



KOHINOOR SUGAR MILLS LIMITED

29-G, GULBERG-II, LAHORE - 54660

**CONDENSED INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2012**



KOHINOOR SUGAR MILLS LIMITED

DIRECTORS' REVIEW

Your Directors are pleased to present the quarterly report for the period ended December 31, 2012.

Despite persistent glut of sugar and falling domestic and international prices, the Government raised the support price of sugarcane by over 13%, keeping the domestic market under pressure.

However, we are hopeful that with export subsidies, domestic market situation may improve. We are also expecting improvement in recovery due to increase in supply of approved cane varieties.

LAHORE:
January 28, 2013.

M. FAROOQUE SAIGOL
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THREE MONTHS ENDED DECEMBER 31, 2012

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct. 01, 2011	109,098	26,879	62,000	648,341	(299,656)	546,662
Total comprehensive loss for the period	-	-	-	-	(98,316)	(98,316)
Balance as at Dec. 31, 2011	109,098	26,879	62,000	648,341	(397,972)	448,346
Balance as at Oct. 01, 2012	109,098	26,879	62,000	1,338,237	(497,253)	1,038,961
Incremental depreciation	-	-	-	(9,265)	-	(9,265)
Total comprehensive loss for the period	-	-	-	-	(106,801)	(106,801)
Balance as at Dec. 31, 2012	109,098	26,879	62,000	1,328,972	(604,054)	922,895



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

		AS AT	
		Dec. 31 2012 Un-Audited	Sep. 30 2012 Audited
		(Rupees in thousands)	
	Note		
NON CURRENT ASSETS			
Property, plant and equipment	5	2,266,776	2,279,237
Long term deposits		1,027	1,027
Deferred tax assets		170,992	170,992
		2,438,795	2,451,256
CURRENT ASSETS			
Stores, spare parts and loose tools		153,526	163,322
Stock in trade		178,816	316,801
Trade debts-unsecured-considered good		-	22,862
Loans and advances		7,816	21,986
Trade deposits and short term prepayments		719	339
Other receivables		14,116	14,077
Taxation	6	25,535	41,941
Cash and bank balances		57,860	5,621
		438,388	586,949
CURRENT LIABILITIES			
Trade and other payables		642,950	662,466
Accrued mark-up		78,103	61,529
Short term borrowings		193,051	300,000
Current portion of long term liabilities		144,612	144,817
Provision for taxation		2,505	16,855
		1,061,221	1,185,667
CURRENT ASSETS LESS CURRENT LIABILITIES		(622,833)	(598,718)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,815,962	1,852,538
CONTINGENCIES AND COMMITMENTS		7	-
NON CURRENT LIABILITIES			
Long term finances		182,994	182,994
Liabilities against assets subject to finance lease		2,179	2,179
Sponsors' loan	8	531,585	452,095
Long term advances		175,000	175,000
Long term provision		1,309	1,309
		893,067	813,577
NET ASSETS		922,895	1,038,961
REPRESENTED BY:			
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 balance		(604,054)	(497,253)
		(542,054)	(435,253)
TOTAL CAPITAL AND RESERVES		(406,077)	(299,276)
SURPLUS ON REVALUATION OF ASSETS		9	1,328,972
		1,328,972	1,338,237
		922,895	1,038,961

LAHORE:
January 28, 2013.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)

FOR THREE MONTHS ENDED

	December 31	
	2012	2011
	(Rupees in thousands)	
SALES	500,872	405,709
COST OF SALES	<u>580,518</u>	<u>452,854</u>
GROSS PROFIT / (LOSS)	(79,646)	(47,145)
OPERATING EXPENSES		
Distribution cost	<u>511</u>	<u>1,018</u>
Administrative expenses	19,002	17,891
Other operating expenses	<u>515</u>	<u>520</u>
	<u>20,028</u>	<u>19,429</u>
OPERATING PROFIT / (LOSS)	(99,674)	(66,574)
FINANCE COST	13,903	28,768
OTHER INCOME / (EXPENSES)	16	1,089
PROFIT/(LOSS) BEFORE TAXATION	<u>(113,561)</u>	<u>(94,253)</u>
PROVISION FOR TAXATION	(2,505)	(4,063)
PROFIT/(LOSS) AFTER TAXATION	(116,066)	(98,316)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		
Incremental Depreciation	9,265	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>(106,801)</u>	<u>(98,316)</u>
EARNING / (LOSS) PER SHARE-Basic and diluted (Rs.)	(9.79)	(9.01)

COST OF SALES

Raw Material :		
Cane purchased and consumed	368,143	566,406
Salaries, wages and benefits	19,944	18,039
Chemicals, fuel, lubes & packing material	12,438	15,149
Manufacturing expenses	26,902	19,209
Depreciation	<u>15,106</u>	<u>6,162</u>
	442,533	624,965
Work in process - (net)	<u>(37,401)</u>	<u>(27,242)</u>
	405,132	597,723
Finished goods		
Opening stock	<u>314,957</u>	<u>574,659</u>
Closing stock	139,571	719,528
	175,386	(144,869)
	<u>580,518</u>	<u>452,854</u>

LAHORE:
January 28, 2013.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT


(UN-AUDITED)

FOR THREE MONTHS ENDED

	December 31	
	2012	2011
	(Rupees in thousands)	
Cash flow from operating activities		
Profit / (loss) before taxation	(113,561)	(94,253)
Adjustments for :		
Depreciation	15,477	6,624
Finance cost	13,903	28,768
Operating loss before working capital changes	(84,181)	(58,861)
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	9,796	(1,479)
Stock in trade	137,985	(172,111)
Trade debts	22,862	884
Loans and advances	14,170	12,724
Trade deposits and short term prepayments	(380)	(1,154)
Other receivables	(39)	(324)
	100,213	(220,321)
Increase / (Decrease) in current liabilities		
Trade and other payables	(19,516)	482,047
Cash (used in)/ generated from operations	80,697	261,726
Taxes paid / adjusted	(449)	(3,935)
Finance cost paid	(253)	(36,271)
Net Cash (used in)/generated from operating activities	79,995	221,520
Cash flow from investing activities		
Addition to property, plant & equipment	(92)	(13,819)
Net cash (used in) / generated from investing activities	(92)	(13,819)
Cash flow from financing activities		
Long term finances (paid) / disbursed	-	48,712
Lease liabilities paid	(205)	(136)
Short term borrowings (paid) / disbursed	(106,949)	(247,290)
Sponsors' loan (paid) / disbursed	79,490	(1,700)
Net cash (used in)/ generated from financing activities	(27,664)	(200,414)
Net increase/(decrease) in cash & cash equivalents	52,239	7,287
Cash & cash equivalents at beginning of the period	5,621	4,921
Cash & cash equivalents at close of the period	57,860	12,208

LAHORE:
January 28, 2013.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive



NOTES TO THE ACCOUNTS

FOR THREE MONTHS ENDED DECEMBER 31, 2012

1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is incorporated in Pakistan and listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 29-G, Gulberg II, 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.
- 1.2 The Company has suffered current loss of Rs. 106.801 million (December 31, 2011: Rs. 98.316 million) resulting in accumulated losses of Rs. 604.054 million (December 31, 2011 Rs. 397.972 million). However, the equity remains positive due to surplus on revaluation of assets as reflected in the condensed interim statement of changes in equity.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These condensed interim financial statements are unaudited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance 1984 and the listing regulations of Karachi and Lahore Stock Exchanges.

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

3 ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended September 30, 2012.

4 SEASONALITY OF THREE 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 PROPERTY, PLANT AND EQUIPMENT

		Dec. 31 2012	Sep. 30 2012
		(Rupees in thousands)	
Operating assets	5.1	1,739,780	1,755,165
Capital work in progress - at cost	5.2	526,996	524,072
		<u>2,266,776</u>	<u>2,279,237</u>
5.1 Operating assets			
Opening written down value		1,755,165	1,063,720
Add: Additions during the period		92	718,437
		<u>1,755,257</u>	<u>1,782,157</u>
Less: Disposals during the period (at book value)		-	295
		<u>1,755,257</u>	<u>1,781,862</u>
Less: Depreciation during the period		15,477	26,697
		<u>1,739,780</u>	<u>1,755,165</u>
5.2 Capital work in progress			
Building on freehold land		40,017	39,982
Plant and machinery		486,979	484,090
		<u>526,996</u>	<u>524,072</u>



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THREE MONTHS ENDED DECEMBER 31, 2012

6 TAXATION

Provision for taxation has been made on the basis of turnover tax under section 113 of the Income Tax Ordinance, 2001.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

The followings were known contingencies as on Dec. 31, 2012 (Sep. 30, 2012: Rs. 62.736 million)

- a) Performance bond of Rs. 3.855 million provided to TCP against supply of 3000 M.Tons of sugar.
- b) 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 Honorable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of Rs. 58.881 million.

7.2 Commitments

- a) Commitments in respect of capital expenditure were Rs. 3.288 million (September 30, 2012: Rs.6.220 million).
- b) Commitments in respect of letter of credit were Rs. 1.75 million (September 30, 2012: NIL).

8 SPONSORS LOAN - Unsecured

	Dec. 31 2012	Sep. 30 2012
	(Rupees in thousands)	
Sponsors' loan - Subordinated	454,405	452,000
Sponsors' loan - Others	77,180	95
	<u>531,585</u>	<u>452,095</u>

9 SURPLUS ON REVALUATION OF ASSETS

Opening Balance	1,338,237	648,341
Add: Surplus arising during the period	-	689,896
	<u>1,338,237</u>	<u>1,338,237</u>
Less: Transferred to other comprehensive income in respect of incremental depreciation charged during the period.	9,265	-
	<u>1,328,972</u>	<u>1,338,237</u>

10 TRANSACTION WITH RELATED PARTIES

Kohinoor Enterprises (Pvt) Limited (Rent expense)	-	1,200
Provident Fund Trust (Contribution to PF)	394	1,494
Sponsors Loan (paid) / disbursed	79,490	(2,310)

11 DATE OF AUTHORIZATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors on January 28, 2013.

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:
January 28, 2013.


M. SALEEM SAIGOL
Director


M. FAROOQUE SAIGOL
Chief Executive

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