



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

| STATEMENT OF CHANGES IN EQUITY | | | | | | <i>(Rupees in thousands)</i> | |
|---------------------------------------|---------------|---------------|-----------------|---------------------|-------------------|----------------------------------|----------------|
| | Share Capital | Share Premium | General Reserve | Revaluation Surplus | Accumulated P & L | Quarter ended December 31 | |
| | | | | | | 2003 | 2002 |
| 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 | 94,868 | 41,109 | 62,000 | 334,256 | (74,408) | 457,825 | 497,407 |

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

| | As at | |
|--|-----------------------|-----------------|
| | 31 Dec. 2003 | 30 Sep. 2003 |
| | (Rupees in thousands) | |
| FIXED ASSETS – Tangible | | |
| 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 |
| LONG TERM DEPOSITS | 4,443 | 3,616 |
| CURRENT ASSETS | | |
| 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 |
| CURRENT LIABILITIES | | |
| 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 |
| CURRENT ASSETS LESS CURRENT LIABILITIES | (38,351) | (14,833) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 630,892 | 639,771 |
| CONTINGENCIES AND COMMITMENTS | – | – |
| LONG TERM LIABILITIES | | |
| 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 |
| OTHER LIABILITIES | 14,644 | 14,644 |
| NET ASSETS | 457,825 | 471,918 |
| REPRESENTED BY : | | |
| 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 |
| TOTAL CAPITAL AND RESERVES | 123,569 | 137,662 |
| SURPLUS ON REVALUATION OF LAND | 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 |
| | (Rupees in thousands) | |
| 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 |
|---|------------------------------|-----------------|
| Note – 1 COST OF SALES | (Rupees in Thousands) | |
| 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> |
| Note – 2 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. | | |
| Note – 3 Accounting policies adopted for quarterly accounts are the same as adopted for annual accounts. | | |
| Note – 4 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) | |
| Cash flow from operating activities | | |
| 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 |
| Cash flow from investing activities | | |
| 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) |
| Cash flow from financing activities | | |
| 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> |
| Net increase / (decrease) in cash & cash equivalents | 3,021 | 17,289 |
| Cash & cash equivalents at beginning of the period | 2,622 | 8,337 |
| Cash & cash equivalents at close of the period | <u>5,643</u> | <u>25,626</u> |

M. FAROOQUE SAIGOL
Director

M. USMAN SAIGOL
Chief Executive