



## DIRECTORS' REVIEW

The Directors are pleased to present the un-audited quarterly report for the period ended June 30, 2005.

Spring plantation of sugarcane crop for the coming season is marginally the same as last year, and therefore, the market for sugar sale, supported by a firm international market, has stabilized.

Blessed by timely pre-monsoon rains and forecast of a healthy monsoon, the overall crop is expected to be improved over the last year.

Investments to remove bottlenecks are continuing along with preliminary investments towards major replacement of the plant are in hand, to avail the optimum benefit of the expected improvement in the Government's long term policy for the sugar agronomy and industry.

Lahore.  
July 21, 2005.

**M. USMAN SAIGOL**  
Chief Executive

<b>STATEMENT OF CHANGES IN EQUITY</b>						
<b>FOR THE PERIOD ENDED JUNE 30, 2005</b>						
<b>(Rupees in thousands)</b>						
	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct. 01 2003	94,868	41,109	62,000	334,256	(60,315)	471,918
Profit for the period	—	—	—	—	8,494	8,494
<b>Balance as at June 30, 2004</b>	<b>94,868</b>	<b>41,109</b>	<b>62,000</b>	<b>334,256</b>	<b>(51,821)</b>	<b>480,412</b>
Balance as at Oct. 01, 2004	94,868	41,109	62,000	334,256	(31,633)	500,600
Dividend for the year ended Sep. 30, 2004	—	—	—	—	(10,435)	(10,435)
Profit for the period	—	—	—	—	86,080	86,080
<b>Balance as at June 30, 2005</b>	<b>94,868</b>	<b>41,109</b>	<b>62,000</b>	<b>334,256</b>	<b>44,012</b>	<b>576,245</b>

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

	As at	
	June 30 2005	Sep. 30 2004
	(Rupees in thousands)	
<b>FIXED ASSETS</b>		
Property, plant and equipments	623,325	610,816
Assets subject to finance lease	29,381	32,571
Capital work in progress	8,011	26,002
	660,717	669,389
<b>LONG TERM DEPOSITS</b>	1,140	4,727
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	83,738	63,264
Stock in trade	118,200	95,608
Trade debts – unsecured – considered good	2,850	4,671
Advances, deposits and prepayments	57,332	32,836
Taxation	30,309	31,475
Cash and bank balances	36,536	1,169
	328,965	229,023
<b>CURRENT LIABILITIES</b>		
Short term borrowings – secured	171,976	163,963
Current maturity of long term loans	87,060	87,060
Current maturity of liabilities against assets subject to finance lease	15,287	11,331
Creditors, provisions and accrued expenses	37,796	27,821
Provision for taxation	3,902	4,100
Un-claimed dividend	644	471
	316,665	294,746
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>	12,300	(65,723)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	674,157	608,393
<b>CONTINGENCIES AND COMMITMENTS</b> (Note – 5)	–	–
<b>NON CURRENT LIABILITIES</b>		
Long term loans – secured	47,481	18,667
Liabilities against assets subject to finance lease	4,229	16,928
Other loan – unsecured	31,558	57,554
	83,268	93,149
<b>OTHER LIABILITIES</b>	14,644	14,644
<b>NET ASSETS</b>	576,245	500,600
<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
Un-appropriated balance	44,012	(31,633)
	106,012	30,367
<b>TOTAL CAPITAL AND RESERVES</b>	241,989	166,344
<b>SURPLUS ON REVALUATION OF LAND</b>	334,256	334,256
	576,245	500,600

Lahore,  
July 21, 2005.**M. FAROQUE SAIGOL**  
Director**M. USMAN 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	
	2005	2004	2005	2004
SALES	174,307	165,350	778,247	467,752
COST OF SALES (Note-8)	160,405	146,152	639,214	408,010
<b>GROSS PROFIT</b>	13,902	19,198	139,033	59,742
OPERATING EXPENSES				
Administrative	10,286	9,849	29,605	27,776
Selling	265	422	1,517	2,326
	10,551	10,271	31,122	30,102
<b>OPERATING PROFIT</b>	3,351	8,927	107,911	29,640
FINANCIAL AND OTHER CHARGES	6,013	7,863	19,175	21,012
OTHER INCOME/(EXPENSES)	763	1,954	2,236	3,661
PRIOR YEARS' ADJUSTMENT	(990)	(1,438)	(990)	(1,438)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	(2,889)	1,580	89,982	10,851
PROVISION FOR TAXATION	(875)	(837)	(3,902)	(2,357)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	(3,764)	743	86,080	8,494
BALANCE BROUGHT FORWARD	47,776	(52,564)	(31,633)	(60,315)
DIVIDEND for the year Sep. 30, 2004	—	—	(10,435)	—
	44,012	(51,821)	44,012	(51,821)
<b>EARNING PER SHARE – Rs.</b>	<b>(0.40)</b>	<b>0.08</b>	<b>9.07</b>	<b>0.90</b>

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



## KOHINOOR SUGAR MILLS LIMITED

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

	Nine months ended June 30	
	2005	2004
	(Rupees in thousands)	
<b>Cash flow from operating activities</b>		
Profit before taxation	89,982	10,851
Adjustments for :		
Depreciation	23,554	21,958
Amortization	2,791	4,131
Financial and other charges	19,175	21,012
Profit on disposal of fixed assets	—	(38)
Operating profit before working capital changes	135,502	57,914
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(20,474)	3,734
Stock in trade	(22,592)	(284,887)
Trade debts	1,821	3,367
Advances, deposits & prepayments	(24,496)	3,694
	69,761	(216,178)
Increase/(Decrease) in current liabilities		
Creditors, provisions and accrued expenses	3,718	8,261
Cash (Used in)/generated from operations	73,479	(207,917)
Taxes paid	(2,934)	(2,596)
Dividend paid	(10,262)	(35)
Financial and other charges paid	(12,987)	(17,738)
Net Cash (used in)/generated from operating activities	47,296	(228,286)
<b>Cash flow from investing activities</b>		
Addition to fixed assets	(1,884)	(1,380)
Long term deposits	3,587	(1,061)
Mark-up received	—	88
Sale and lease back	—	(6,795)
Sale proceeds on disposal of fixed assets	399	60
Addition to capital work in progress	(16,119)	(42,694)
Net cash (used in)/generated from investing activities	(14,017)	(51,782)
<b>Cash flow from financing activities</b>		
Increase/(Decrease) in long term loans	28,814	(9,333)
Increase/(Decrease) in lease liabilities	(8,743)	(4,325)
Increase/(Decrease) in short term borrowings	8,013	300,076
Increase/(Decrease) in other loan	(25,996)	(2,671)
Net cash (used in)/generated from financing activities	2,088	283,747
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>35,367</b>	<b>3,679</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>1,169</b>	<b>2,622</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b>36,536</b>	<b>6,301</b>

**M. FAROOQUE SAIGOL**  
Director

**M. USMAN SAIGOL**  
Chief Executive



## KOHINOOR SUGAR MILLS LIMITED

### NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED JUNE 30, 2005

#### 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 manufacture 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 CONTINGENCIES AND COMMITMENTS

##### 5.1 Contingencies

On account of further sales tax on sale of sugar appeal disposed off by the Appellate Tribunal, Lahore Bench for Rs. 3.700 million.

Company is in appeal with cane commissioner against rate difference of sugarcane procurement for Rs. 3.000 million.

##### 5.2 Commitments

Commitments in respect of capital expenditures are of Rs. 112.469 million including letter of credit for Rs. 24.900 million.

#### 6 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on July 21, 2005.

#### 7 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.



**KOHINOOR SUGAR MILLS LIMITED**

**NOTES TO THE ACCOUNTS**

FOR THE NINE MONTHS ENDED JUNE 30, 2005

(Rupees in thousands)

	Quarter ended June 30		Nine months ended June 30	
	2005	2004	2005	2004
<b>8 COST OF SALES</b>				
Raw Material				
Cane purchased (Net)	3,706	22,965	561,829	598,346
Salaries, wages and staff welfare	8,907	8,559	27,792	25,920
Chemicals, fuel, lubes & packing material	1,449	1,094	19,979	19,465
Manufacturing expenses	7,072	7,076	27,110	24,402
Depreciation	7,563	7,321	22,688	21,111
Amortization	803	1,218	2,408	3,653
	<u>29,500</u>	<u>48,233</u>	<u>661,806</u>	<u>692,897</u>
Work in process (Net)	<u>6,389</u>	<u>(156)</u>	<u>(114)</u>	<u>(6,103)</u>
Cost of Goods Produced	35,889	48,077	661,692	686,794
Finished goods (Net)	<u>124,516</u>	<u>98,075</u>	<u>(22,478)</u>	<u>(278,784)</u>
	<u><b>160,405</b></u>	<u><b>146,152</b></u>	<u><b>639,214</b></u>	<u><b>408,010</b></u>

**M. FAROOQUE SAIGOL**  
Director

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