



## DIRECTORS' REVIEW

Your Directors are pleased to present the half yearly report for the period ended March 31, 2005.

### OPERATING RESULTS

		Period ended March 31	
		2005	2004
Crushing days	Nos.	132	123
Cane crushing	M. Tons	442,579	560,862
Recovery	%	8.97	9.17
Production	M. Tons	39,293	50,933
Season ended		April 3, 2005	April 10, 2004
Crushing days	Nos.	134	133
Cane crushing	M. Tons	444,411	583,339
Recovery	%	8.97	9.16
Production	M. Tons	39,864	53,446

Our country was blessed by good winter rains this year but crushing was interrupted frequently due to the inundation. While cane availability in the mills' procurement area dropped by 15%, a more severe shortage of crop in neighboring areas combined with firm sugar market to sharply curtail overall cane availability. In line with the past sugar price pattern the Company adopted an aggressive sales policy which is reflected in the accounts with a corresponding reduction in stocks held for off-season sales.

Lahore.  
May 19, 2005.

**M. USMAN SAIGOL**  
Chief Executive

STATEMENT OF CHANGES IN EQUITY						(Rupees in thousands)	
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Six months ended March 31	
						2005	2004
Balance as at Oct. 01	94,868	41,109	62,000	334,256	(31,633)	500,600	471,918
Dividend for Sep. 30, 2004	-	-	-	-	(10,435)	(10,435)	-
Profit for the period	-	-	-	-	89,844	89,844	7,751
Balance as at March 31	<b>94,868</b>	<b>41,109</b>	<b>62,000</b>	<b>334,256</b>	<b>47,776</b>	<b>580,009</b>	<b>479,669</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, 2005 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. The figures of the profit and loss account for the quarter ended December 31, 2004 have not been reviewed as we are required to review only the cumulative figures for the half year ended March 31, 2005.

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 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 19, 2005.

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

**KOHINOOR SUGAR MILLS LIMITED****BALANCE SHEET**

(UN-AUDITED)

	As at	
	March 31 2005	Sep. 30 2004
	(Rupees in thousands)	
<b>FIXED ASSETS</b>		
Property, plant and equipments	630,277	610,816
Assets subject to finance lease	30,311	32,571
Capital work in progress	2,074	26,002
	662,662	669,389
<b>LONG TERM DEPOSITS</b>	4,515	4,727
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	85,778	63,264
Stock in trade	249,105	95,608
Trade debts	10,774	4,671
Advances, deposits and prepayments	28,005	32,836
Taxation	30,002	31,475
Cash and bank balances	34,314	1,169
	437,978	229,023
<b>CURRENT LIABILITIES</b>		
Short term borrowings – Secured	260,500	163,963
Current maturity of long term loans	87,060	87,060
Current maturity of liabilities against assets subject to finance lease	5,779	11,331
Creditors, provisions and accrued expenses	106,687	27,821
Provision for taxation	3,027	4,100
Un-claimed dividend	1,723	471
	464,776	294,746
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>	(26,798)	(65,723)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	640,379	608,393
<b>CONTINGENCIES AND COMMITMENTS</b>	–	–
<b>NON CURRENT LIABILITIES</b>		
Long term loans – Secured	9,333	18,667
Liabilities against assets subject to finance lease	16,568	16,928
Other loan – Un secured	19,825	57,554
	45,726	93,149
<b>OTHER LIABILITIES</b>	14,644	14,644
<b>NET ASSETS</b>	580,009	500,600
<b>REPRESENTED BY :</b>		
Share capital	94,868	94,868
Capital reserve – Premium on right shares	41,109	41,109
Revenue reserve		
General reserve	62,000	62,000
Un-appropriated balance	47,776	(31,633)
	109,776	30,367
<b>TOTAL CAPITAL AND RESERVES</b>	245,753	166,344
<b>SURPLUS ON REVALUATION OF LAND</b>	334,256	334,256
	580,009	500,600

Lahore,  
May 19, 2005.**M. FAROQUE SAIGOL**  
Director**M. USMAN SAIGOL**  
Chief Executive

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

(UN-AUDITED)

(Rupees in thousands)

