



KOHINOOR SUGAR MILLS LIMITED
29-G, GULBERG-II, LAHORE - 54660

CONDENSED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2010

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DIRECTORS' REVIEW

Your directors are pleased to present the quarterly report for the period ended March 31, 2010.

OPERATING RESULTS

	Period ended 31 March	2010	2009
Crushing days	No.	86	117
Cane Crushing	M.Tons	280,977	318,959
Recovery	%	7.64	9.14
Production	M.Tons	21,470	29,163

	Season ended	February 23, 2010	March 07, 2009
Crushing days	No.	86	117
Cane Crushing	M.Tons	280,977	318,959
Recovery	%	7.64	9.14
Production	M.Tons	21,470	29,163

SECTOR OVERVIEW

Sugarcane prices exceeded all expectations due to perceived shortage of sugar and record high international prices. The situation was further compounded by low recovery of sucrose due to drought which was particularly acute in the northern procurement area. The crushing season ended a month earlier because of sugarcane shortage with resultant low production.

OPERATIONAL PERFORMANCE

The Mills operation was frequently interrupted by stoppage due to lack of sugarcane. However, no furnace oil or external fuel supply was required as the plant maintained higher energy efficiency.

FINANCIAL PERFORMANCE

With low production due to cane shortage, the management is taking all steps to reduce losses. The management is making efforts to economize and sharply reduce costs in the extended off season period. This is a difficult challenge in today's highly inflationary economic environment.

AUDITOR'S REPORT

In reply to auditors observations, recovery of dues from Kohinoor Textile Mills Ltd. (KTML) against the amount decreed in our favour continues to be stayed in an appeal by KTML in the Lahore High Court. Mark-up has not been provided.

Lahore:
May 22, 2010

M. FAROOQUE SAIGOL
Chief Executive



Auditor's Report to the Members on Review of Condensed Interim Financial Information

1. Introduction

We have reviewed the accompanying condensed interim balance sheet of Kohinoor Sugar Mills Limited as at March 31, 2010, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarter ended March 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2010.

2. Scope of Review

We conducted our review in accordance with international standard on review engagement 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 the persons responsible for financial and accounting matters, 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.

3. Conclusion

The advance to Kohinoor Textile Mills Limited that was necessitated due to the reorganization of management in the Saigol Group of Companies, together with interest up to September 30, 1985 amounted 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 is 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 condensed interim financial information as of and for the half year ended March 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:
May 22, 2010


UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan, FCA


**CONDENSED INTERIM BALANCE SHEET**

	Note	As at	
		Mar-31	Sep.30
		2010	2009
		Un-Audited	Audited
		(Rupees in thousands)	
NON CURRENT ASSETS			
Property, plant and equipment	5	1,628,242	1,629,705
LONG TERM DEPOSITS		479	479
DEFERRED TAX ASSET		18,512	18,512
CURRENT ASSETS			
Stores, spare parts and loose tools		161,946	161,204
Stock in trade		763,161	92,362
Loans and advances		30,091	29,490
Trade deposit and short term prepayments		2,037	1,587
Other receivables		14,425	14,461
Taxation		30,617	28,759
Cash and bank balances		8,690	13,350
		1,010,967	341,213
CURRENT LIABILITIES			
Trade and other payables		668,597	343,406
Accrued mark -up		59,120	24,580
Short term borrowings		439,797	99,547
Current portion of long term liabilities		69,655	31,224
Provision for taxation	6	3,677	1,267
		1,240,846	500,024
CURRENT ASSETS LESS CURRENT LIABILITIES		(229,879)	(158,811)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,417,354	1,489,885
CONTINGENCIES AND COMMITMENTS	7	-	-
NON CURRENT LIABILITIES			
Long term financing		347,621	397,874
Liabilities against assets subject to finance lease		1,319	1,436
Sponsors' loan			
Subordinated		180,000	180,000
Other		242,956	236,869
		422,956	416,869
		771,896	816,179
LONG TERM PROVISION		1,309	1,309
NET ASSETS		644,149	672,397
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
Accumulated balance		(202,169)	(173,921)
		(140,169)	(111,921)
TOTAL CAPITAL AND RESERVES		(4,192)	24,056
SURPLUS ON REVALUATION OF LAND		648,341	648,341
		644,149	672,397

The annexed notes form an integral part of these financial statements.

Lahore:
May 22, 2010


M. SALEEM SAIGOL
Director


M. FAROQUE SAIGOL
Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

(Rupees in thousands)

	Half Year Ended Mar-31		Quarter Ended Mar-31	
	2010	2009	2010	2009
SALES	732,775	780,270	501,502	409,658
COST OF SALES	666,045	661,451	444,117	334,503
GROSS PROFIT	66,730	118,819	57,385	75,155
OPERATING EXPENSES				
Distribution cost	1,627	1,982	1,344	1,396
Administrative expenses	34,218	35,503	19,808	20,226
Other operating expenses	550	1,506	150	1,240
	36,395	38,991	21,302	22,862
OPERATING PROFIT	30,335	79,828	36,083	52,293
FINANCE COST	58,960	52,712	34,725	29,311
OTHER OPERATING INCOME / (EXPENSES)	4,054	3,009	1,570	1,812
PROFIT / (LOSS) BEFORE TAXATION	(24,571)	30,125	2,928	24,794
PROVISION FOR TAXATION (Note - 6)	(3,677)	-	(2,510)	-
PROFIT / (LOSS) AFTER TAXATION	(28,248)	30,125	418	24,794
EARNING / (LOSS) PER SHARE-Basic and Diluted (Rs.) (2.59)		2.76	0.04	2.27

COST OF SALES

Raw Material:

Cane purchased and consumed	1,237,195	761,101	942,865	516,162
Salaries, wages and staff welfare	33,380	37,127	20,919	21,114
Chemical, fuel, lubes & packing material	19,439	24,951	12,192	15,061
Manufacturing expenses	20,035	16,718	6,128	6,303
Depreciation	26,794	29,844	13,375	14,904
	1,336,843	869,741	995,479	573,544
Work in process (Net)	(1,051)	(283)	23,618	8,738
Cost of Goods Manufactured	1,335,792	869,458	1,019,097	582,282
Finished goods				
Opening stock	91,051	357,500	185,818	317,728
Closing stock	760,798	565,507	760,798	565,507
	(669,747)	(208,007)	(574,980)	(247,779)
	666,045	661,451	444,117	334,503

The annexed notes form an integral part of these financial statements.

Lahore:
May 22, 2010


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct 01,2008	109,098	26,879	62,000	565,688	(186,372)	577,293
Total comprehensive income for six months ended March 31, 2009	-	-	-	-	30,125	30,125
Balance as at March 31,2009	109,098	26,879	62,000	565,688	(156,247)	607,418
Balance as at Oct 01,2009	109,098	26,879	62,000	648,341	(173,921)	672,397
Total comprehensive loss for six months ended March 31, 2010	-	-	-	-	(28,248)	(28,248)
Balance as at March 31,2010	109,098	26,879	62,000	648,341	(202,169)	644,149

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010.

(Rupees in thousands)

	Half Year Ended Mar-31		Quarter Ended Mar-31	
	2010	2009	2010	2009
Profit / (loss) for the period after taxation	(28,248)	30,125	418	24,794
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	(28,248)	30,125	418	24,794

The annexed notes form an integral part of these financial statements.

Lahore:
May 22, 2010


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive




CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED

	March 31	
	2010	2009
	(Rupees in thousands)	
Cash flow from operating activities		
Profit / (Loss) before taxation	(24,571)	30,125
Adjustments for :		
Depreciation	27,772	30,834
Finance cost	58,960	52,712
Gain on disposal of property, plant & equipment	(1,205)	-
WPPF	-	1,506
Operating profit before working capital changes	60,956	115,177
 (Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(742)	(37,101)
Stock in trade	(670,799)	(208,290)
Loans and advances	(601)	12,772
Trade deposits and short term prepayments	(450)	690
Other receivables	36	669
	<u>(611,600)</u>	<u>(116,083)</u>
 Increase / (Decrease) in current liabilities		
Trade and other payables	325,503	23,679
Cash (used in) / generated from operations	(286,097)	(92,404)
 Taxes paid	(3,125)	(2,753)
Dividend paid	(1)	-
WPPF paid	(311)	-
Finance cost paid	(44,615)	(81,782)
Net Cash (used in)/generated from operating activities	(334,149)	(176,939)
 Cash flow from investing activities		
Addition to property, plant and equipment	(6,797)	(830)
Sale proceeds on disposal of property, plant & equipment	1,888	-
Net cash used in investing activities	(4,909)	(830)
 Cash flow from financing activities		
Long term financing (paid) / disbursed	(9,333)	(14,583)
Lease liabilities paid	(2,606)	(3,014)
Short term borrowings (paid) / disbursed	340,250	180,371
Sponsors' loan (paid) / disbursed	6,087	18,872
Net cash (used in) / generated from financing activities	334,398	181,646
Net increase/ (decrease) in cash & cash equivalents	(4,660)	3,877
Cash & cash equivalents at the beginning of the period	13,350	8,772
Cash & cash equivalents at the close of the period	8,690	12,649

Lahore:
May 22, 2010


M. SALEEM SAIGOL
Director


M. FAROQUE SAIGOL
Chief Executive



NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED MARCH 31, 2010

1. THE COMPANY AND ITS OPERATIONS

The Company is incorporated in Pakistan and listed on the Karachi and Lahore Stock Exchanges. The Registered office of the Company is situated at 29-G, Gulberg II, Lahore and the Mills are located at Jauharabad, District Khushab, Pakistan. The principal activity of the Company is manufacturing and selling of sugar and its by-products.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These condensed interim financial statements are unaudited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges.

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting. These condensed interim financial statements are un-audited but a limited scope review has been performed by the external auditors of the Company in accordance with the requirements of the Code of Corporate Governance and they have issued their report there on.

3. ACCOUNTING POLICIES

3.1 Except as described below, the accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended September 30, 2009.

3.2 Presentation of financial statements

The Company has applied revised IAS -1; "Presentation of financial statements", which became effective for annual period beginning on or after January 01, 2009. Accordingly all changes in owners equity are presented in statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied for the period beginning on October 01, 2009. Comparative information has been re-presented in conformity with the revised standard. The changes in accounting policy impacts presentation only without any impact on earning per share.

**4. SEASONALITY OF HALF YEAR 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.

		Mar.31	Sep.30
		2010	2009
		(Rupees in thousands)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,167,954	1,196,336
Capital work in progress – at cost	5.2	460,288	433,369
		<u>1,628,242</u>	<u>1,629,705</u>
5.1 Operating assets			
Opening written down value		1,196,336	1,173,739
Add: Additions during the period		<u>74</u>	<u>84,498</u>
		1,196,410	1,258,237
Less: Disposals (at book value)		<u>684</u>	<u>-</u>
		1,195,726	1,258,237
Less: Depreciation during the period		<u>27,772</u>	<u>61,901</u>
		<u>1,167,954</u>	<u>1,196,336</u>
5.2 Capital work in progress			
Building on freehold land		39,635	36,567
Plant and machinery		<u>420,653</u>	<u>396,802</u>
		<u>460,288</u>	<u>433,369</u>

5.2.1 This includes mark up capitalized during the period amounting to Rs. 20.195 million (September 30, 2009: Rs. 46.827 million).

6. TAXATION

Provision for taxation has been made on the basis of turnover tax under 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, 2010 except performance bond of Rs. 3.855 million (September 30, 2009: Rs.3.855 million) provided to TCP against supply of 3,000 M. Tons of sugar.

7.2 Commitments

Commitments in respect of capital expenditure were Rs.6.000 million (September 30, 2009: Rs.11.209 million)

		Half Year Ended	
		March 31	
		2010	2009
		(Rupees in thousands)	
8. TRANSACTIONS WITH RELATED PARTIES			
Kohinoor Enterprises (pvt) Limited (Rent expenses)	1,200	720	
Provident Fund Trust (Contribution to PF)	1,624	1,681	
Sponsors' Loan obtained	6,087	18,872	

9. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on May 22, 2010.

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 22, 2010


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive

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