



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

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

SECTOR OVERVIEW: Crushing operations were interrupted by widespread rains thus extending the season and crushing continues to date. Recovery remains low due to extensive propagation of late maturing varieties. Delays in the delivery of equipment ordered under BMR program has delayed its trials to the next crushing season. To date production is lower by 30% due to reduced crushing capacity of the existing crushing line and rain interruptions. Sugar prices have remained stagnant due to dumping of government stocks, which has sharply impacted margins across the industry.

OPERATING RESULTS

	Period ended March 31	2007	2006
Crushing days	Nos.	122	127
Cane crushing	M. Tons	318,747	396,044
Recovery	%	7.56	7.49
Production	M. Tons	23,724	33,860
	Season ended	April 17, 2007	March 29, 2006
Crushing days	Nos.	139	127
Cane crushing	M. Tons	368,717	396,044
Recovery	%	7.56	7.49
Production	M. Tons	27,876	33,860

FINANCIAL PERFORMANCE: During the half-year under review, the gross profit margin has reduced to 5.7% due to low and interrupted operations & high consumption of fuel. Higher interest rates have increased financial charges and administrative costs are increasing with inflation.

FUTURE PROSPECTS: The management aims to complete the BMR program in the off season so that the expanded capacity can be fully utilized in the 2007-08 season. The fiscal challenge demands maximum effort presents us with an opportunity to distinguish our capabilities and expertise.

Lahore.

May 14, 2007

M. FAROOQUE SAIGOL

Chief Executive

STATEMENT OF CHANGES IN EQUITY						
FOR THE HALF-YEAR ENDED (UN-AUDITED)						
(Rupees in thousands)						
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Unappropriated Balance	March 31
						2007 2006
Balance as at Oct. 01	94,868	41,109	62,000	565,688	5,925	769,590 544,247
Bonus shares / Divided @ 15%	14,230	(14,230)	-	-	-	- (14,231)
Profit / (loss) for the period	-	-	-	-	(24,966)	(24,966) 56,244
Balance as at March 31	109,098	26,879	62,000	565,688	(19,041)	744,624 586,260



KOHINOOR SUGAR MILLS LIMITED

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Kohinoor Sugar Mills Limited** as at March 31, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarter ended March 31, 2007 have not been reviewed as we are required to review only the cumulative figures for the half-year ended March 31, 2007.

We conducted our review in accordance with the International standard on review engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The advance to Kohinoor Textile Mills Limited which was necessitated due to the reorganization of management in the Saigol Group of Companies, together with interest up to September 30, 1985 amounts to Rs. 9.715 million. No interest has been provided on the said advance since September 30, 1985. The balance appearing in the audited accounts of Kohinoor Textile Mills Limited is Rs. 4.794 million. The balance confirmation in this regard was not provided by the management. The Company has taken legal action for the recovery of the dues. No provision against amount recoverable has been made in the accounts.

Based on our review, except for the effects of the matter referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore
May 14, 2007.

S. M. MASOOD & CO.
Chartered Accountants

**KOHINOOR SUGAR MILLS LIMITED****BALANCE SHEET**

	As at	
	Un-Audited 31 March 2007	Audited 30 Sep. 2006
	(Rupees in thousands)	
FIXED ASSETS		
Property, plant and equipment	902,417	894,237
Capital work in progress	576,534	408,925
	1,478,951	1,303,162
LONG TERM DEPOSITS	2,495	2,495
CURRENT ASSETS		
Stores, spare parts and loose tools	96,739	84,466
Stock in trade	444,031	218,957
Trade debts	–	4,168
Loans and advances	40,418	33,899
Short term deposits and prepayments	127	370
Other receivables	14,462	14,581
Taxation	24,238	24,672
Cash and bank balances	1,505	9,553
	621,520	390,666
CURRENT LIABILITIES		
Trade and other payables	204,077	71,640
Accrued mark-up	27,955	23,026
Short term borrowings – Secured	384,840	294,697
Current portion of long term liabilities	54,021	63,851
Provision for taxation	2,130	4,580
	673,023	457,794
CURRENT ASSETS LESS CURRENT LIABILITIES	<u>(51,503)</u>	<u>(67,128)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,429,943	1,238,529
CONTINGENCIES AND COMMITMENTS (Note – 6)	–	–
NON CURRENT LIABILITIES		
Long term finances – Secured	465,617	326,317
Liabilities against assets subject to finance lease	12,049	12,049
Other loan – Unsecured	165,042	87,962
	642,708	426,328
DEFERRED TAXATION	41,302	41,302
OTHER LIABILITIES	1,309	1,309
NET ASSETS	<u>744,624</u>	<u>769,590</u>
REPRESENTED BY :		
Share capital	109,098	94,868
Capital reserve – Premium on right shares	26,879	41,109
Revenue reserve		
General reserve	62,000	62,000
Unappropriated balance	(19,041)	5,925
	42,959	67,925
TOTAL CAPITAL AND RESERVES	178,936	203,902
SURPLUS ON REVALUATION OF LAND	565,688	565,688
	<u>744,624</u>	<u>769,590</u>

Lahore
May 14, 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 March 31		Six months ended March 31	
	2007	2006	2007	2006
SALES	181,106	243,227	417,818	406,895
COST OF SALES	142,101	174,420	393,813	303,794
GROSS PROFIT	39,005	68,807	24,005	103,101
OPERATING EXPENSES				
Selling and distribution cost	638	1,133	1,008	1,444
Administrative expenses	13,486	12,170	26,077	22,383
	14,124	13,303	27,085	23,827
OPERATING PROFIT / (LOSS)	24,881	55,504	(3,080)	79,274
FINANCE COST	12,886	13,186	28,038	19,458
OTHER INCOME / (EXPENSES)	3,212	321	8,282	1,383
WORKERS' PROFIT PARTICIPATION FUND	–	2,030	–	2,914
PROFIT/(LOSS) BEFORE TAXATION	15,207	40,609	(22,836)	58,285
PROVISION FOR TAXATION	(921)	(1,218)	(2,130)	(2,041)
PROFIT / (LOSS) AFTER TAXATION	14,286	39,391	(24,966)	56,244
BALANCE BROUGHT FORWARD	(33,327)	28,867	5,925	12,014
DIVIDEND for the year ended Sep. 30	–	(14,231)	–	(14,231)
	(19,041)	54,027	(19,041)	54,027
EARNING PER SHARE (Rs.)	1.31	4.15	(2.29)	5.93

COST OF SALES				
Raw Material:				
Cane purchased & consumed	380,954	555,592	515,906	711,729
Raw sugar remelt	–	64,955	–	81,078
Salaries, wages and staff welfare	15,966	12,590	27,081	20,838
Chemicals, fuel, lubes & packing material	25,731	18,127	39,621	29,760
Manufacturing expenses	9,159	8,178	19,617	17,680
Depreciation	6,709	8,346	16,662	16,163
	438,519	667,788	618,887	877,248
Work in process (Net)	4,966	14,988	(9,335)	(654)
Cost of Goods Manufactured	443,485	682,776	609,552	876,594
Finished goods (Net)	(301,384)	(508,356)	(215,739)	(572,800)
	142,101	174,420	393,813	303,794

Lahore
May 14, 2007.

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE HALF-YEAR ENDED**

	March 31	
	2007	2006
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(22,836)	58,285
Adjustments for :		
Depreciation	18,039	16,985
Finance cost	28,038	19,458
(Gain) / loss on disposal of fixed assets	-	(16)
Mark-up on agricultural loan	-	(22)
WPPF	-	2,914
Operating profit before working capital changes	<u>23,241</u>	<u>97,604</u>
(Increase)/Decrease in current assets		
Stores, spare parts and loose tools	(12,273)	3,352
Stock in trade	(225,074)	(573,454)
Trade debts	4,168	(7,266)
Loans and advances	(6,519)	(30,876)
Short term deposits and prepayments	243	(645)
Other receivables	119	(124)
	<u>(216,095)</u>	<u>(511,409)</u>
Increase/(Decrease) in current liabilities		
Trade and other payables	<u>134,245</u>	<u>56,189</u>
Cash (used in)/generated from operations	(81,850)	(455,220)
Taxes paid	(4,146)	(2,938)
Dividend paid	(72)	(13,140)
W P P F paid	(1,736)	(4,239)
Finance cost paid	<u>(48,140)</u>	<u>(14,560)</u>
Net Cash (used in)/generated from operating activities	(135,944)	(490,097)
Cash flow from investing activities		
Addition to fixed assets	(506)	(6,431)
Sale proceeds on disposal of fixed assets	-	17
Long term deposits	-	(83)
Mark-up received	-	22
Addition to capital work in progress	(168,291)	(86,286)
Net cash used in investing activities	(168,797)	(92,761)
Cash flow from financing activities		
Increase/(Decrease) in long term finances	131,300	71,191
Increase/(Decrease) in lease liabilities	(1,830)	(6,226)
Increase/(Decrease) in short term borrowings	90,143	539,028
Increase/(Decrease) in other loan	77,080	(6,723)
Net cash (used in)/generated from financing activities	<u>296,693</u>	<u>597,270</u>
Net increase/(decrease) in cash & cash equivalents	(8,048)	14,412
Cash & cash equivalents at beginning of the period	9,553	2,909
Cash & cash equivalents at close of the period	1,505	17,321

M. SALEEM SAIGOL
Director

M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS
FOR THE HALF-YEAR ENDED MARCH 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 HALF-YEARLY 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 March 31, 2007.

6.2 Commitments

Commitments in respect of capital expenditure were Rs.100.500 million.

7. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on May 14, 2007.

8. 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