , 2008

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

Signatures 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 Raiwind Road, 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 name, address 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.