	Quarter ended March 31		Six months ended March 31	
	2005	2004	2005	2004
SALES	283,926	164,447	603,940	302,402
COST OF SALES (Note- 8)	226,760	125,398	478,809	261,858
GROSS PROFIT	57,166	39,049	125,131	40,544
OPERATING EXPENSES				
Administrative	10,006	9,400	19,319	17,927
Selling	785	961	1,252	1,904
	10,791	10,361	20,571	19,831
OPERATING PROFIT	46,375	28,688	104,560	20,713
FINANCIAL CHARGES	4,104	5,684	8,518	12,685
OTHER INCOME	111	800	1,473	1,707
	42,382	23,804	97,515	9,735
WORKERS' Profit Participation Fund	2,019	1,134	4,644	464
PROFIT BEFORE TAXATION	40,363	22,670	92,871	9,271
PROVISION FOR TAXATION	(1,420)	(826)	(3,027)	(1,520)
PROFIT AFTER TAXATION	38,943	21,844	89,844	7,751
BALANCE BROUGHT FORWARD	19,268	(74,408)	(31,633)	(60,315)
DIVIDEND for the year Sep. 30, 2004	(10,435)	-	(10,435)	-
	47,776	(52,564)	47,776	(52,564)

**EARNING PER SHARE**      **4.10**      **2.30**      **9.47**      **0.82**  
(Rs.)

**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>2005</b>	<b>2004</b>
	<b>(Rupees in thousands)</b>	
<b>Cash flow from operating activities</b>		
Profit before taxation	92,871	9,271
Adjustments for :		
Depreciation	15,638	14,546
Amortization	1,860	2,556
Financial charges	8,518	12,685
WPPF	4,644	464
Mark- up on agricultural loan	(31)	-
Operating profit before working capital changes	123,500	39,522
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(22,514)	4,854
Stock in trade	(153,497)	(382,804)
Trade debts	(6,103)	3,367
Advances, deposits & prepayments	4,831	(318)
	(53,783)	(335,379)
Increase/(Decrease) in current liabilities		
Creditors, provisions and accrued expenses	75,053	102,618
Cash (Used in)/generated from operations	21,270	(232,761)
Taxes paid	(2,627)	(1,215)
Dividend paid	(9,183)	(34)
Financial charges paid	(7,710)	(12,378)
WPPF paid	(1,639)	-
Net Cash (used in)/generated from operating activities	111	(246,388)
<b>Cash flow from investing activities</b>		
Addition to fixed assets	(920)	(2,781)
Long term deposits	212	(828)
Interest received	31	85
Sale and lease back	-	(4,457)
Sale proceeds on disposal of fixed assets	399	-
Addition to capital work in progress	(10,250)	(22,842)
Net cash used in investing activities	(10,528)	(30,823)
<b>Cash flow from financing activities</b>		
Increase/(Decrease) in long term loans	(9,334)	(9,333)
Increase/(Decrease) in lease liabilities	(5,912)	(2,659)
Increase/(Decrease) in short term borrowings	96,537	288,148
Increase/(Decrease) in other loan	(37,729)	5,443
Net cash (used in)/generated from financing activities	43,562	281,599
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>33,145</b>	<b>4,388</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>1,169</b>	<b>2,622</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b>34,314</b>	<b>7,010</b>

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive



## KOHINOOR SUGAR MILLS LIMITED

### NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED MARCH 31, 2005

#### 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 have been reviewed by the external auditors as required by the Code of Corporate Governance 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 HALF YEARLY OPERATIONS

Due to the seasonal availability of sugarcane, the manufacture 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

There were no known quantifiable contingencies and commitments as on March 31, 2005.

#### 6 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on May 19, 2005.

#### 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.

(Rupees in thousands)

	Quarter ended March 31		Six months ended March 31	
	2005	2004	2005	2004
<b>8 COST OF SALES</b>				
Raw Material				
Cane purchased (Net)	379,025	429,572	558,123	575,381
Salaries, wages and staff welfare	10,842	10,737	18,885	17,361
Chemicals, fuel, lubes & packing material	12,209	13,337	18,530	18,371
Manufacturing expenses	8,301	6,522	20,038	17,326
Depreciation	7,681	7,183	15,125	13,790
Amortization	802	1,217	1,605	2,435
	<u>418,860</u>	<u>468,568</u>	<u>632,306</u>	<u>644,664</u>
Work in process (Net)	<u>(1,786)</u>	<u>(5,947)</u>	<u>(6,503)</u>	<u>(5,947)</u>
Cost of Goods Produced	417,074	462,621	625,803	638,717
Finished goods (Net)	(190,314)	(337,223)	(146,994)	(376,859)
	<u>)</u>	<u>)</u>	<u>)</u>	<u>)</u>
	<u><b>226,760</b></u>	<u><b>125,398</b></u>	<u><b>478,809</b></u>	<u><b>261,858</b></u>

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive