



## DIRECTORS' REVIEW

Your Directors are pleased to report the following operational results:

### OPERATING RESULTS

	Period ended 31 March	2003	2002
Crushing days	No.	154	119
Cane crushing	M. Tons	600,004	452,795
Recovery	%	7.72	8.48
Production	M. Tons	45,855	39,132

	Season ended	12 April, 2003	23 April, 2002
Crushing days	No.	166	142
Cane crushing	M. Tons	630,565	529,915
Recovery	%	7.74	8.49
Raw sugar	M. Tons	–	1,156
Total production	M. Tons	48,786	46,074

Due to early start and increased crushing capacity, the Mills achieved record crushing and production. Severe damage to the crop from pyrilla attack resulted in lower recovery. Lower mark-up rates have helped to reduce overheads.

The buyback of shares from shareholders holding non-marketable lots of shares has been approved in the last AGM and such shareholders may now approach the Company for the sale of such holdings to the Company.

Lahore.

May 06, 2003.

**M. USMAN SAIGOL**

Chief Executive

		Six months ended March 31 2003 2002 (Rupees in thousands)					
STATEMENT OF CHANGES IN EQUITY							
	Share Capital	Share Premium	General Reserve	Revalu- ation Surplus	Accumu- lated P & L A/C		
Balance as at Oct. 01	94,868	41,109	62,000	334,256	(27,372)	504,861	242,029
Profit for the Period	–	–	–	–	23,106	23,106	6,423
Balance as at March 31	<b>94,868</b>	<b>41,109</b>	<b>62,000</b>	<b>334,256</b>	<b>(4,266)</b>	<b>527,967</b>	<b>248,452</b>



**KOHINOOR SUGAR MILLS LIMITED**

## **REVIEW REPORT TO THE MEMBERS**

We have reviewed the annexed balance sheet of **Kohinoor Sugar Mills Limited** as at March 31, 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The advance to Kohinoor Textile Mills Limited which was necessitated due to the reorganization of management in the Saigol Group of Companies, together with interest up to September 30, 1985 amounting to Rs. 9.715 million. No interest has been provided on the said advance since September 30, 1985. The balance appearing in the audited accounts of Kohinoor Textile Mills Limited is Rs. 4.794 million. The balance confirmation in this regard was not provided by the management. The Company has taken legal action for the recovery of the dues. No provision against amount recoverable has been made in the accounts.

Based on our review, except for the matter relating to advance to Kohinoor Textile Mills Limited as stated in the above paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore.  
May 06, 2003.

**S. M. MASOOD & CO.**  
Chartered Accountants

**KOHINOOR SUGAR MILLS LIMITED****BALANCE SHEET**  
(UN-AUDITED)

	As at	
	March 31 2003	Sept. 30 2002
	(Rupees in thousands)	
<b>FIXED ASSETS</b>		
Operating fixed assets	553,575	549,954
Operating fixed assets subject to finance lease	39,534	41,638
Capital work in progress	46,222	48,111
	639,331	639,703
<b>LONG TERM DEPOSITS</b>	2,678	2,678
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	54,983	52,693
Stock in trade	379,186	65,816
Advances, deposits and prepayments	37,846	37,530
Taxation	19,815	20,350
Short term investment	–	3,000
Cash and bank balances	3,676	5,337
	495,506	184,726
<b>CURRENT LIABILITIES</b>		
Short term borrowings	316,893	115,893
Current maturity of long term and other loans	10,000	15,600
Current maturity of liabilities against assets subject to finance lease	17,415	29,538
Creditors, provisions and accrued expenses	144,676	53,770
Dividend:		
Un-claimed	405	405
Payable	14,230	14,230
	503,619	229,436
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>	(8,113)	(44,710)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	633,896	597,671
<b>LONG TERM LIABILITIES</b>		
Long term loans	37,498	36,834
Liabilities against assets subject to finance lease	7,614	7,614
Other loan	46,173	33,718
	91,285	78,166
<b>OTHER LIABILITIES</b>	14,644	14,644
<b>NET ASSETS</b>	527,967	504,861
<b>REPRESENTED BY :</b>		
Share capital	94,868	94,868
Premium on right shares	41,109	41,109
General reserve	62,000	62,000
Balance transferred from P & L account	(4,266)	(27,372)
<b>TOTAL CAPITAL AND RESERVES</b>	193,711	170,605
<b>SURPLUS ON REVALUATION OF LAND</b>	334,256	334,256
	527,967	504,861

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive



**KOHINOOR SUGAR MILLS LIMITED**

**PROFIT AND LOSS ACCOUNT**

(UN-AUDITED)

	Six Months ended	
	March 31	
	2003	2002
	(Rupees in thousands)	
SALES	438,767	343,440
COST OF SALES	<u>383,731</u>	<u>301,848</u>
GROSS PROFIT	55,036	41,592
OPERATING EXPENSES		
Administrative	<u>16,819</u>	<u>16,702</u>
Selling	<u>1,825</u>	<u>1,832</u>
	<u>18,644</u>	<u>18,534</u>
OPERATING PROFIT	36,392	23,058
FINANCIAL AND OTHER CHARGES	14,134	26,687
OTHER INCOME/(EXPENSES)	<u>3,042</u>	<u>11,769</u>
PROFIT BEFORE TAXATION	25,300	8,140
TAXATION	<u>(2,194)</u>	<u>(1,717)</u>
PROFIT AFTER TAXATION	23,106	6,423
BALANCE BROUGHT FORWARD	<u>(27,372)</u>	<u>(58,868)</u>
	<u>(4,266)</u>	<u>(52,445)</u>
EARNING PER SHARE (Rs.)	2.44	0.68

**Note – 1 COST OF SALES**

Raw Material		
Cane purchased (Net)	<u>628,454</u>	<u>455,126</u>
Raw sugar	<u>-</u>	<u>20,093</u>
	628,454	475,219
Salaries, wages and staff welfare	18,552	15,761
Dyes, chemicals, fuel & packing material	20,437	20,051
Manufacturing expenses	16,520	10,646
Depreciation	11,079	11,472
Amortization	<u>2,060</u>	<u>2,288</u>
	697,102	535,437
Work in process (Net)	<u>(6,964)</u>	<u>(4,382)</u>
Cost of Goods Produced	690,138	531,055
Finished goods (Net)	<u>(306,407)</u>	<u>(229,207)</u>
	<u>383,731</u>	<u>301,848</u>

**Note – 2** These accounts are being submitted to shareholders as required U/S 245 of the Companies Ordinance, 1984 and have been prepared in compliance with IAS-34.

**Note – 3** Accounting policies adopted for half yearly accounts are the same as adopted for annual accounts.

**Note – 4** Mark-up amounting to Rs. 2.862 million capitalized on specific borrowings from Faysal Bank Limited for installation of new boiler.

**Note – 5** Mark-up rate on other loan has been reduced from 17% to 13% per annum w.e.f. January 01, 2003.

**Note – 6** Figures of previous year have been rearranged according to current presentation.

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive

**KOHINOOR SUGAR MILLS LIMITED****STATEMENT OF CHANGES IN FINANCIAL POSITION**  
(CASH FLOW STATEMENT)

	<b>Six Months ended March 31</b>	
	<b>2003</b>	<b>2002</b>
	<b>(Rupees in thousands)</b>	
<b>Cash flow from operating activities</b>		
Net profit before taxation	25,300	8,140
Adjustments for :		
Depreciation	11,671	12,201
Amortization	2,104	2,344
Profit on sale of fixed assets	(9)	(122)
Financial charges	12,326	26,105
Profit on short term investment	(308)	-
Operating profit before working capital changes	<b>51,084</b>	<b>48,668</b>
(Increase)/Decrease in stores, spares and loose tools	(2,290)	(1,210)
(Increase)/Decrease in stock in trade	(313,370)	(213,496)
(Increase)/Decrease in advances, deposits and prepayments	(316)	(22,314)
Increase/(Decrease) in creditors, provisions and accrued expenses	91,535	155,294
Increase/(Decrease) in unclaimed dividend	-	(1)
Cash (used in)/generated from operations	<b>(173,357)</b>	<b>(33,059)</b>
Taxes paid	(1,659)	(2,881)
Financial charges paid	(13,467)	(23,269)
Net Cash (used in)/generated from operating activities	<b>(188,483)</b>	<b>(59,209)</b>
<b>Cash flow from investing activities</b>		
Addition to fixed assets	(2,082)	(94)
Sale proceeds on disposal of fixed assets	9	525
Addition to capital work in progress	(10,502)	(1,060)
Net cash used in investing activities	<b>(12,575)</b>	<b>(629)</b>
<b>Cash flow from financing activities</b>		
Increase/(Decrease) in long term loans	(4,936)	(2,515)
Increase/(Decrease) in lease liabilities	(12,123)	(12,655)
Increase/(Decrease) in short term borrowings	201,000	77,396
Increase/(Decrease) in other loan	12,456	805
Net cash (used in)/generated from financing activities	<b>196,397</b>	<b>63,031</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(4,661)</b>	<b>3,193</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>8,337</b>	<b>1,557</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b>3,676</b>	<b>4,750</b>

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive