



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your Directors are pleased to present the quarterly report for the period ended December 31, 2007.

Estimated national production of 4.2 Million Tons combined with overbearing carryover stock from previous season has created a massive glut in the market. This has driven current rates of sugar to below cost level. Since sugarcane prices have not been reduced by the regulatory authority, the entire industry is forced to purchase sugarcane at uneconomical prices. Low recovery from unapproved varieties have further increased cost of production. There is an urgent need to export surplus sugar against subsidy as is being done by our neighboring sugar producers.

New plant and machinery under BMR plan is partially operational giving us the benefit of higher crushing level and fuel saving.

Lahore.
January 28, 2008.

M. FAROOQUE SAIGOL
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)							
FOR THE QUARTER ENDED					(Rupees in thousands)		
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	December 31	
						2007	2006
Balance as at Oct. 01	109,098	26,879	62,000	565,688	(141,824)	621,841	769,590
Loss for the period	-	-	-	-	(68,735)	(68,735)	(39,252)
Balance as at Dec. 31	109,098	26,879	62,000	565,688	(210,559)	553,106	730,338



KOHINOOR SUGAR MILLS LIMITED

BALANCE SHEET

	As at	
	Un-Audited Dec. 31 2007	Audited Sep. 30 2007
	(Rupees in thousands)	
FIXED ASSETS		
Property, plant and equipment	1,528,970	1,507,054
LONG TERM DEPOSITS	3,935	2,495
CURRENT ASSETS		
Stores, spare parts and loose tools	95,595	90,468
Stock in trade	212,427	176,013
Trade debts – Considered good – unsecured	16,612	4,410
Loans and advances	68,551	40,015
Short term deposits and prepayments	239	391
Other receivables	15,072	14,779
Taxation	23,084	22,610
Cash and bank balances	797	1,171
	432,377	349,857
CURRENT LIABILITIES		
Trade and other payables	335,214	183,675
Accrued mark-up	28,492	23,108
Short term borrowings – Secured	207,193	226,740
Current portion of long term liabilities	89,918	90,926
	660,817	524,449
CURRENT ASSETS LESS CURRENT LIABILITIES	(228,440)	(174,592)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,304,465	1,334,957
CONTINGENCIES AND COMMITMENTS (Note-6)	–	–
NON CURRENT LIABILITIES		
Long term finances – Secured	470,251	460,808
Liabilities against assets subject to finance lease	7,840	7,840
Sponsors' loan – Unsecured	223,064	194,264
	701,155	662,912
DEFERRED TAXATION	48,895	48,895
LONG TERM PROVISION	1,309	1,309
NET ASSETS	553,106	621,841
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	(210,559)	(141,824)
	(148,559)	(79,824)
TOTAL CAPITAL AND RESERVES	(12,582)	56,153
SURPLUS ON REVALUATION OF LAND	565,688	565,688
	553,106	621,841

Lahore
January 28, 2008

M. SALEEM SAIGOL
Director

M. FAROQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT

(UN-AUDITED)

		Quarter ended December 31	
		2007	2006
		(Rupees in thousands)	
SALES		226,665	236,712
COST OF SALES	(Note – 8)	269,026	251,712
GROSS LOSS		(42,361)	(15,000)
OPERATING EXPENSES			
Distribution cost		610	370
Administrative expenses		12,468	12,591
		13,078	12,961
LOSS FROM OPERATIONS		(55,439)	(27,961)
FINANCE COST		13,027	15,152
OTHER INCOME / (EXPENSES)		869	5,070
LOSS BEFORE TAXATION		(67,597)	(38,043)
PROVISION FOR TAXATION		(1,138)	(1,209)
LOSS AFTER TAXATION		(68,735)	(39,252)
BALANCE BROUGHT FORWARD		(141,824)	5,925
		(210,559)	(33,327)
EARNING PER SHARE (Rs.)		(6.30)	(4.14)

Lahore
January 28, 2008

M. SALEEM SAIGOL
Director

M. FAROQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)

	Quarter ended	
	December 31	
	2007	2006
	(Rupees in thousands)	
Cash flow from operating activities		
Loss before taxation	(67,597)	(38,043)
Adjustments for :		
Depreciation	12,162	10,641
Finance cost	13,027	15,152
Operating loss before working capital changes	<u>(42,408)</u>	<u>(12,250)</u>
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(5,127)	7,545
Stock in trade	(36,414)	71,345
Trade debts	(12,202)	(4,083)
Loans and advances	(28,536)	(73,798)
Short term deposits and prepayments	152	78
Other receivables	(293)	1,201
	<u>(124,828)</u>	<u>(9,962)</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	151,539	53,971
Cash (used in) / generated from operations	<u>26,711</u>	<u>44,009</u>
Taxes paid	(1,612)	(1,765)
Finance cost paid	(22,480)	(27,879)
Net Cash (used in)/generated from operating activities	<u>2,619</u>	<u>14,365</u>
Cash flow from investing activities		
Addition to fixed assets	(2,162)	(501)
Long term deposits	(1,440)	-
Addition to capital work in progress	(17,079)	(74,351)
Net cash used in investing activities	<u>(20,681)</u>	<u>(74,852)</u>
Cash flow from financing activities		
Increase / (Decrease) in long term finances	9,443	132,967
Increase / (Decrease) in lease liabilities	(1,008)	(902)
Increase / (Decrease) in short term borrowings	(19,547)	(132,479)
Increase / (Decrease) in sponsors' loan	28,800	72,397
Net cash (used in) / generated from financing activities	<u>17,688</u>	<u>71,983</u>
Net increase/(decrease) in cash & cash equivalents	<u>(374)</u>	<u>11,496</u>
Cash & cash equivalents at the beginning of the period	<u>1,171</u>	<u>9,553</u>
Cash & cash equivalents at the close of the period	<u>797</u>	<u>21,049</u>

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE QUARTER ENDED DECEMBER 31, 2007**

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 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

Provision for taxation has been 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 December 31, 2007.

6.2 Commitments

Commitments in respect of capital expenditure were Rs 39.060 million.

7. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on January 28, 2008.



KOHINOOR SUGAR MILLS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE QUARTER ENDED DECEMBER 31, 2007**

	2007	2006
	(Rupees in thousands)	
8. COST OF SALES		
Cane purchased and consumed	262,696	134,952
Salaries, wages and staff welfare	12,889	11,115
Chemicals, fuel, lubes & packing material	10,608	13,890
Manufacturing expenses	7,654	10,458
Depreciation	<u>11,593</u>	<u>9,953</u>
	305,440	180,368
Work in process (Net)	<u>(6,478)</u>	<u>(14,301)</u>
Cost of Goods Manufactured	298,962	166,067
Finished goods (Net)	<u>(29,936)</u>	<u>85,645</u>
	<u>269,026</u>	<u>251,712</u>

9. 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.

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive