



KOHINOOR SUGAR MILLS LIMITED

## DIRECTORS' REVIEW

Your Directors are pleased to present the quarterly report for the period ended December 31, 2003.

Adverse sales for the quarter are due to the seasonal nature of sugar industry and the lesser availability of stocks for sale in this quarter.

The current season's sugar recovery has improved significantly due to better weather, late start of the season, and plant protection and cane development efforts by the Mills management.

However, sugar prices have continued their downward slide due to persistent glut of sugar in the country, which is a matter of serious concern.

Lahore,  
January 27, 2004.

**M. USMAN SAIGOL**  
Chief Executive

<b>STATEMENT OF CHANGES IN EQUITY</b>						<small>(Rupees in thousands)</small>	
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Accumulated P & L	<b>Quarter ended December 31</b>	
						<b>2003</b>	<b>2002</b>
Balance as at Oct. 01	94,868	41,109	62,000	334,256	(60,315)	471,918	504,861
Loss for the Period	-	-	-	-	(14,093)	(14,093)	(7,454)
Balance as at Dec. 31, 2003	<b>94,868</b>	<b>41,109</b>	<b>62,000</b>	<b>334,256</b>	<b>(74,408)</b>	<b>457,825</b>	<b>497,407</b>

**KOHINOOR SUGAR MILLS LIMITED****BALANCE SHEET**  
(UN-AUDITED)

	As at	
	31 Dec. 2003	30 Sep. 2003
	(Rupees in thousands)	
<b>FIXED ASSETS – Tangible</b>		
Operating fixed assets	601,647	538,412
Operating fixed assets subject to finance lease	45,027	41,848
Capital work in progress	18,126	70,728
	664,800	650,988
<b>LONG TERM DEPOSITS</b>	4,443	3,616
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	57,988	60,437
Stock in trade	136,153	96,517
Trade debts	2,850	3,367
Advances, deposits and prepayments	39,774	41,032
Taxation	21,761	21,839
Cash and bank balances	5,643	2,622
	264,169	225,814
<b>CURRENT LIABILITIES</b>		
Short term borrowings	117,650	152,272
Current maturity of long term loans	28,667	28,667
Current maturity of liabilities against assets subject to finance lease	12,820	15,743
Creditors, provisions and accrued expenses	142,908	43,459
Dividend: Un-claimed	475	506
	302,520	240,647
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>	(38,351)	(14,833)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	630,892	639,771
<b>CONTINGENCIES AND COMMITMENTS</b>	–	–
<b>LONG TERM LIABILITIES</b>		
Long term loans	91,060	95,726
Liabilities against assets subject to finance lease	26,111	22,170
Other loan	41,252	35,313
	158,423	153,209
<b>OTHER LIABILITIES</b>	14,644	14,644
<b>NET ASSETS</b>	457,825	471,918
<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
Balance transferred from profit & loss account	(74,408)	(60,315)
	(12,408)	1,685
<b>TOTAL CAPITAL AND RESERVES</b>	123,569	137,662
<b>SURPLUS ON REVALUATION OF LAND</b>	334,256	334,256
	457,825	471,918

LAHORE,  
January 27, 2004.**M. FAROOQUE SAIGOL**  
Director**M. USMAN SAIGOL**  
Chief Executive

**KOHINOOR SUGAR MILLS LIMITED****PROFIT AND LOSS ACCOUNT**

(UN-AUDITED)

	Quarter Ended December 31	
	2003	2002
	<b>(Rupees in thousands)</b>	
SALES	137,955	212,909
COST OF SALES	<u>136,460</u>	<u>206,103</u>
GROSS PROFIT	1,495	6,806
OPERATING EXPENSES		
Administrative	<u>8,527</u>	<u>8,688</u>
Selling	<u>943</u>	<u>845</u>
	<u>9,470</u>	<u>9,533</u>
OPERATING PROFIT / (LOSS)	(7,975)	(2,727)
FINANCIAL AND OTHER CHARGES	6,331	6,226
OTHER INCOME	<u>907</u>	<u>2,564</u>
PROFIT / (LOSS) BEFORE TAXATION	(13,399)	(6,389)
TAXATION	<u>(694)</u>	<u>(1,065)</u>
PROFIT / (LOSS) AFTER TAXATION	(14,093)	(7,454)
BALANCE BROUGHT FORWARD	<u>(60,315)</u>	<u>(27,372)</u>
	<u>(74,408)</u>	<u>(34,826)</u>
EARNING PER SHARE (Rs.)	(1.49)	(0.79)

	2003	2002
<b>Note – 1 COST OF SALES</b>	<b>(Rupees in Thousands)</b>	
Raw Material		
Cane purchased (Net)	145,809	242,277
Salaries, wages and staff welfare	6,624	8,698
Chemicals, fuel, lubes & packing material	5,034	8,512
Manufacturing expenses	10,804	10,360
Depreciation	6,607	5,162
Amortization	<u>1,218</u>	<u>1,030</u>
	176,096	276,039
Work in process (Net)	<u>–</u>	<u>(8,430)</u>
Cost of Goods Produced	176,096	267,609
Finished goods (Net)	<u>(39,636)</u>	<u>(61,506)</u>
	<u>136,460</u>	<u>206,103</u>
<b>Note – 2</b> These accounts are being submitted to shareholders as required U/S 245 of the Companies Ordinance, 1984 and have been prepared in compliance with IAS-34.		
<b>Note – 3</b> Accounting policies adopted for quarterly accounts are the same as adopted for annual accounts.		
<b>Note – 4</b> Figures of previous year have been rearranged according to current presentation.		

**KOHINOOR SUGAR MILLS LIMITED****STATEMENT OF CHANGES IN FINANCIAL POSITION  
(CASH FLOW STATEMENT)**

	Quarter ended December 31	
	2003	2002
	(Rupees in thousands)	
<b>Cash flow from operating activities</b>		
Net profit/(loss) before taxation	(13,399)	(6,389)
Adjustments for :		
Depreciation	6,867	5,457
Amortization	1,278	1,052
Financial Charges	6,331	6,226
Profit on short term investment	–	132
Operating profit before working capital changes	<u>1,077</u>	<u>6,478</u>
(Increase) / Decrease in current assets		
Stores, spares and loose tools	2,450	(2,686)
Stock in trade	(39,636)	(69,936)
Trade debts	517	–
Advances, deposits & prepayments	<u>1,258</u>	<u>(2,409)</u>
	<u>(34,334)</u>	<u>(68,553)</u>
Increase/(Decrease) in current liabilities		
Creditors, provisions and accrued liabilities	99,015	88,629
Cash (used in) / generated from operations	<u>64,681</u>	<u>20,076</u>
Taxes paid	(616)	(1,535)
Dividend paid	(32)	–
Financial charges paid	<u>(6,501)</u>	<u>(7,672)</u>
Net Cash (used in) / generated from operating activities	57,532	10,869
<b>Cash flow from investing activities</b>		
Addition to fixed assets	(268)	(141)
Security deposits	(828)	–
Interest received	45	–
Sale and lease back	(4,457)	–
Addition to capital work in progress	<u>(16,672)</u>	<u>(7,936)</u>
Net cash used in investing activities	(22,180)	(8,077)
<b>Cash flow from financing activities</b>		
Increase / (Decrease) in long term loans	(4,667)	665
Increase / (Decrease) in lease liabilities	1,019	(6,412)
Increase / (Decrease) in short term borrowings	(34,622)	25,330
Increase / (Decrease) in other loan	5,939	(5,086)
Net cash (used in) / generated from financing activities	<u>(32,331)</u>	<u>14,497</u>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>3,021</b>	<b>17,289</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>2,622</b>	<b>8,337</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b><u>5,643</u></b>	<b><u>25,626</u></b>

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive