



KOHINOOR SUGAR MILLS LIMITED

## DIRECTORS' REVIEW

Your directors are pleased to present the quarterly report for the period ended December 31, 2005.

The benefit of high sugar prices has been passed on to the cane growers in the form of higher sugarcane prices inspite of lower recoveries. The current crushing season has been characterized by lower sugarcane availability due to cyclical factors and hold up of supplies, resulting particularly in excessive fuel cost and in short production.

Sharply lower recovery of sugar from cane is also a matter of concern which will impact profitability if sugar prices fall below current levels.

Lahore:  
January 25, 2006.

**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	
						2005	2004
Balance as at Oct. 01	94,868	41,109	62,000	334,256	12,014	544,247	500,600
Profit for the Period	-	-	-	-	16,853	16,853	50,901
Balance as at Dec. 31	<b>94,868</b>	<b>41,109</b>	<b>62,000</b>	<b>334,256</b>	<b>28,867</b>	<b>561,100</b>	<b>551,501</b>



**KOHINOOR SUGAR MILLS LIMITED**

**BALANCE SHEET**  
(UN-AUDITED)

	As at	
	31 Dec. 2005	30 Sep. 2005
	(Rupees in thousands)	
<b>FIXED ASSETS</b>		
Property, plant and equipments	647,413	644,352
Capital work in progress	70,585	46,634
	717,998	690,986
<b>LONG TERM DEPOSITS</b>	1,140	1,140
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	95,191	90,624
Stock in trade	216,871	66,437
Advances, deposits and prepayments	55,119	45,172
Taxation	18,921	22,031
Cash and bank balances	26,039	2,909
	412,141	227,173
<b>CURRENT LIABILITIES</b>		
Short term borrowings–Secured	237,841	112,112
Current maturity of long term loans	23,998	28,667
Current maturity of liabilities against assets subject to finance lease	9,931	12,889
Creditors, provisions and accrued expenses	90,253	51,403
Provision for taxation	823	4,275
Un-claimed dividend	608	608
	363,454	209,954
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>	48,687	17,219
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	767,825	709,345
<b>CONTINGENCIES AND COMMITMENTS (Note-5)</b>	–	–
<b>NON CURRENT LIABILITIES</b>		
Long term loans – Secured	142,834	101,207
Liabilities against assets subject to finance lease	3,682	3,682
Other loan – Unsecured	41,816	41,816
	188,332	146,705
<b>DEFERRED TAX LIABILITY</b>	17,084	17,084
<b>OTHER LIABILITIES</b>	1,309	1,309
<b>NET ASSETS</b>	561,100	544,247
<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
Unappropriated balance	28,867	12,014
	90,867	74,014
<b>TOTAL CAPITAL AND RESERVES</b>	226,844	209,991
<b>SURPLUS ON REVALUATION OF LAND</b>	334,256	334,256
	561,100	544,247

LAHORE :  
January 25, 2006

**M. SALEEM SAIGOL**  
Director

**M. FAROQUE SAIGOL**  
Chief Executive



**KOHINOOR SUGAR MILLS LIMITED**

**PROFIT AND LOSS ACCOUNT**

(UN-AUDITED)

**Quarter ended  
December 31**

**2005                      2004**

(Rupees in thousands)

SALES	163,668	320,014
COST OF SALES (Note-8)	<u>129,374</u>	<u>252,049</u>
<b>GROSS PROFIT</b>	34,294	67,965
OPERATING EXPENSES		
Administrative	<u>10,213</u>	<u>9,313</u>
Selling	<u>311</u>	<u>467</u>
	<u>10,524</u>	<u>9,780</u>
<b>OPERATING PROFIT</b>	23,770	58,185
FINANCIAL CHARGES	6,272	4,414
OTHER INCOME	1,062	1,362
WORKERS' PROFIT PARTICIPATION FUND	<u>884</u>	<u>2,625</u>
<b>PROFIT BEFORE TAXATION</b>	17,676	52,508
PROVISION FOR TAXATION	<u>(823)</u>	<u>(1,607)</u>
<b>PROFIT AFTER TAXATION</b>	16,853	50,901
BALANCE BROUGHT FORWARD	<u>12,014</u>	<u>(31,633)</u>
	<u>28,867</u>	<u>19,268</u>
<b>EARNING PER SHARE (Rs.)</b>	<b>1.78</b>	<b>5.37</b>

LAHORE :  
January 25, 2006

**M. SALEEM SAIGOL**  
Director

**M. FAROOQUE SAIGOL**  
Chief Executive



**KOHINOOR SUGAR MILLS LIMITED**

**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
(CASH FLOW STATEMENT)

	<b>Quarter ended December 31</b>	
	<b>2005</b>	<b>2004</b>
	<b>(Rupees in thousands)</b>	
<b>Cash flow from operating activities</b>		
Profit before taxation	17,676	52,508
Adjustments for :		
Depreciation	8,181	8,631
Financial charges	6,272	4,414
Profit on disposal of fixed assets	16	-
Mark-up on agricultural loan	(11)	-
WPPF	884	2,625
Operating profit before working capital changes	<u>33,018</u>	<u>68,178</u>
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(4,568)	252
Stock in trade	(150,434)	38,603
Trade debts	-	(2,070)
Advances, deposits & prepayments	<u>(9,947)</u>	<u>(2,710)</u>
	(131,931)	102,253
Increase/(Decrease) in current liabilities		
Creditors, provisions and accrued expenses	<u>36,160</u>	<u>123,151</u>
Cash (used in)/generated from operations	(95,771)	225,404
Taxes paid	(1,165)	(1,272)
Financial charges paid	<u>(5,879)</u>	<u>(3,702)</u>
Net Cash (used in)/generated from operating activities	(102,815)	220,430
<b>Cash flow from investing activities</b>		
Additions to fixed assets	(1,811)	(232)
Sale proceeds on disposal of fixed assets	17	399
Long term deposits	-	50
Mark-up received	11	-
Additions to capital work in progress	(32,000)	(6,327)
Net cash used in investing activities	(33,783)	(6,110)
<b>Cash flow from financing activities</b>		
Increase/(Decrease) in long term loans	36,958	(4,667)
Increase/(Decrease) in lease liabilities	(2,959)	(3,140)
Increase/(Decrease) in short term borrowings	125,729	(133,963)
Increase/(Decrease) in other loan	-	(26,900)
Net cash (used in)/generated from financing activities	<u>159,728</u>	<u>(168,670)</u>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>23,130</b>	<b>45,650</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>2,909</b>	<b>1,169</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b>26,039</b>	<b>46,819</b>

**M. SALEEM SAIGOL**  
Director

**M. FAROOQUE SAIGOL**  
Chief Executive



## KOHINOOR SUGAR MILLS LIMITED

### NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED DECEMBER 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 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 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

##### 5.1 Contingencies

An appeal has been filed to Lahore High Court, Lahore against penalty of sugarcane cess amounting to Rs. 0.886 million, relating to sugarcane purchased from NWFP during the season 1998-99.

##### 5.2 Commitments

Commitments in respect of capital expenditures are of Rs. 105.74 million including letter of credit for Rs. 24.300 million.

#### 6 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on January 25, 2006.

#### 7 GENERAL

Figures have been rounded off to the nearest thousand rupee.

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, 2005

	Quarter ended	
	December 31	
	2005	2004
<b>8 COST OF SALES</b>	<b>(Rupees in thousand)</b>	
Raw Material		
Cane purchased and consumed	156,137	179,098
Raw sugar remelt	16,123	—
Salaries, wages and staff welfare	8,248	8,043
Chemicals, fuel, lubes & packing material	11,633	6,321
Manufacturing expenses	9,502	11,737
Depreciation	7,817	8,247
	<u>209,460</u>	<u>213,446</u>
Work in process (Net)	<u>(15,642)</u>	<u>(4,717)</u>
Cost of Goods Produced	193,818	208,729
Finished goods (Net)	<u>(64,444)</u>	<u>43,320</u>
	<u>129,374</u>	<u>252,049</u>

**M. SALEEM SAIGOL**  
Director

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