



KOHINOOR SUGAR MILLS LIMITED

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED
DECEMBER 31, 2013**



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 financial statements of the Company for three months ended December 31, 2013.

Despite the allowance sugar exports and government buying through Trading Corporation of Pakistan (TCP), the domestic prices of sugar remained under pressure due to over supplies in the market. Better sugar recovery is expected due to more availability of approved varietal sugarcane. Improvement in sugar prices are expected marginally during the crushing season.

The new management has taken over the control of the Company after the approval of acquisition of majority voting shares and control of the Company by the Securities & Exchange Commission of Pakistan. The bottle necks of the plant have been removed against which margins will improve.

Now the new management is focused to revitalize the project through implementation of periodic plans along with the support from financial banks/institutions for converting the Company into profitable ones.

LAHORE:
January 29, 2014.


GYIAS UL HASSAN
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(UN-AUDITED)

FOR THREE MONTHS ENDED DECEMBER 31, 2013

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
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
Balance as at Oct. 01, 2013	109,098	26,879	62,000	1,088,406	(176,950)	1,109,433
Incremental depreciation	-	-	-	(5,745)	-	(5,745)
Total comprehensive loss for the period	-	-	-	-	(40,928)	(40,928)
Balance as at Dec. 31, 2013	109,098	26,879	62,000	1,082,661	(217,878)	1,062,760



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

		AS AT	
		Dec. 31 2013 Un-Audited	Sep. 30 2013 Audited
		(Rupees in thousands)	
Note			
NON CURRENT ASSETS			
	Property, plant and equipment	2,231,474	2,245,286
	Long term deposits	-	399
		2,231,474	2,245,685
CURRENT ASSETS			
	Stores, spare parts and loose tools	151,528	151,033
	Stock in trade	326,658	438,688
	Loans and advances	35,717	53,172
	Trade deposits and short term prepayments	432	464
	Other receivables	25,171	25,558
	Taxation	33,324	31,917
	Cash and bank balances	30,625	4,902
		603,455	705,734
CURRENT LIABILITIES			
	Trade and other payables	493,753	525,313
	Accrued mark-up	12,167	28,857
	Current portion of long term liabilities	59,449	101,449
		565,369	655,619
CURRENT ASSETS LESS CURRENT LIABILITIES		38,086	50,115
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,269,560</u>	<u>2,295,800</u>
CONTINGENCIES AND COMMITMENTS		7	-
NON CURRENT LIABILITIES			
	Long term finances	34,898	52,348
	Sponsors' and other associates loans	687,252	649,369
	Long term advances	290,000	290,000
	Long term provision	1,309	1,309
	Deferred taxation	193,341	193,341
		1,206,800	1,186,367
NET ASSETS		<u>1,062,760</u>	<u>1,109,433</u>
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	(217,878)	(176,950)
		(155,878)	(114,950)
TOTAL CAPITAL AND RESERVES		(19,901)	21,027
SURPLUS ON REVALUATION OF ASSETS		1,082,661	1,088,406
		<u>1,062,760</u>	<u>1,109,433</u>

The annexed notes form an integral part of these condensed interim financial statements.

LAHORE:
January 29, 2014.


ATIF ZAHEER FAROOQI
Director


GHYAS UL HASSAN
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THREE MONTHS ENDED

	December 31	
	2013	2012
	(Rupees in thousands)	
SALES	668,920	500,872
COST OF SALES	<u>694,790</u>	<u>580,518</u>
GROSS PROFIT / (LOSS)	(25,870)	(79,646)
OPERATING EXPENSES		
Distribution cost	<u>480</u>	<u>511</u>
Administrative expenses	14,990	19,002
Other operating expenses	<u>650</u>	<u>515</u>
	<u>(16,120)</u>	<u>(20,028)</u>
OPERATING PROFIT / (LOSS)	(41,990)	(99,674)
FINANCE COST	(4,683)	(13,903)
OTHER INCOME / (EXPENSES)	-	16
PROFIT/(LOSS) BEFORE TAXATION	<u>(46,673)</u>	<u>(113,561)</u>
PROVISION FOR TAXATION	-	(2,505)
PROFIT/(LOSS) AFTER TAXATION	(46,673)	(116,066)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		
Incremental Depreciation	5,745	9,265
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>(40,928)</u>	<u>(106,801)</u>
EARNING / (LOSS) PER SHARE (Rs.)	(3.75)	(9.79)

COST OF SALES

Raw Material :

Cane purchased and consumed	525,320	368,143
Salaries, wages and benefits	20,781	19,944
Chemicals, fuel, lubes & packing material	11,970	12,438
Manufacturing expenses	10,569	26,902
Depreciation	<u>14,119</u>	<u>15,106</u>
	582,759	442,533
Work in process - (net)	<u>(26,517)</u>	<u>(37,401)</u>
	556,242	405,132
Finished goods		
Opening stock	<u>436,971</u>	<u>314,957</u>
Closing stock	<u>298,423</u>	<u>139,571</u>
	138,548	175,386
	<u>694,790</u>	<u>580,518</u>

The annexed notes form an integral part of these condensed interim financial statements.

LAHORE:
January 29, 2014.


ATIF ZAHEER FAROOQI
Director


GHYAS UL HASSAN
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT

(UN-AUDITED)

FOR THREE MONTHS ENDED

	December 31	
	2013	2012
	(Rupees in thousands)	
Cash flow from operating activities		
Profit / (loss) before taxation	(46,673)	(113,561)
Adjustments for :		
Depreciation	14,119	15,477
Finance cost	4,683	13,903
Operating profit before working capital changes	(27,871)	(84,181)
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(495)	9,796
Stock in trade	112,030	137,985
Trade debts	-	22,862
Loans and advances	17,455	14,170
Trade deposits and short term prepayments	32	(380)
Other receivables	387	(39)
	101,538	100,213
Increase / (Decrease) in current liabilities		
Trade and other payables	(31,548)	(19,516)
Cash (used in)/ generated from operations	69,990	80,697
Taxes paid / adjusted	(1,407)	(449)
Dividend paid	(12)	-
Finance cost paid	(21,373)	(253)
Net Cash (used in)/generated from operating activities	47,198	79,995
Addition to property, plant & equipment	(307)	(92)
Long term deposits	399	-
Net cash (used in) / generated from investing activities	92	(92)
Cash flow from financing activities		
Long term finances (paid) / disbursed	(59,450)	-
Lease liabilities paid	-	(205)
Short term borrowings (paid) / disbursed	-	(106,949)
Sponsors' loan (paid) / disbursed	37,883	79,490
Net cash (used in)/ generated from financing activities	(21,567)	(27,664)
Net increase/(decrease) in cash & cash equivalents	25,723	52,239
Cash & cash equivalents at beginning of the period	4,902	5,621
Cash & cash equivalents at close of the period	30,625	57,860

LAHORE:
January 29, 2014.


ATIF ZAHEER FAROOQI
Director


GHYAS UL HASSAN
Chief Executive



NOTES TO THE ACCOUNTS

FOR THREE MONTHS ENDED DECEMBER 31, 2013

1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Ordinance, 1984) and listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Office # 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.
- 1.2 The new management has taken over the control of the Company after the approval of SECP by way of acquisition of control and sponsors shares of Saigols. The new management is now looking after the operations of the Company and implemented their revitalization plans for revival of the Company. The significant improvement in the margins with comparative period is witnessed in the interim profit and loss account.

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, 2013.

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 2013	Sep. 30 2013
(Rupees in thousands)			
Operating assets	5.1	1,707,403	1,721,215
Capital work in progress - at cost	5.2	524,071	524,071
		<u>2,231,474</u>	<u>2,245,286</u>
5.1 Operating assets			
Opening written down value		1,721,215	1,755,166
Add: Additions during the period		307	35,699
		<u>1,721,522</u>	<u>1,790,865</u>
Less: Disposals during the period (at book value)		-	8,141
		<u>1,721,522</u>	<u>1,782,724</u>
Less: Depreciation during the period		14,119	61,509
		<u>1,707,403</u>	<u>1,721,215</u>
5.2 Capital work in progress			
Building on freehold land		39,981	39,981
Plant and machinery		484,090	484,090
		<u>524,071</u>	<u>524,071</u>



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THREE MONTHS ENDED DECEMBER 31, 2013

6 TAXATION

Provision for taxation has not been made as per clause 1 of section 113 of the Income Tax Ordinance 2001.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- a) There were no known quantifiable contingencies as on December 31, 2013 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.
- 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 58.881 million.
- c) The Income Tax Department raised a demand of Rs. 197.075 million on account of non deduction of tax while making payment to sugar cane suppliers. The demand was 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 favour.

7.2 Commitments

Commitments in respect of capital expenditure were Rs. 1.000 million (September 30, 2013: Rs.12.390 million).

8 SPONSORS' AND OTHER ASSOCIATES LOAN- Unsecured

	Dec. 31 2013	Sep. 30 2013
	(Rupees in thousands)	
Other associates-subordinated	649,369	-
Other associates	37,883	649,369
	<u>687,252</u>	<u>649,369</u>

8.1 This loan has been raised to fulfill the financial commitments of the Company and is interest free. The repayment will be on the discretion of the Company.

9 TRANSACTION WITH RELATED PARTIES

	Dec. 31 2013	Sep. 30 2013
	(Rupees in thousands)	
Kohinoor Enterprises (Pvt) Limited (Rent expense)	-	1,320
Provident Fund Trust (Contribution to PF)	345	1,244
Sponsors' and other associates loan (paid) / disbursed	37,883	649,369

10 DATE OF AUTHORIZATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors on January 29, 2014.

11 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 29, 2014.


ATIF ZAHEER FAROOQI
Director


GHYAS UL HASSAN
Chief Executive

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