



KOHINOOR SUGAR MILLS LIMITED

29-G, GULBERG II, LAHORE - 54660

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2009



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your directors are pleased to present the half yearly report for the period ended March 31, 2009.

OPERATING RESULTS

	Period Ended 31 March		2009	2008
Crushing days	No.		117	132
Cane crushing	M. Tons		318,959	578,894
Recovery	%		9.14	7.49
Production	M. Tons		29,163	43,166
	Season ended		March 07, 2009	April 14, 2008
Crushing days	No.		117	146
Cane crushing	M. Tons		318,959	599,040
Recovery	%		9.14	7.48
Production	M. Tons		29,163	44,786

SECTOR OVERVIEW

Despite a sharp curtailment in the crushing season due to shortage of crop, profitability has improved. The main reason for crop shortage was more attractive rates of rice and wheat. As the price of sugarcane increased this season, the growers are taking an active interest in cane plantation.

OPERATIONAL PERFORMANCE

The mills operated at its best ever mechanical efficiency with high extraction rate and low steam consumption. New water management scheme was implemented to increase availability of cooling water. This also made more water available for imbibitions. Recovery of sugar from sugar cane improved from 7.48% to 9.14%.

FINANCIAL PERFORMANCE

Improved energy efficiency led to substantial fuel saving. Gross margin has improved from previous year. However, higher financial charges and off season expenses will reduce earnings over the remainder of the current fiscal.

Lahore:
May 16, 2009.

M. FAROOQUE SAIGOL
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED MARCH 31, 2009 **(Rupees in thousands)**

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct. 01, 2007	109,098	26,879	62,000	565,688	(141,824)	621,841
Net loss for six months ended March 31, 2008	-	-	-	-	(53,389)	(53,389)
Balance as at Mar. 31, 2008	109,098	26,879	62,000	565,688	(195,213)	568,452
Balance as at Oct. 01, 2008	109,098	26,879	62,000	565,688	(186,372)	577,293
Net profit for six months ended March 31, 2009	-	-	-	-	30,125	30,125
Balance as at Mar. 31, 2009	109,098	26,879	62,000	565,688	(156,247)	607,418



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, 2009 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, 2009 have not been reviewed as we are required to review only the cumulative figures for the half-year ended March 31, 2009.

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, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore:
May 16, 2009

S. M. MASOOD & CO.
Chartered Accountants



KOHINOOR SUGAR MILLS LIMITED

BALANCE SHEET

	As at	
	Un-Audited March 31 2009	Audited Sep. 30 2008
	(Rupees in thousands)	
NON CURRENT ASSETS		
Property, plant and equipment (Note – 5)	1,554,800	1,559,495
LONG TERM DEPOSITS	1,400	1,400
DEFERRED TAX ASSET	10,584	10,584
CURRENT ASSETS		
Stores, spare parts and loose tools	156,753	119,652
Stock in trade	566,730	358,440
Loans and advances	27,507	40,279
Short term deposits and prepayments	769	1,459
Other receivables	13,926	14,595
Taxation	30,328	27,576
Cash and bank balances	12,649	8,772
	808,662	570,773
CURRENT LIABILITIES		
Trade and other payables	586,786	561,601
Accrued mark-up	33,826	37,588
Short term borrowings – Secured	419,547	239,176
Current portion of long term liabilities	20,936	11,290
	1,061,095	849,655
CURRENT ASSETS LESS CURRENT LIABILITIES	<u>(252,433)</u>	<u>(278,882)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,314,351	1,292,597
CONTINGENCIES AND COMMITMENTS (Note-7)	–	–
NON CURRENT LIABILITIES		
Long term finances – Secured	490,333	516,916
Liabilities against assets subject to finance lease	2,559	3,219
Sponsors' loan – Unsecured	212,732	193,860
	705,624	713,995
LONG TERM PROVISION	<u>1,309</u>	<u>1,309</u>
NET ASSETS	<u>607,418</u>	<u>577,293</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	(156,247)	(186,372)
	(94,247)	(124,372)
TOTAL CAPITAL AND RESERVES	41,730	11,605
SURPLUS ON REVALUATION OF LAND	<u>565,688</u>	<u>565,688</u>
	<u>607,418</u>	<u>577,293</u>

Lahore:
May 16, 2009.


M. SALEEM SAIGOL
Director


M. FAROOQUE 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	
	2009	2008	2009	2008
SALES	409,658	233,012	780,270	459,677
COST OF SALES	334,503	184,928	661,451	453,954
GROSS PROFIT	75,155	48,084	118,819	5,723
OPERATING EXPENSES				
Distribution cost	1,396	4,051	1,982	4,661
Administrative expenses	20,226	13,785	35,503	26,253
	21,622	17,836	37,485	30,914
OPERATING PROFIT/(LOSS)	53,533	30,248	81,334	(25,191)
FINANCE COST	29,311	24,338	52,712	37,365
OTHER INCOME / (EXPENSES)	1,812	10,603	3,009	11,472
WORKERS' PROFIT PARTICIPATION FUND	1,240	—	1,506	—
PROFIT/(LOSS) BEFORE TAXATION	24,794	16,513	30,125	(51,084)
PROVISION FOR TAXATION (Note-6)	—	(1,167)	—	(2,305)
PROFIT/(LOSS) AFTER TAXATION	24,794	15,346	30,125	(53,389)
BALANCE BROUGHT FORWARD	(181,041)	(210,559)	(186,372)	(141,824)
	<u>(156,247)</u>	<u>(195,213)</u>	<u>(156,247)</u>	<u>(195,213)</u>
EARNING PER SHARE (Rs.)	2.27	1.41	2.76	(4.89)

COST OF SALES				
Raw Material:				
Cane purchased and consumed	516,162	633,034	761,101	895,730
Salaries, wages and staff welfare	21,114	19,452	37,127	32,341
Chemicals, fuel, lubes & packing material	15,061	17,998	24,951	28,606
Manufacturing expenses	6,303	5,395	16,718	13,049
Depreciation	14,904	16,379	29,844	27,972
	573,544	692,258	869,741	997,698
Work in process (Net)	8,738	1,087	(283)	(5,391)
Cost of Goods Manufactured	582,282	693,345	869,458	992,307
Finished goods				
Opening stock	317,728	204,747	357,500	174,811
Closing stock	565,507	713,164	565,507	713,164
	<u>(247,779)</u>	<u>(508,417)</u>	<u>(208,007)</u>	<u>(538,353)</u>
	<u>334,503</u>	<u>184,928</u>	<u>661,451</u>	<u>453,954</u>

Lahore:
May 16, 2009.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

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

	March 31	
	2009	2008
	(Rupees in thousands)	
Cash flow from operating activities		
Profit / (loss) before taxation	30,125	(51,084)
Adjustments for :		
Depreciation	30,834	29,120
Finance cost	52,712	37,365
(Gain) / loss on disposal of fixed assets	-	(10,173)
WPPF	1,506	-
Operating profit / (loss) before working capital changes	115,177	5,228
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(37,101)	(6,430)
Stock in trade	(208,290)	(543,744)
Trade debts	-	4,265
Loans and advances	12,772	15,182
Short term deposits and prepayments	690	(114)
Other receivables	669	201
	(116,083)	(525,412)
Increase / (Decrease) in current liabilities		
Trade and other payables	23,679	304,090
Cash (used in) / generated from operations	(92,404)	(221,322)
Taxes paid	(2,753)	(2,972)
Finance cost paid	(81,782)	(51,462)
Net Cash (used in) / generated from operating activities	(176,939)	(275,756)
Cash flow from investing activities		
Addition to fixed assets	(45)	(5,168)
Sale proceeds on disposal of fixed assets	-	10,198
Addition to capital work in progress	(785)	(61,926)
Net cash used in investing activities	(830)	(56,896)
Cash flow from financing activities		
Increase / (Decrease) in long term finances	(14,583)	(18,892)
Increase / (Decrease) in lease liabilities	(3,014)	(2,085)
Increase / (Decrease) in short term borrowings	180,371	358,716
Increase / (Decrease) in sponsors' loan	18,872	11,218
Net cash (used in) / generated from financing activities	181,646	348,957
Net increase / (decrease) in cash & cash equivalents	3,877	16,305
Cash & cash equivalents at the beginning of the period	8,772	1,171
Cash & cash equivalents at the close of the period	12,649	17,476

Lahore:
May 16, 2009.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED MARCH 31, 2009

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 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.

March 31, 2009 Sept. 30, 2008
(Rupees in thousands)

5. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	1,559,495	1,507,054
Add: Additions during the period	26,139	115,956
	<u>1,585,634</u>	<u>1,623,010</u>
Less: Disposals during the period (at book value)	-	175
	<u>1,585,634</u>	<u>1,622,835</u>
Less Depreciation charged during the period	30,834	63,340
	<u>1,554,800</u>	<u>1,559,495</u>

6. TAXATION

No provision for taxation has been made on the basis of tax losses and after the depletion of section 113 of the Income Tax Ordinance, 2001.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There were no known quantifiable contingencies as on March 31, 2009 except performance bond of Rs. 3.855 million provided to TCP against supply of 3000 M. Tons of sugar.

7.2 Commitments

Commitments in respect of capital expenditure were Rs. 5.908 million.

Six Months Ended
March 31, 2009 March 31, 2008
(Rupees in thousands)

8. TRANSACTIONS WITH RELATED PARTIES

Kohinoor Enterprises (Pvt) Limited	720	1,080
Provident Fund Trust	1,681	2,405
Sponsors	18,872	11,218

9. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on May 16, 2009.

10. 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.

Lahore:
May 16, 2009.

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive

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