



KOHINOOR SUGAR MILLS LIMITED

29-G, GULBERG II, LAHORE - 54660

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2008



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your Directors are pleased to present the half yearly report for the period ended March 31, 2008.

OPERATING RESULTS

	Period Ended March 31	2008	2007
Crushing days	No.	132	122
Cane crushing	M. Tons	578,894	318,747
Recovery	%	7.49	7.56
Production	M. Tons	43,166	23,724
	Season ended	April 14, 2008	April 17, 2007
Crushing days	No.	146	139
Cane crushing	M. Tons	599,040	368,717
Recovery	%	7.48	7.56
Production	M. Tons	44,786	27,876

SECTOR OVERVIEW

Sugar remains the only international commodity with depressed local prices despite a historical rise in all other sectors. We are facing an oversupply situation due to earlier excessive and unnecessary imports. While 2007-08 production exceeds demand by 900,000 tons, the presence of carryover stocks from previous years has capped prices at below cost levels. Severe frost attack caused widespread damage to the crop across the region.

OPERATIONAL PERFORMANCE

The new tandem was commissioned and performed satisfactorily however its full capacity will be utilized after refinery expansion which will be completed before the next season. Production was higher by 60% from the previous year but, we are still short of our target of 55,000 tons due to the frost effect.

FINANCIAL PERFORMANCE

The reduced recovery from frost damaged cane has increased our cane cost per ton of sugar produced while sugar prices remain low due to oversupply. It is expected that sugar prices will rise gradually in the off season as sugar stocks are depleted. A sharp increase in financial charges is expected now that capitalized machinery has come into production.

Lahore.
May 19, 2008.

M. FAROOQUE SAIGOL
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)						
FOR THE HALF YEAR ENDED MARCH 31, 2008 (Rupees in thousands)						
	Share Capital	Capital Reserves	Share Premium	Revenue Reserves	Un-appropriated Balance	Total
		Revaluation Surplus				
Balance as at Oct. 01, 2006	94,868	565,688	41,109	62,000	5,925	769,590
Bonus share @ 15%	14,230	-	(14,230)	-	-	-
Net loss for the six months ended March 31, 2007	-	-	-	-	(24,966)	(24,966)
Balance as at March 31, 2007	109,098	565,688	26,879	62,000	(19,041)	744,624
Balance as at Oct. 01, 2007	109,098	565,688	26,879	62,000	(141,824)	621,841
Net loss for the six months ended March 31, 2008	-	-	-	-	(53,389)	(53,389)
Balance as at March 31, 2008	109,098	565,688	26,879	62,000	(195,213)	568,452



KOHINOOR SUGAR MILLS LIMITED

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of Kohinoor Sugar Mills Limited as at March 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended March 31, 2008 have not been reviewed as we are required to review only the cumulative figures for the half-year ended March 31, 2008.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matter, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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 amounts 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 effects of the matters referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore:
May 19, 2008

S. M. MASOOD & CO.
Chartered Accountants



KOHINOOR SUGAR MILLS LIMITED

BALANCE SHEET

	As at	
	Un-Audited March 31 2008	Audited Sep. 30 2007
	(Rupees in thousands)	
FIXED ASSETS		
Property, plant and equipment	1,571,119	1,507,054
LONG TERM DEPOSITS	2,495	2,495
CURRENT ASSETS		
Stores, spare parts and loose tools	96,898	90,468
Stock in trade	719,757	176,013
Trade debts – Considered good – unsecured	145	4,410
Loans and advances	24,833	40,015
Short term deposits and prepayments	505	391
Other receivables	14,578	14,779
Taxation	23,277	22,610
Cash and bank balances	17,476	1,171
	897,469	349,857
CURRENT LIABILITIES		
Trade and other payables	487,766	183,675
Accrued mark-up	35,126	23,108
Short term borrowings – Secured	585,456	226,740
Current portion of long term liabilities	58,840	90,926
	1,167,188	524,449
CURRENT ASSETS LESS CURRENT LIABILITIES	(269,719)	(174,592)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,303,895	1,334,957
CONTINGENCIES AND COMMITMENTS (Note-6)	–	–
NON CURRENT LIABILITIES		
Long term finances – Secured	471,917	460,808
Liabilities against assets subject to finance lease	7,840	7,840
Sponsors' loan – Unsecured	205,482	194,264
	685,239	662,912
DEFERRED TAXATION	48,895	48,895
LONG TERM PROVISION	1,309	1,309
NET ASSETS	<u>568,452</u>	<u>621,841</u>
REPRESENTED BY :		
Share capital	109,098	109,098
Capital reserve - Premium on right shares	26,879	26,879
Revenue reserve		
General reserve	62,000	62,000
Un-appropriated balance	(195,213)	(141,824)
	(133,213)	(79,824)
TOTAL CAPITAL AND RESERVES	2,764	56,153
SURPLUS ON REVALUATION OF LAND	565,688	565,688
	<u>568,452</u>	<u>621,841</u>

Lahore
May 19, 2008

M. SALEEM SAIGOL
Director

M. FAROQUE 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	
	2008	2007	2008	2007
SALES	233,012	181,106	459,677	417,818
COST OF SALES	184,928	142,101	453,954	393,813
GROSS PROFIT / (LOSS)	48,084	39,005	5,723	24,005
OPERATING EXPENSES				
Distribution cost	4,051	638	4,661	1,008
Administrative expenses	13,785	13,486	26,253	26,077
	17,836	14,124	30,914	27,085
OPERATING PROFIT/(LOSS)	30,248	24,881	(25,191)	(3,080)
FINANCE COST	24,338	12,886	37,365	28,038
OTHER INCOME / (EXPENSES)	10,603	3,212	11,472	8,282
PROFIT/(LOSS) BEFORE TAXATION	16,513	15,207	(51,084)	(22,836)
PROVISION FOR TAXATION	(1,167)	(921)	(2,305)	(2,130)
PROFIT/(LOSS) AFTER TAXATION	15,346	14,286	(53,389)	(24,966)
BALANCE BROUGHT FORWARD	(210,559)	(33,327)	(141,824)	5,925
	<u>(195,213)</u>	<u>(19,041)</u>	<u>(195,213)</u>	<u>(19,041)</u>
EARNING PER SHARE				
Basic and diluted (Rupees)	1.41	1.31	(4.89)	(2.29)

COST OF SALES				
Raw Material:				
Cane purchased and consumed	633,034	380,954	895,730	515,906
Salaries, wages and staff welfare	19,452	15,966	32,341	27,081
Chemicals, fuel, lubes & packing material	17,998	25,731	28,606	39,621
Manufacturing expenses	5,395	9,159	13,049	19,617
Depreciation	16,379	6,709	27,972	16,662
	692,258	438,519	997,698	618,887
Work in process (Net)	1,087	4,966	(5,391)	(9,335)
Cost of Goods Manufactured	693,345	443,485	992,307	609,552
Finished goods (Net)	(508,417)	(301,384)	(538,353)	(215,739)
	<u>184,928</u>	<u>142,101</u>	<u>453,954</u>	<u>393,813</u>

Finished goods have been written down to NRV from which write down expense Rs. 65,478 thousand (2007: Nil) has been charged to the profit and loss account.

Lahore
May 19, 2008

M. SALEEM SAIGOL
Director

M. FAROQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE HALF YEAR ENDED**

	March 31	
	2008	2007
	(Rupees in thousands)	
Cash flow from operating activities		
Loss before taxation	(51,084)	(22,836)
Adjustments for :		
Depreciation	29,120	18,039
(Gain)/loss on disposal of fixed assets	(10,173)	-
Finance cost	37,365	28,038
Operating profit before working capital changes	5,228	23,241
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(6,430)	(12,273)
Stock in trade	(543,744)	(225,074)
Trade debts	4,265	4,168
Loans and advances	15,182	(6,519)
Short term deposits and prepayments	(114)	243
Other receivables	201	119
	<u>(525,412)</u>	<u>(216,095)</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	304,090	134,245
Cash (used in) / generated from operations	<u>(221,322)</u>	<u>(81,850)</u>
Taxes paid	(2,972)	(4,146)
Dividend paid	-	(72)
WPPF paid	-	(1,736)
Finance cost paid	<u>(51,462)</u>	<u>(48,140)</u>
Net Cash (used in)/generated from operating activities	<u>(275,756)</u>	<u>(135,944)</u>
Cash flow from investing activities		
Addition to fixed assets	(5,168)	(506)
Sale proceeds on disposal of fixed assets	10,198	-
Addition to capital work in progress	<u>(61,926)</u>	<u>(168,291)</u>
Net cash used in investing activities	<u>(56,896)</u>	<u>(168,797)</u>
Cash flow from financing activities		
Increase / (Decrease) in long term finances	(18,892)	131,300
Increase / (Decrease) in lease liabilities	(2,085)	(1,830)
Increase / (Decrease) in short term borrowings	358,716	90,143
Increase / (Decrease) in sponsors' loan	11,218	77,080
Net cash (used in) / generated from financing activities	<u>348,957</u>	<u>296,693</u>
Net increase/(decrease) in cash & cash equivalents	16,305	(8,048)
Cash & cash equivalents at the beginning of the period	1,171	9,553
Cash & cash equivalents at the close of the period	<u>17,476</u>	<u>1,505</u>

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE HALF YEAR ENDED MARCH 31, 2008**

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 Standards (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 HALF YEARLY 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. TAXATION

Income tax expense is recognized based on management's best estimate calculated on turnover basis @ 0.5% as per section 113 of the Income Tax Ordinance, 2001.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There were no known quantifiable contingencies as on March 31, 2008.

6.2 Commitments

Commitments in respect of capital expenditure were Rs. 13.500 million.

7. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2008	Sept. 30, 2007
	(Rupees in thousands)	
Opening written down value	1,507,054	1,303,162
Add: Additions during the period	93,210	240,465
	<u>1,600,264</u>	<u>1,543,627</u>
Less: Disposals during the period (at book value)	25	-
	1,600,239	1,543,627
Less Depreciation charged during the period	29,120	36,573
	<u><u>1,571,119</u></u>	<u><u>1,507,054</u></u>

Six Months Ended
March 31, 2008 **March 31,**
2007
(Rupees in thousands)

8. TRANSACTIONS WITH RELATED PARTIES

Kohinoor Enterprises (Pvt) Ltd.	1,080	720
Provident Fund Trust	2,405	2,095
Sponsors	11,218	77,080

9. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on May 19, 2008.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees. Corresponding figures have been rearranged wherever necessary for comparison. However, no significant re-arrangement has been made.

M. SALEEM SAIGOL

Director

M. FAROOQUE SAIGOL

Chief Executive