



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your Directors are pleased to present the quarterly report for the period ended December 31, 2006.

Sharp drop in sugar prices due to offloading of sugar stocks by the government has had a negative impact on profitability. The crushing season commenced on 30th November, 2006. However, low sugar prices prevail and cane arrivals at mills are slow due to growers' expectations of higher cane prices later in the season.

The Directors project a short term glut of sugar in the early half of the year with prices improving in the later half.

Lahore.
January 25, 2007

M. FAROOQUE SAIGOL
Chief Executive

STATEMENT OF CHANGES IN EQUITY							
(Rupees in thousands)							
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Unappropriated Balance	Quarter ended December 31	
						2006	2005
Balance as at							
Oct. 01	94,868	41,109	62,000	565,688	5,925	769,590	544,247
Profit / (loss) for the period	-	-	-	-	(39,252)	(39,252)	16,853
Balance as at							
Dec. 31	94,868	41,109	62,000	565,688	(33,327)	730,338	561,100



KOHINOOR SUGAR MILLS LIMITED

BALANCE SHEET

	As at	
	Un-Audited 31 Dec. 2006	Audited 30 Sep. 2006
	(Rupees in thousands)	
FIXED ASSETS		
Property, plant and equipment	957,381	894,237
Capital work in progress	419,262	408,925
	1,376,643	1,303,162
LONG TERM DEPOSITS	2,495	2,495
CURRENT ASSETS		
Stores, spare parts and loose tools	76,921	84,466
Stock in trade	147,612	218,957
Trade debts – Unsecured, considered good	8,251	4,168
Loans and advances	107,697	33,899
Short term deposits and prepayments	292	370
Other receivables	13,380	14,581
Taxation	21,857	24,672
Cash and bank balances	21,049	9,553
	397,059	390,666
CURRENT LIABILITIES		
Trade and other payables	125,611	71,640
Accrued mark-up	19,568	23,026
Short term borrowings – Secured	162,218	294,697
Current portion of long term liabilities	58,282	63,851
Provision for taxation	1,209	4,580
	366,888	457,794
CURRENT ASSETS LESS CURRENT LIABILITIES	30,171	(67,128)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,409,309	1,238,529
CONTINGENCIES AND COMMITMENTS (Note – 5)	–	–
NON CURRENT LIABILITIES		
Long term finances – Secured	463,951	326,317
Liabilities against assets subject to finance lease	12,049	12,049
Other loan – Unsecured	160,360	87,962
	636,360	426,328
DEFERRED TAXATION	41,302	41,302
OTHER LIABILITIES	1,309	1,309
NET ASSETS	730,338	769,590
REPRESENTED BY :		
Share capital	94,868	94,868
Capital reserve – Premium on right shares	41,109	41,109
Revenue reserve		
General reserve	62,000	62,000
Unappropriated balance	(33,327)	5,925
	28,673	67,925
TOTAL CAPITAL AND RESERVES	164,650	203,902
SURPLUS ON REVALUATION OF LAND	565,688	565,688
	730,338	769,590

Lahore,
January 25, 2007.

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive

**KOHINOOR SUGAR MILLS LIMITED****PROFIT AND LOSS ACCOUNT**

(UN-AUDITED)

	Quarter Ended December 31	
	2006	2005
	(Rupees in thousands)	
SALES	236,712	163,668
COST OF SALES (Note-8)	<u>251,712</u>	<u>129,374</u>
GROSS PROFIT / (LOSS)	(15,000)	34,294
OPERATING EXPENSES		
Selling and distribution cost	370	311
Administrative expenses	<u>12,591</u>	<u>10,213</u>
	12,961	10,524
OPERATING PROFIT / (LOSS)	(27,961)	23,770
FINANCE COST	15,152	6,272
OTHER INCOME / (EXPENSES)	5,070	1,062
WORKERS' PROFIT PARTICIPATION FUND	—	884
PROFIT / (LOSS) BEFORE TAXATION	(38,043)	17,676
PROVISION FOR TAXATION	<u>(1,209)</u>	<u>(823)</u>
PROFIT / (LOSS) AFTER TAXATION	(39,252)	16,853
BALANCE BROUGHT FORWARD	<u>5,925</u>	<u>12,014</u>
	<u>(33,327)</u>	<u>28,867</u>
EARNING PER SHARE (Rs.)	(4.14)	1.78

Lahore,
January 25, 2007.**M. SALEEM SAIGOL**
Director**M. FAROOQUE SAIGOL**
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

CASH FLOW STATEMENT

	Quarter ended December 31	
	2006	2005
	(Rupees in thousands)	
Cash flow from operating activities		
Profit / (loss) before taxation	(38,043)	17,676
Adjustments for :		
Depreciation	10,641	8,181
Finance cost	15,152	6,272
(Gain) / loss on disposal of fixed assets	–	16
Mark-up on agricultural loan	–	(11)
WPPF	–	884
Operating profit before working capital changes	(12,250)	33,018
(Increase)/Decrease in current assets		
Stores, spare parts and loose tools	7,545	(4,568)
Stock in trade	71,345	(150,434)
Trade debts	(4,083)	(536)
Loans and advances	(73,798)	(8,331)
Short term deposits and prepayments	78	(939)
Other receivables	1,201	(141)
	(9,962)	(131,931)
Increase/(Decrease) in current liabilities		
Trade and other payables	53,971	36,160
Cash (Used in)/generated from operations	44,009	(95,771)
Taxes paid	(1,765)	(1,165)
Finance cost paid	(27,879)	(5,879)
Net Cash (used in)/generated from operating activities	14,365	(102,815)
Cash flow from investing activities		
Addition to fixed assets	(501)	(1,811)
Sale proceeds on disposal of fixed assets	–	17
Mark-up received	–	11
Addition to capital work in progress	(74,351)	(32,000)
Net cash used in investing activities	(74,852)	(33,783)
Cash flow from financing activities		
Increase/(Decrease) in long term finances	132,967	36,958
Increase/(Decrease) in lease liabilities	(902)	(2,959)
Increase/(Decrease) in short term borrowings	(132,479)	125,729
Increase/(Decrease) in other loan	72,397	–
Net cash (used in)/generated from financing activities	71,983	159,728
Net increase/(decrease) in cash & cash equivalents	11,496	23,130
Cash & cash equivalents at beginning of the period	9,553	2,909
Cash & cash equivalents at close of the period	21,049	26,039

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED DECEMBER 31, 2006

1 THE COMPANY AND ITS OPERATIONS

The Company is incorporated in Pakistan and listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and selling of sugar and its by-products.

2 COMPLIANCE WITH STATUTORY REQUIREMENTS

These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders as required U/S 245 of the Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies adopted for preparation of these financial statements are the same as adopted for the preceding annual published financial statements of the Company.

4 SEASONALITY OF THREE MONTHS OPERATIONS

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred up to the reporting date have been accounted for.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There were no known quantifiable contingencies as on December 31, 2006.

5.2 Commitments

Commitments in respect of capital expenditure were Rs.130.79 million.

6 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on January 25, 2007.

7 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been rearranged wherever necessary for comparison purposes. However, no material reclassification has been made.



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED DECEMBER 31, 2006

Quarter ended
December 31
2006 2005
(Rupees in thousands)

8 COST OF SALES

Raw Material		
Cane purchased & consumed	134,952	156,137
Raw sugar remelt	–	16,123
Salaries, wages and staff welfare	11,115	8,248
Chemicals, fuel, lubes & packing material	13,890	11,633
Manufacturing expenses	10,458	9,502
Depreciation	9,953	7,817
	<u>180,368</u>	<u>209,460</u>
Work in process (Net)	<u>(14,301)</u>	<u>(15,642)</u>
Cost of Goods Manufactured	166,067	193,818
Finished goods (Net)	85,645	(64,444)
	<u>251,712</u>	<u>129,374</u>

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive