



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your Directors are pleased to present the un-audited quarterly report for the period ended June 30, 2006.

SECTOR OVERVIEW: International sugar prices remain firm due to reduction in E.U. Subsidies and high oil prices. Local prices are following a similar pattern although government is making efforts to reduce prices by a combination of regulatory moves.

FINANCIAL PERFORMANCE: Gross profit margin has reduced due to off-season expenses. Financial charges continue to increase with rising mark-up rates.

FUTURE PROSPECTS: Early monsoon rains are welcome, however the future crop position will be clear after completion of field survey. Increase in WWF in the budget and rising inflation will have a negative impact on profitability. The plant is undergoing major modernization and replacement to improve the mills' working and to increase production.

Lahore.
July 24, 2006.

M. FAROOQUE SAIGOL
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)							
FOR THE PERIOD ENDED						(Rupees in thousands)	
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Profit	June 30	
						2006	2005
Balance as at Oct. 01	94,868	41,109	62,000	334,256	12,014	544,247	500,600
Dividend for the year ended Sep. 30	-	-	-	-	(14,231)	(14,231)	(10,435)
Profit for the period	-	-	-	-	50,759	50,759	86,080
	<u>94,868</u>	<u>41,109</u>	<u>62,000</u>	<u>334,256</u>	<u>48,542</u>	<u>580,775</u>	<u>576,245</u>



KOHINOOR SUGAR MILLS LIMITED

BALANCE SHEET

	As at	
	Un-Audited June 30 2006	Audited Sep. 30 2005
	(Rupees in thousands)	
FIXED ASSETS		
Property, plant and equipments	668,516	644,352
Capital work in progress (Note 9)	207,774	46,634
	876,290	690,986
LONG TERM DEPOSITS	2,495	1,140
CURRENT ASSETS		
Stores, spares and loose tools	114,092	90,624
Stock in trade	447,034	66,437
Trade debts – unsecured – considered good	5,235	-
Advances, deposits and prepayments	41,973	45,172
Taxation	20,833	22,031
Cash and bank balances	17,353	2,909
	646,520	227,173
CURRENT LIABILITIES		
Short term borrowings – secured	493,034	112,112
Current maturity of long term loans	14,667	28,667
Current maturity of liabilities against assets subject to finance lease	950	12,889
Creditors, provisions and accrued expenses	88,560	51,403
Provision for taxation	3,309	4,275
Un-claimed dividend	759	608
	601,279	209,954
CURRENT ASSETS LESS CURRENT LIABILITIES	45,241	17,219
TOTAL ASSETS LESS CURRENT LIABILITIES	924,026	709,345
CONTINGENCIES AND COMMITMENTS (Note – 6)	-	-
NON CURRENT LIABILITIES		
Long term loans – secured	243,393	101,207
Liabilities against assets subject to finance lease	15,744	3,682
Other loan – unsecured	65,721	41,816
	324,858	146,705
DEFERRED TAX LIABILITY	17,084	17,084
OTHER LIABILITIES	1,309	1,309
NET ASSETS	580,775	544,247
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
Un-appropriated profit	48,542	12,014
	110,542	74,014
TOTAL CAPITAL AND RESERVES	246,519	209,991
SURPLUS ON REVALUATION OF LAND	334,256	334,256
	580,775	544,247

Lahore,
July 24, 2006.

M. SALEEM SAIGOL
Director

M. FAROQUE 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	
	2006	2005	2006	2005
SALES	252,254	174,307	659,149	778,247
COST OF SALES (Note-10)	222,252	160,405	526,046	639,214
GROSS PROFIT	30,002	13,902	133,103	139,033
OPERATING EXPENSES				
Administrative	14,295	10,286	36,678	29,605
Selling	246	265	1,690	1,517
	14,541	10,551	38,368	31,122
OPERATING PROFIT	15,461	3,351	94,735	107,911
FINANCIAL AND OTHER CHARGES	20,918	6,013	43,290	19,175
OTHER INCOME/(EXPENSES)	1,240	763	2,623	2,236
PRIOR YEARS' ADJUSTMENT	–	(990)	–	(990)
PROFIT/(LOSS) BEFORE TAXATION	(4,217)	(2,889)	54,068	89,982
PROVISION FOR TAXATION	(1,268)	(875)	(3,309)	(3,902)
PROFIT/(LOSS) AFTER TAXATION	(5,485)	(3,764)	50,759	86,080
BALANCE BROUGHT FORWARD	54,027	47,776	12,014	(31,633)
DIVIDEND for the year Sep. 30	–	–	(14,231)	(10,435)
	48,542	44,012	48,542	44,012
EARNING PER SHARE – Rs.	(0.58)	(0.40)	5.35	9.07

M. SALEEM SAIGOL
Director**M. FAROOQUE SAIGOL**
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT)

	Nine months ended June 30	
	2006	2005
	(Rupees in thousands)	
Cash flow from operating activities		
Profit before taxation	54,068	89,982
Adjustments for :		
Depreciation	28,643	26,345
Profit on disposal of fixed assets	(66)	—
Mark-up on agricultural advances	(22)	—
Financial and other charges	43,290	19,175
Operating profit before working capital changes	125,913	135,502
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(23,468)	(20,474)
Stock in trade	(380,597)	(22,592)
Trade debts	(5,235)	1,821
Advances, deposits & prepayments	3,199	(24,496)
	<u>(280,188)</u>	<u>69,761</u>
Increase/(Decrease) in current liabilities		
Creditors, provisions and accrued expenses	21,636	3,718
Cash (Used in)/generated from operations	<u>(258,552)</u>	<u>73,479</u>
Taxes paid	(3,077)	(2,934)
Dividend paid	(14,080)	(10,262)
Financial and other charges paid	<u>(27,769)</u>	<u>(12,987)</u>
Net Cash (used in)/generated from operating activities	<u>(303,478)</u>	<u>47,296</u>
Cash flow from investing activities		
Addition to fixed assets	(10,345)	(1,884)
Long term deposits	(1,355)	3,587
Mark-up received	22	—
Sale and lease back	(4,890)	—
Sale proceeds on disposal of fixed assets	297	399
Addition to capital work in progress	(198,943)	(16,119)
Net cash (used in)/generated from investing activities	<u>(215,214)</u>	<u>(14,017)</u>
Cash flow from financing activities		
Increase/(Decrease) in long term loans	128,186	28,814
Increase/(Decrease) in lease liabilities	123	(8,743)
Increase/(Decrease) in short term borrowings	380,922	8,013
Increase/(Decrease) in other loan	23,905	(25,996)
Net cash (used in)/generated from financing activities	<u>533,136</u>	<u>2,088</u>
Net increase/(decrease) in cash & cash equivalents	14,444	35,367
Cash & cash equivalents at beginning of the period	2,909	1,169
Cash & cash equivalents at close of the period	17,353	36,536

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Chief Executive



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED JUNE 30, 2006

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 basic @ 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, 2006 except provision for Workers Welfare Fund provided in the recent Finance Act, 2006-07.

6.2 Commitments

Commitments in respect of capital expenditures are of Rs. 301.430 million including letter of credits for Rs. 30.814 million.

7 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on July 24, 2006.

8 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Corresponding figures have been rearranged wherever necessary for comparison purposes. However, no material reclassification has been made.



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED JUNE 30, 2006

9 CAPITAL WORK IN PROGRESS

(Rupees in thousands)

PARTICULARS	Building- on free hold land	Plant & machinery	Service & other equipments	Capital advances	June 30, 2006	Sep. 30, 2005
Opening balance	5,696	13,457	-	27,481	46,634	26,002
Additions during the period	47,137	80,989	1,805	61,506	191,437	53,601
Mark-up capitalized	-	7,506	-	-	7,506	1,224
	52,833	101,952	1,805	88,987	245,577	80,827
Transferred to property, plant and equipments	(6,656)	(29,342)	(1,805)	-	(37,803)	(34,193)
Closing balance	46,177	72,610	-	88,987	207,774	46,634

10 COST OF SALES

(Rupees in thousands)

	Quarter ended June 30		Nine months ended June 30	
	2006	2005	2006	2005
Raw Material				
Cane purchased & consumed	977	3,706	712,706	561,829
Raw sugar remelt	-	-	81,078	-
Salaries, wages and staff welfare	10,346	8,907	31,184	27,792
Chemicals, fuel, lubes & packing material	1,739	1,449	31,499	19,979
Manufacturing expenses	6,231	7,072	23,911	27,110
Depreciation	10,101	8,366	26,264	25,096
	<u>29,394</u>	<u>29,500</u>	<u>906,642</u>	<u>661,806</u>
Work in process (Net)	<u>(42)</u>	<u>6,389</u>	<u>(696)</u>	<u>(114)</u>
Cost of Goods Produced	<u>29,352</u>	<u>35,889</u>	<u>905,946</u>	<u>661,692</u>
Finished goods (Net)	<u>192,900</u>	<u>124,516</u>	<u>(379,900)</u>	<u>(22,478)</u>
	<u>222,252</u>	<u>160,405</u>	<u>526,046</u>	<u>639,214</u>

M. SALEEM SAIGOL
Director

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