



KOHINOOR SUGAR MILLS LIMITED
29-G, GULBERG-II, LAHORE - 54660

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
MARCH 31, 2013**

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DIRECTORS' REVIEW

Your directors are pleased to present the quarterly report for the period ended March 31, 2013.

Operating Results

	Period ended 31 March	2013	2012
Crushing days	No.	97	99
Cane Crushing	M.Tons	321,022	427,690
Recovery	%	8.227	8.333
Production	M.Tons	26,420	35,646

	Season ended	March 13, 2013	March 5, 2012
Crushing days	No.	97	99
Cane Crushing	M.Tons	321,022	427,690
Recovery	%	8.227	8.333
Production	M.Tons	26,420	35,646

SECTOR OVERVIEW

Sugar rates remained either low or at previous year's levels. Unjustified increase in support price of sugarcane in the bumper crop year worsened the sugar market. We are facing an oversupply situation due to improved sugar production. The international sugar glut also affected the local market due to limited exports despite the subsidies offered by the government.

OPERATIONAL PERFORMANCE

Insufficient machinery maintenance due to financial constraints, the interrupted mills operation has reduced both crushing and productivity. Newer varieties of sugarcane however supported the recovery.

FINANCIAL PERFORMANCE

Increased support price of sugarcane has increased cane cost per ton of sugar produced while sugar prices remain low due to oversupply. It is expected that sugar prices may improve in the late off season. However, mills are forced to sell at low prices to meet the payments to growers thus creating gluts in the local market.

AUDITORS' REPORT

In reply to auditors' observations, your directors have to comment as follows:

Although, the Company has current and accumulated losses, the equity remains positive due to surplus on revaluation of assets as shown in the statement of changes in equity. As regards the auditors' doubt about the Company's ability to continue as going concern, the management is able to fulfill the financial commitments despite the lower sugar prices and administrative pressure for payments to growers. Further, with improved yield and crushing of newer varieties of sugarcane, the profitability and the financial strength of the Company will improve in next years.

Lahore:
May 25, 2013

GYASUL HASSAN
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Kohinoor Sugar Mills Limited** as at March 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarter ended March 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2013.

Scope of Review

We conducted our review in accordance with international standard on review engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

The Company has accumulated losses of Rs. 881.39 million resulting in negative equity of Rs. 683.41 million. The current liabilities of the Company are in excess of current assets by an amount of Rs. 814.97 million and long term loan of Rs. 48.72 million and markup of Rs. 33.96 million are overdue. These conditions cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim financial statements do not fully disclose this fact.

Based on our review, except for the effects of the matters referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:
May 25, 2013


UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan, FCA



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2013

(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 half year ended March 31, 2012	-	-	-	-	(135,731)	(135,731)
Balance as at March 31, 2012	109,098	26,879	62,000	648,341	(435,387)	410,931
Balance as at Oct 01, 2012	109,098	26,879	62,000	1,338,237	(497,253)	1,038,961
Incremental Depreciation	-	-	-	(18,530)	-	(18,530)
Total comprehensive loss for the half year ended March 31, 2013	-	-	-	-	(384,133)	(384,133)
Balance as at March 31, 2013	109,098	26,879	62,000	1,319,707	(881,386)	636,298

