



KOHINOOR SUGAR MILLS LIMITED

Office # 11-12, 4th Floor, Ali Tower,
M.M. Alam Road, Gulberg III, Lahore-54660.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH ENDED
JUNE 30, 2014**



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Dear Members Assalam-O-Alaikum

On behalf of the Board of Directors' and myself, I am pleased to present before you the un-audited quarterly financial statements of the Company for the period ended June 30, 2014.

SECTOR OVERVIEW:

Disposal of surplus sugar stock along with zero exports, depressed domestic demand has adversely affected the sugar prices and reduced the profitability. Industry is forced to perform under tremendous liquidity crunch to serve financial obligations.

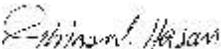
FINANCIAL PERFORMANCE:

Though Company has suffered gross loss for the period in review but the Gross Margin ratio and operating profit are comparatively improved over the previous period. The Company has managed to paygrowers, suppliers and financial obligations. This financial performance is expected to improve in the last quarter of this fiscal year.

FUTURE PROSPECTS:

Expected increase in cane support price has rekindled the grower to cultivate the approved sugarcane variety. To take maximum advantage in the upcoming crushing season the Company needs to revitalize its working capital resources along with adequate improvement in the manufacturing facility to achieve better recovery.

Lahore:
July 25, 2014


GHIAS UL HASAN
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

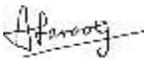
**STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)**

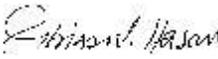
For the nine month ended June 30, 2014

	Share capital	Share premium	General reserve	Revaluation surplus	Accumulate losses	Total
Balance as on Oct 01, 2012	109,098	26,879	62,000	1,338,237	(497,253)	1,038,961
Incremental depreciation	-	-	-	(27,795)	-	(27,795)
Total comprehensive loss for the period	-	-	-	0.00	(442,417)	(442,417)
Balance as on June 30, 2013	<u>109,098</u>	<u>26,879</u>	<u>62,000</u>	<u>1,310,442</u>	<u>(939,670)</u>	<u>568,749</u>
Balance as on Oct 01, 2013	109,098	26,879	62,000	1,088,406	(176,950)	1,109,433
Total comprehensive loss for the period	-	-	-	-	(131,351)	(131,351)
Incremental depreciation for the period	-	-	-	(24,415)	-	(24,415)
Balance as on June 30, 2014	<u>109,098</u>	<u>26,879</u>	<u>62,000</u>	<u>1,063,991</u>	<u>(308,301)</u>	<u>953,667</u>

The annexed notes 1 to 12 form an integral part of the interim financial information.

Lahore:
July 25, 2014


ATIF ZAHEER FAROOQI
Director


GHIAS UL HASAN
Chief Executive



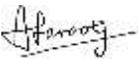
KOHINOOR SUGAR MILLS LIMITED

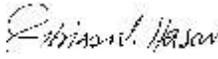
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at June 30, 2014

	Note	Un-audited 30-Jun-14 (Rupees in thousands)	Audited Sep. 30, 2013
Non-current assets			
Fixed assets	6	2,257,326	2,245,286
Long term deposits		429	399
		<u>2,257,755</u>	<u>2,245,685</u>
Current assets			
Stores and spares		150,540	151,033
Stock-in-trade		475,275	438,688
Loans and advances		49,948	53,172
Deposits, prepayments and other receivables		69,779	57,938
Cash and bank balances		822	4,902
		<u>746,364</u>	<u>705,733</u>
Current liabilities			
Trade and other payables		720,508	525,313
Accrued mark-up		4,294	28,857
Current portion of long term financing	7	16,480	101,449
		<u>741,282</u>	<u>655,619</u>
Working capital employed		<u>5,082</u>	<u>50,114</u>
		<u>2,262,837</u>	<u>2,295,799</u>
Non-current liabilities			
Long term financing	7	27,143	52,348
Sponsors' loan - unsecured		717,377	649,369
Long term advances		370,000	290,000
Long term provision		1,309	1,309
Deferred Taxation		193,341	193,340
		<u>1,309,170</u>	<u>1,186,366</u>
Contingencies and commitments	8	-	-
Net capital employed		<u>953,667</u>	<u>1,109,433</u>
Represented by:			
Share capital and reserves			
Authorized share capital		<u>200,000,000</u>	<u>200,000,000</u>
Share capital		109,098	109,098
Capital reserve - premium on right shares		26,879	26,879
Revenue reserves			
General reserve		62,000	62,000
Accumulated losses		(308,301)	(176,950)
		<u>(246,301)</u>	<u>(114,950)</u>
		<u>(110,324)</u>	<u>21,027</u>
Surplus on revaluation of fixed assets - net of tax		<u>1,063,991</u>	<u>1,088,406</u>
		<u>953,667</u>	<u>1,109,433</u>

The annexed notes 1 to 12 form an integral part of the interim financial information.

Lahore:
July 25, 2014


ATIF ZAHEER FAROOQI
Director


GHIAS UL HASAN
Chief Executive



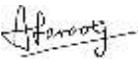
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)**

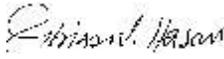
For the Nine Month ended June 30, 2014

Note	Nine months period ended June 30		Three months period ended June 30	
	2014	2013	2014	2013
	(Rupees in thousands)			
Sales	1,328,234	932,836	188,812	140,732
Cost of sales	9 1,422,576	1,258,817	176,795	174,638
Gross loss	(94,342)	(325,981)	12,017	(33,906)
Operating expenses:				
Administrative expenses	47,879	63,005	16,138	13,243
Distribution cost	5,886	11,385	3,545	8,392
Other operating charges	670	590	-	40
	54,435	74,980	19,683	21,675
Operating loss	(148,777)	(400,961)	(7,666)	(55,581)
Finance cost	(8,237)	(40,107)	(1,221)	(16,721)
Other income / (expense)	1,248	610	24	5,373
Loss before taxation	(155,766)	(440,458)	(8,863)	(66,929)
Taxation	-	(29,754)	-	(620)
Loss after taxation	(155,766)	(470,212)	(8,863)	(67,549)
Other comprehensive income for the period				
Incremental depreciation for the period	24,415	27,795	7,997	9,265
Total comprehensive loss for the period	(131,351)	(442,417)	(866)	(58,284)
Loss per share - (Rupees)	(12.04)	(43.10)	(0.08)	(6.19)

The annexed notes 1 to 12 form an integral part of the interim financial information.

Lahore:
July 25, 2014


ATIF ZAHEER FAROOQI
Director


GHIAS UL HASAN
Chief Executive



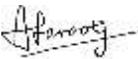
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)

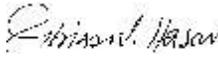
For the Nine Month ended June 30, 2014

	Nine months period ended June 30	
	2014	2013
	(Rupees in thousands)	
Cash flow from operating activities		
Loss before taxation	(155,766)	(440,458)
Adjustments for:		
Depreciation	39,903	46,222
Finance cost	8,237	40,107
Creditors Written Off	-	(101)
Gain on disposal of fixed assets	(1,224)	258
Loss before working capital changes	(108,850)	(353,972)
Working capital changes		
Stores and spares	493	14,718
Stock in trade	(36,587)	(332,793)
Trade debtors	-	11,238
Loans and advances	3,224	(17,990)
Deposits, prepayments and other receivables	(2,863)	(663)
Trade and other payables	195,208	541,370
	159,475	215,880
Cash generated from operations	50,625	(138,092)
Financial cost	(32,860)	(48,930)
Dividend Paid	(13)	(23)
Taxes paid	(8,977)	(6,478)
Net cash generated from operating activities	8,775	(193,523)
Cash flow from investing activities		
Addition to fixed assets	(52,089)	(4,496)
Long term deposits	30	628
Long Term Advances	80,000	206,709
Proceeds from sale of fixed assets	1,370	4,606
Net cash (used in) / generated from investing activities	29,311	207,447
Cash flow from financing activities		
Long term finances	(110,174)	(21,421)
Lease payments	-	(3,037)
Short term borrowings	-	(300,000)
Sponsors' loan	68,008	309,474
Net cash used in financing activities	(42,166)	(14,984)
Net decrease in cash and cash equivalents	(4,080)	(1,060)
Cash and cash equivalents at beginning of the period	4,902	5,621
Cash and cash equivalents at the end of the period	822	4,561

The annexed notes 1 to 12 form an integral part of the interim financial information.

Lahore:
July 25, 2014


ATIF ZAHEER FAROOQI
Director


GHIAS UL HASAN
Chief Executive



NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)

For the Nine month ended June 30, 2014

1 Reporting entity

Kohinoor Sugar Mills Limited ("the Company") was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Ordinance, 1984). The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at office No. 11 & 12 4th Floor, Ali Tower M.M. Alam Road Gulberg - III, Lahore, and the mills are located at Jauharabad, District Khushab, Pakistan. The principal activity of the Company is manufacturing and sale of sugar and its by-products.

2 Significant matters

The Company has suffered current and accumulated losses due to low sugar sale prices and surplus sugar availability in the country. The management expects that with the removal of bottle necks in the machinery and replacement of unapproved variety cane, sustainable situation will be achieved in future.

3 Basis of preparation

3.1 Statement of compliance

These interim financial information of the Company for the nine month ended June 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this interim financial information of the Company have, however, been limited based on the requirements of the International Accounting Standard 34 - Interim Financial Reporting thus these do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2013. These interim financial information are un-audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchange of Pakistan.

The comparative financial position presented in these interim financial information have been extracted from the audited financial statements of the Company for the year ended September 30, 2013, whereas the comparative condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine month ended June 30, 2014.

3.2 Functional and presentation currency

The condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Company.

3.3 Critical accounting estimates and judgments

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those applied to the preceding annual published financial statements of the Company for the year ended 30 September, 2013.

4 Accounting policies and computation methods

The accounting policies adopted for the preparation of these financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended September 30, 2013.



KOHINOOR SUGAR MILLS LIMITED

5 Seasonality of operations

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November / December and ends in March / April. Therefore, majority of the expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increasing volume of inventories and current liabilities at the end of the first half.

6 Fixed assets

	Un-audited June 30 2014	Audited Sep. 30 2013
	(Rupees in thousands)	
Property, plant and equipment		
Opening balance	2,245,286	2,279,237
Additions during the period / year	52,089	35,699
Disposals / adjustments during the period / year	(146)	(8,141)
	2,297,229	2,306,795
Depreciation charged during the period / year	(39,903)	(61,509)
	2,257,326	2,245,286

7 Long term financing - Secured

	Un-audited June 30 2014	Audited Sep. 30 2013
	(Rupees in thousands)	
Habib Bank Limited	-	84,000
Faysal Bank Limited	43,623	69,797
	43,623	153,797
Current portion	16,480	(101,449)
	27,143	52,348

8 Contingencies and commitments

8.1 Contingencies

There were no known quantifiable contingencies as on June 30, 2014 except performance bond of Rs. 3.855 million (September 30, 2013 Rs. 3.855 million) provided to TCP against supply of 3,000 M.Tons of sugar.

Since Federal Excise Duty (FED) is leviable on goods produced or manufactured, therefore FED is not leviable on sale of sugar produced prior to the Finance Bill 2011. Hence FED amounting to Rs. 58.881 million has not been accounted for in these financial statements. The Company has filed a writ petition in the honourable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of 58.881 million.

The Income Tax Department raised a demand of Rs. 197.075 million on account of non deduction of tax while making payments to sugar cane suppliers. The demand has abolished by the commissioner of income tax like in some other similar cases. However, the department has filed an appeal against the commissioner order. The company is hopeful that the tribunal decision would be in its favor.

8.2 Commitments

Commitments in respect of capital expenditure were Rs.14.979 million (September 30, 2013: Rs.12.390 million).



KOHINOOR SUGAR MILLS LIMITED

9 Cost of sales	Nine months period ended June 30		Three months period ended June 30	
	2014	2013	2014	2013
	(Rupees in thousands)			
Raw material Cane purchased & consumed	1,227,790	1,396,193	9,752	271
Salaries, wages and other benefits	51,265	61,475	5,265	9,179
Chemicals, fuel, lubes and packing material	35,849	31,489	90	1,209
Manufacturing expenses	104,456	57,073	7,244	8,076
Depreciation	39,903	45,380	12,760	15,168
	1,459,263	1,591,610	35,111	33,903
Work-in-process - (net)	(988)	143	(107)	(37)
Cost of goods manufactured	1,458,275	1,591,753	35,004	33,866
Opening stock of finished goods	436,971	314,957	614,461	788,665
	1,895,246	1,906,710	649,465	822,531
Closing stock of finished goods	(472,670)	(647,893)	(472,670)	(647,893)
Cost of sales	1,422,576	1,258,817	176,795	174,638

10 Transaction with related parties	Un-audited	Audited
	June 30 2014	Sep. 30 2013
	(Rupees in thousands)	
Kohinoor Enterprises (Pvt.) Limited (Rent expense)	-	1,320
Provident Fund Trust (Contribution to PF)	1,110	1,244
Sponsors' Loan (paid) / disbursed	68,008	649,369

11 Date of authorization

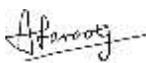
These financial information were authorized for issue on July 25, 2014 by the board of directors of the Company.

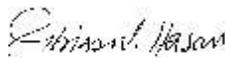
12 General

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.

Lahore:
July 25, 2014


ATIF ZAHEER FAROOQI
Director


GHIAS UL HASAN
Chief Executive

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