



## DIRECTORS' REVIEW

Your Directors are pleased to present the quarterly report for the period ended June 30, 2007.

**SECTOR OVERVIEW:** The Government's recent decision of offload its sugar stocks on the local wholesale and retail markets has driven the sales price below cost of production for most mills in central and northern Punjab. This has resulted in heavy losses to all millers.

**FINANCIAL PERFORMANCE:** During the quarter under review, the Company has incurred operating loss of Rs. 50.617 Million due to sharp reduction in sugar prices.

**FUTURE PROSPECTS:** As government stocks and sugar supplies from Sind are depleted, sugar prices will recover somewhat. However, it would be overoptimistic to expect losses to be fully overcome in the current fiscal. Imposition of Special Excise Duty by the Government will naturally have an adverse impact. While taking all cost saving measures presently, the management looks forward to deriving maximum benefit from improved crop and new machinery in the next crushing season.

Lahore.  
July 26, 2007.

**M. FAROOQUE SAIGOL**  
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)								
FOR THE NINE MONTHS ENDED							(Rupees in thousands)	
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	June 30		
						2007	2006	
Balance as at Oct. 01	94,868	41,109	62,000	565,688	5,925	769,590	544,247	
Bonus share / dividend @ 15%	14,230	(14,230)	-	-	-	-	(14,231)	
Profit/(loss) for the period	-	-	-	-	(90,901)	(90,901)	50,759	
Balance as at June 30	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>565,688</b>	<b>(84,976)</b>	<b>678,689</b>	<b>580,775</b>	



**KOHINOOR SUGAR MILLS LIMITED**

**BALANCE SHEET**

	As at	
	Un-Audited June 30 2007	Audited Sep. 30 2006
	(Rupees in thousands)	
<b>FIXED ASSETS</b>		
Property, plant and equipment	893,595	894,237
Capital work in progress	612,824	408,925
	1,506,419	1,303,162
<b>LONG TERM DEPOSITS</b>	2,495	2,495
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	90,605	84,466
Stock in trade	356,552	218,957
Trade debts	2,092	4,168
Loans and advances	19,291	33,899
Short term deposits and prepayments	867	370
Other receivables	14,460	14,581
Taxation	24,715	24,672
Cash and bank balances	13,428	9,553
	522,010	390,666
<b>CURRENT LIABILITIES</b>		
Trade and other payables	173,847	71,640
Accrued mark-up	27,721	23,026
Short term borrowings – Secured	364,011	294,697
Current portion of long term liabilities	51,402	63,851
Provision for taxation	2,966	4,580
	619,947	457,794
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>	(97,937)	(67,128)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	1,410,977	1,238,529
<b>CONTINGENCIES AND COMMITMENTS</b> (Note-6)	–	–
<b>NON CURRENT LIABILITIES</b>		
Long term finances – Secured	502,117	326,317
Liabilities against assets subject to finance lease	12,049	12,049
Other loan – Unsecured	175,511	87,962
	689,677	426,328
<b>DEFERRED TAXATION</b>	41,302	41,302
<b>OTHER LIABILITIES</b>	1,309	1,309
<b>NET ASSETS</b>	<u>678,689</u>	<u>769,590</u>
<b>REPRESENTED BY :</b>		
Share capital	109,098	94,868
Capital reserve - Premium on right shares	26,879	41,109
General reserve		
General reserve	62,000	62,000
Un-appropriated balance	(84,976)	5,925
	(22,976)	67,925
<b>TOTAL CAPITAL AND RESERVES</b>	113,001	203,902
<b>SURPLUS ON REVALUATION OF LAND</b>	565,688	565,688
	<u>678,689</u>	<u>769,590</u>

Lahore  
July 26, 2007

**M. SALEEM SAIGOL**  
Director

**M. FAROOQUE SAIGOL**  
Chief Executive

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

(UN-AUDITED)

	(Rupees in thousands)			
	Quarter Ended June 30		Nine months ended June 30	
	2007	2006	2007	2006
SALES	161,132	252,254	578,950	659,149
COST OF SALES (Note – 8)	<u>199,221</u>	<u>222,252</u>	<u>593,034</u>	<u>526,046</u>
GROSS PROFIT / (LOSS)	(38,089)	30,002	(14,084)	133,103
OPERATING EXPENSES				
Selling and distribution cost	353	246	1,361	1,690
Administrative expenses	12,175	14,295	38,252	36,678
	<u>12,528</u>	<u>14,541</u>	<u>39,613</u>	<u>38,368</u>
OPERATING PROFIT / (LOSS)	(50,617)	15,461	(53,697)	94,735
FINANCE COST	19,981	20,918	48,019	40,587
OTHER INCOME / (EXPENSES)	5,966	1,240	14,248	2,623
PRIOR YEARS' ADJUSTMENTS	(467)	–	(467)	–
WORKERS' PROFIT PARTICIPATION FUND	–	–	–	<u>2,703</u>
PROFIT/(LOSS) BEFORE TAXATION	(65,099)	(4,217)	(87,935)	54,068
PROVISION FOR TAXATION	<u>(836)</u>	<u>(1,268)</u>	<u>(2,966)</u>	<u>(3,309)</u>
PROFIT/(LOSS) AFTER TAXATION	(65,935)	(5,485)	(90,901)	50,759
BALANCE BROUGHT FORWARD	(19,041)	54,027	5,925	12,014
Dividend for the year ended Sep. 30	–	–	–	<u>(14,231)</u>
	<u>(84,976)</u>	<u>48,542</u>	<u>(84,976)</u>	<u>48,542</u>
<b>EARNING PER SHARE (Rs.)</b>	<b>(6.04)</b>	<b>(0.58)</b>	<b>(8.33)</b>	<b>5.35</b>

Lahore  
July 26, 2007**M. SALEEM SAIGOL**  
Director**M. FAROOQUE SAIGOL**  
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

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

	<b>Nine months ended</b>	
	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
	(Rupees in thousands)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	(87,935)	54,068
Adjustments for :		
Depreciation	26,963	28,643
Finance cost	48,019	40,587
(Gain) / loss on disposal of fixed assets	-	(66)
Mark-up on agricultural loan	-	(22)
WPPF	-	2,703
Operating profit before working capital changes	<u>(12,953)</u>	<u>125,913</u>
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(6,139)	(23,468)
Stock in trade	(137,595)	(380,597)
Trade debts	2,076	(5,235)
Loans and advances	14,608	586
Short term deposits and prepayments	(497)	2,655
Other receivables	121	(42)
	<u>(140,379)</u>	<u>(280,188)</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	<u>104,015</u>	<u>21,636</u>
Cash (used in) / generated from operations	<u>(36,364)</u>	<u>(258,552)</u>
Taxes paid	(4,623)	(3,077)
Dividend paid	(72)	(14,080)
W P P F paid	(1,736)	-
Finance cost paid	<u>(82,433)</u>	<u>(27,769)</u>
Net Cash (used in)/generated from operating activities	<u>(125,228)</u>	<u>(303,478)</u>
<b>Cash flow from investing activities</b>		
Addition to fixed assets	(608)	(10,345)
Sale proceeds on disposal of fixed assets	-	297
Sale and lease back	-	(4,890)
Long term deposits	-	(1,355)
Mark-up received	-	22
Addition to capital work in progress	<u>(190,503)</u>	<u>(198,943)</u>
Net cash used in investing activities	<u>(191,111)</u>	<u>(215,214)</u>
<b>Cash flow from financing activities</b>		
Increase / (Decrease) in long term finances	166,133	128,186
Increase / (Decrease) in lease liabilities	(2,782)	123
Increase / (Decrease) in short term borrowings	69,314	380,922
Increase / (Decrease) in other loan	87,549	23,905
Net cash (used in) / generated from financing activities	<u>320,214</u>	<u>533,136</u>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>3,875</b>	<b>14,444</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>9,553</b>	<b>2,909</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b><u>13,428</u></b>	<b><u>17,353</u></b>

**M. SALEEM SAIGOL**  
Director

**M. FAROOQUE SAIGOL**  
Chief Executive



**KOHINOOR SUGAR MILLS LIMITED**

## **NOTES TO THE ACCOUNTS**

**FOR THE NINE MONTHS ENDED JUNE 30, 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 NINE 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 June 30, 2007.

#### **6.2 Commitments**

Commitments in respect of capital expenditure were Rs 90.711 million.

### **7. DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue by the Board of Directors on July 26, 2007.



KOHINOOR SUGAR MILLS LIMITED

**NOTES TO THE ACCOUNTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2007**

(Rupees in thousands)

	Quarter ended June 30		Nine months ended June 30	
	2007	2006	2007	2006
Raw Material				
Cane purchased and consumed	81,805	977	597,711	712,706
Raw sugar remelt	–	–	–	81,078
Salaries, wages and staff welfare	12,564	10,346	39,645	31,184
Chemicals, fuel, lubes & packing material	3,274	1,739	42,895	31,499
Manufacturing expenses	5,521	6,231	25,138	23,911
Depreciation	8,578	10,101	25,240	26,264
	<u>111,742</u>	<u>29,394</u>	<u>730,629</u>	<u>906,642</u>
Work in process (Net)	9,281	(42)	(54)	(696)
Cost of Goods Manufactured	121,023	29,352	730,575	905,946
Finished goods (Net)	78,198	192,900	(137,541)	(379,900)
	<u><u>199,221</u></u>	<u><u>222,252</u></u>	<u><u>593,034</u></u>	<u><u>526,046</u></u>

**8. COST OF SALES**

**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