Lahore:
May 25, 2013

ATIF ZAHEER FAROOQI
Director

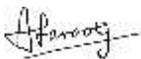
GYIAS UL HASSAN
Chief Executive

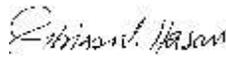
**CONDENSED INTERIM BALANCE SHEET**

	Note	As at	
		Mar.31	Sep.30
		2013	2012
		Un-Audited	Audited
		(Rupees in thousands)	
NON CURRENT ASSETS			
Property, plant and equipment	5	2,250,120	2,279,237
Long term deposits		129	1,027
Deferred tax asset		170,992	170,992
		2,421,241	2,451,256
CURRENT ASSETS			
Stores, spare parts and loose tools		153,024	163,322
Stock in trade		790,329	316,801
Trade debts - unsecured - considered good		11,498	22,863
Loans and advances		27,014	21,986
Trade deposit and short term prepayments		625	339
Other receivables		14,256	14,077
Taxation		5,946	41,941
Cash and bank balances		4,535	5,621
		1,007,227	586,950
CURRENT LIABILITIES			
Trade and other payables		1,595,487	662,466
Accrued mark-up		43,276	61,529
Short term borrowings		-	300,000
Current portion of long term liabilities		179,382	144,817
Provision for taxation	6.1	4,048	16,855
		1,822,193	1,185,667
CURRENT ASSETS LESS CURRENT LIABILITIES		(814,966)	(598,717)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,606,275	1,852,539
CONTINGENCIES AND COMMITMENTS	7	-	-
NON CURRENT LIABILITIES			
Long term finances		132,099	182,994
Liabilities against assets subject to finance lease		-	2,180
Sponsors' loan	8	761,569	452,095
Long term advances		75,000	175,000
Long term provision		1,309	1,309
		969,977	813,578
NET ASSETS		636,298	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		(881,386)	(497,253)
		(819,386)	(435,253)
TOTAL CAPITAL AND RESERVES		(683,409)	(299,276)
SURPLUS ON REVALUATION OF ASSETS		1,319,707	1,338,237
		636,298	1,038,961

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

Lahore:
May 25, 2013


ATIF ZAHEER FAROOQI
Director


GYIAS UL HASSAN
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)

(Rupees in thousands)

	Half Year Ended Mar.31		Quarter Ended Mar.31	
	2013	2012	2013	2012
SALES	792,104	910,965	291,232	505,256
COST OF SALES	1,084,179	941,278	503,661	488,424
GROSS PROFIT / (LOSS)	(292,075)	(30,313)	(212,429)	16,832
OPERATING EXPENSES				
Distribution cost	2,993	3,441	2,482	2,423
Administrative expenses	49,762	42,330	30,760	24,439
Other operating expenses	550	550	35	30
	53,305	46,321	33,277	26,892
OPERATING PROFIT / (LOSS)	(345,380)	(76,634)	(245,706)	(10,060)
FINANCE COST	(23,386)	(51,285)	(9,483)	(22,517)
OTHER INCOME / (EXPENSES)	(4,763)	1,303	(4,779)	214
PROFIT/(LOSS) BEFORE TAXATION	(373,529)	(126,616)	(259,968)	(32,363)
PROVISION FOR TAXATION (Note 6)	(29,134)	(9,115)	(26,629)	(5,052)
PROFIT/(LOSS) AFTER TAXATION	(402,663)	(135,731)	(286,597)	(37,415)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	18,530	-	9,265	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(384,133)	(135,731)	(277,332)	(37,415)
EARNING / (LOSS) PER SHARE-Basic and Diluted (Rs.)	(36.91)	(12.44)	(26.27)	(3.43)
COST OF SALES				
Raw Material :				
Cane purchased and consumed	1,395,922	1,634,018	1,027,779	1,067,612
Salaries, wages and benefits	52,296	50,026	32,352	31,987
Chemicals, fuel, lubes & packing material	30,280	34,089	17,842	18,940
Manufacturing expenses	48,997	28,784	22,095	9,575
Depreciation	30,212	12,364	15,106	6,202
	1,557,707	1,759,281	1,115,174	1,134,316
Work in process - (Net)	180	944	37,581	28,186
	1,557,887	1,760,225	1,152,755	1,162,502
Finished goods				
Opening stock	314,957	574,659	139,571	719,528
Closing stock	(788,665)	(1,393,606)	(788,665)	(1,393,606)
	(473,708)	(818,947)	(649,094)	(674,078)
	1,084,179	941,278	503,661	488,424

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

ATIF ZAHEER FAROOQI
Director

GYIAS UL HASSAN
Chief Executive

Lahore:
May 25, 2013



KOHINOOR SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT

(UN-AUDITED)

FOR THE HALF YEAR ENDED

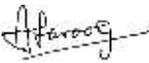
March 31

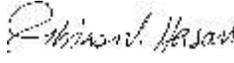
2013 2012

(Rupees in thousands)

Cash flow from operating activities		
Loss before taxation	(373,529)	(126,616)
Adjustments for :		
Depreciation	30,944	13,289
Finance cost	23,386	51,285
Gain on disposal of property, plant and equipment	(2,440)	-
Operating profit / (loss) before working capital changes	(321,639)	(62,042)
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	10,298	(5,799)
Stock in trade	(473,528)	(818,002)
Trade debts	11,365	286
Loans and advances	(5,028)	(1,411)
Trade deposits and short term prepayments	(286)	(623)
Other receivables	(179)	1,548
	(778,997)	(886,043)
Increase / (Decrease) in current liabilities		
Trade and other payables	933,021	1,205,412
Cash (used in) / generated from operations	154,024	319,369
Taxes paid / adjusted	(5,946)	(6,733)
Finance cost paid	(41,624)	(64,885)
Net Cash (used in)/generated from operating activities	106,454	247,751
Cash flow from investing activities		
Addition to property, plant and equipment	(3,703)	(25,771)
Long term deposits	898	-
Sale proceeds on disposal of property, plant & equipment	4,301	-
Net cash (used in) / generated from investing activities	1,496	(25,771)
Cash flow from financing activities		
Long term finances (paid) / disbursed	(16,330)	23,502
Lease liabilities paid	(2,180)	(350)
Short term borrowings (paid) / disbursed	(300,000)	(230,763)
Long term advances paid	(100,000)	-
Sponsors' loan (paid) / disbursed	309,474	(2,310)
Net cash (used in) / generated from financing activities	(109,036)	(209,921)
Net increase/ (decrease) in cash & cash equivalents	(1,086)	12,059
Cash & cash equivalents at beginning of the period	5,621	4,921
Cash & cash equivalents at close of the period	4,535	16,980

Lahore:
May 25, 2013


ATIF ZAHEER FAROOQI
Director


GYIAS UL HASSAN
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED MARCH 31, 2013

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was 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 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 and accumulated losses due to low sugar sale prices because of surplus availability in the country. However, the equity remains positive due to surplus on revaluation of assets as reflected in the statement of changes in equity. The management expects that the lower cost of raw material due to replacement of unapproved variety cane, the profitability and financial strength of the Company will improve.

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 HALF YEARLY 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.



KOHINOOR SUGAR MILLS LIMITED

		Mar.31	Sep.30
		2013	2012
		(Rupees in thousands)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,726,071	1,755,166
Capital work in progress – at cost	5.2	524,049	524,071
		<u>2,250,120</u>	<u>2,279,237</u>
5.1 Operating assets			
Opening written down value		1,755,166	1,083,821
Add: Additions during the period		4,465	698,337
		<u>1,759,631</u>	<u>1,782,158</u>
Less: Disposals during the period (at book value)		2,616	295
		<u>1,757,015</u>	<u>1,781,863</u>
Less: Depreciation during the period		30,944	26,697
		<u>1,726,071</u>	<u>1,755,166</u>
5.2 Capital work in progress			
Building on freehold land		39,981	39,981
Plant and machinery		484,068	484,090
		<u>524,049</u>	<u>524,071</u>

6. TAXATION

Current tax

For the year	6.1	4,048	16,855
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Previous year

		25,086	-
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		<u>29,134</u>	<u>16,855</u>
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6.1 Provision for taxation has been accounted for on the basis of turnover tax under section 113 of the Income Tax Ordinance 2001.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- a) There were no known quantifiable contingencies as on March 31, 2013 except performance bond of Rs. 3.855 million (September 30, 2012 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 Rs. 58.881 million.

7.2 Commitments

Commitments in respect of capital expenditure were Rs. 3.287 million (September 30, 2012: Rs.6.220 million).



KOHINOOR SUGAR MILLS LIMITED

	Mar. 31 2013	Sep. 30 2012
8. SPONSORS' LOAN - Unsecured		
Sponsors' loan - Subordinated	454,000	452,000
Sponsors' loan - Others	307,569	95
	<u>761,569</u>	<u>452,095</u>
9. TRANSACTIONS WITH RELATED PARTIES		
Kohinoor Enterprises (pvt) Limited (Rent expense)	1,320	1,200
Provident Fund Trust (Contribution to PF)	1,662	1,494
Sponsors' Loan (paid) / disbursed	309,474	(2,310)

10. DATE OF AUTHORIZATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors on May 25, 2013.

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:
May 25, 2013

ATIF ZAHEER FAROOQI
Director

GYIAS UL HASSAN
Chief Executive

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