



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your Directors are pleased to present the Quarterly report for the period ended December 31, 2008.

Sugarcane availability in the Punjab province has reduced by 30% but we are hopeful that better crop quality will provide higher sucrose recovery. However, the sugar market is slow in reacting to increased support price of sugarcane. The financial results reflect this with improvement in gross margin. We are however concerned about high interest rates and tight liquidity in the banking system with resultant increase in financial costs.

M. FAROOQUE SAIGOL
Chief Executive

Lahore:
January 26, 2009.

| STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) | | | | | | | |
|---|----------------|---------------|-----------------|---------------------|-------------------------------|-----------------------|----------------|
| FOR THE QUARTER ENDED | | | | | | (Rupees in thousands) | |
| | Share Capital | Share Premium | General Reserve | Revaluation Surplus | Un-appropriated Profit/(loss) | December 31 | |
| | | | | | | 2008 | 2007 |
| Balance as at Oct. 01 | 109,098 | 26,879 | 62,000 | 565,688 | (186,372) | 577,293 | 621,841 |
| Profit / (Loss) for the period | - | - | - | - | 5,331 | 5,331 | (68,735) |
| Balance as at Dec. 31 | <u>109,098</u> | <u>26,879</u> | <u>62,000</u> | <u>565,688</u> | <u>(181,041)</u> | <u>582,624</u> | <u>553,106</u> |



KOHINOOR SUGAR MILLS LIMITED

BALANCE SHEET

| | As at | |
|---|------------------------------|----------------------------|
| | Un-Audited Dec 31 2008 | Audited Sep. 30 2008 |
| | (Rupees in thousands) | |
| NON CURRENT ASSETS | | |
| Property, plant and equipment | 1,557,438 | 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 | 136,836 | 119,652 |
| Stock in trade | 327,689 | 358,440 |
| Loans and advances | 15,136 | 40,279 |
| Short term deposits and prepayments | 2,269 | 1,459 |
| Other receivables | 14,077 | 14,595 |
| Taxation | 27,898 | 27,576 |
| Cash and bank balances | 5,056 | 8,772 |
| | 528,961 | 570,773 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 604,951 | 561,601 |
| Accrued mark-up | 42,295 | 37,588 |
| Short term borrowings – Secured | 141,968 | 239,176 |
| Current portion of long term liabilities | 10,815 | 11,290 |
| | 800,029 | 849,655 |
| CURRENT ASSETS LESS CURRENT LIABILITIES | <u>(271,068)</u> | <u>(278,882)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 1,298,354 | 1,292,597 |
| CONTINGENCIES AND COMMITMENTS (Note-6) | – | – |
| NON CURRENT LIABILITIES | | |
| Long term finances – Secured | 515,249 | 516,916 |
| Liabilities against assets subject to finance lease | 3,219 | 3,219 |
| Sponsors' loan – Unsecured | 195,953 | 193,860 |
| | 714,421 | 713,995 |
| LONG TERM PROVISION | <u>1,309</u> | <u>1,309</u> |
| NET ASSETS | <u>582,624</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 | (181,041) | (186,372) |
| | (119,041) | (124,372) |
| TOTAL CAPITAL AND RESERVES | 16,936 | 11,605 |
| SURPLUS ON REVALUATION OF LAND | <u>565,688</u> | <u>565,688</u> |
| | <u>582,624</u> | <u>577,293</u> |

Lahore:
January 26, 2009.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT

(UN-AUDITED)

| | Quarter ended December 31 | |
|------------------------------------|------------------------------|-----------|
| | 2008 | 2007 |
| | (Rupees in thousands) | |
| SALES | 370,612 | 226,665 |
| COST OF SALES (Note – 8) | 326,948 | 269,026 |
| GROSS PROFIT/(LOSS) | 43,664 | (42,361) |
| OPERATING EXPENSES | | |
| Distribution cost | 586 | 610 |
| Administrative expenses | 15,277 | 12,468 |
| | 15,863 | 13,078 |
| PROFIT / (LOSS) FROM OPERATIONS | 27,801 | (55,439) |
| FINANCE COST | 23,401 | 13,027 |
| OTHER INCOME / (EXPENSES) | 1,197 | 869 |
| WORKERS' PROFIT PARTICIPATION FUND | 266 | – |
| PROFIT / (LOSS) BEFORE TAXATION | 5,331 | (67,597) |
| PROVISION FOR TAXATION | – | (1,138) |
| PROFIT / (LOSS) AFTER TAXATION | 5,331 | (68,735) |
| BALANCE BROUGHT FORWARD | (186,372) | (141,824) |
| | (181,041) | (210,559) |
| EARNING PER SHARE (Rs.) | 0.49 | (6.30) |

Lahore:
January 26, 2009.


M. SALEEM SAIGOL
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KOHINOOR SUGAR MILLS LIMITED

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

| | Quarter ended December 31 | |
|---|--------------------------------------|-----------------|
| | 2008 | 2007 |
| | (Rupees in thousands) | |
| Cash flow from operating activities | | |
| Profit / (loss) before taxation | 5,331 | (67,597) |
| Adjustments for : | | |
| Depreciation | 15,442 | 12,162 |
| Finance cost | 23,401 | 13,027 |
| Workers' profit participation fund | 266 | - |
| Operating profit/(loss) before working capital changes | <u>44,440</u> | <u>(42,408)</u> |
| (Increase) / Decrease in current assets | | |
| Stores, spare parts and loose tools | (17,184) | (5,127) |
| Stock in trade | 30,751 | (36,414) |
| Trade debts | - | (12,202) |
| Loans and advances | 25,143 | (28,536) |
| Short term deposits and prepayments | (810) | 152 |
| Other receivables | <u>518</u> | <u>(293)</u> |
| | 82,858 | (124,828) |
| Increase / (Decrease) in current liabilities | | |
| Trade and other payables | <u>43,084</u> | <u>151,539</u> |
| Cash (used in) / generated from operations | 125,942 | 26,711 |
| Taxes paid | (322) | (1,612) |
| Finance cost paid | <u>(32,068)</u> | <u>(22,480)</u> |
| Net Cash (used in)/generated from operating activities | 93,552 | 2,619 |
| Cash flow from investing activities | | |
| Addition to fixed assets | (11) | (2,162) |
| Addition to capital work in progress | - | (17,079) |
| Long term deposits | - | (1,440) |
| Net cash used in investing activities | (11) | (20,681) |
| Cash flow from financing activities | | |
| Increase / (Decrease) in long term finances | (1,667) | 9,443 |
| Increase / (Decrease) in lease liabilities | (475) | (1,008) |
| Increase / (Decrease) in short term borrowings | (97,208) | (19,547) |
| Increase / (Decrease) in sponsors' loan | 2,093 | 28,800 |
| Net cash (used in) / generated from financing activities | <u>(97,257)</u> | <u>17,688</u> |
| Net increase/(decrease) in cash & cash equivalents | (3,716) | (374) |
| Cash & cash equivalents at the beginning of the period | 8,772 | 1,171 |
| Cash & cash equivalents at the close of the period | 5,056 | 797 |

Lahore:
January 26, 2009.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED DECEMBER 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 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

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.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There were no known quantifiable contingencies as on December 31, 2008 except performance bond of Rs. 3.855 million provided to TCP against supply of 3000 M. Tons of sugar.

6.2 Commitments

Commitments in respect of capital expenditure were Rs.8.266 million including letter of credit for Rs. 2.232 million.

7. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on January 26, 2009.



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS
FOR THE QUARTER ENDED DECEMBER 31, 2008

| | 2008 | 2007 |
|---|-----------------------------|-----------------------|
| 8. COST OF SALES | (Rupees in thousand) | |
| Raw Material : | | |
| Cane purchased and consumed | 244,939 | 262,696 |
| Salaries, wages and staff welfare | 16,013 | 12,889 |
| Chemicals, fuel, lubes & packing material | 9,890 | 10,608 |
| Manufacturing expenses | 10,415 | 7,654 |
| Depreciation | 14,940 | 11,593 |
| | <u>296,197</u> | <u>305,440</u> |
| Work in process (Net) | <u>(9,021)</u> | <u>(6,478)</u> |
| Cost of Goods Manufactured | 287,176 | 298,962 |
| Finished goods (Net) | <u>39,772</u> | <u>(29,936)</u> |
| | <u>326,948</u> | <u>269,026</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.

Lahore:
January 26, 2009.

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive