بسم الله الرحمن الرحيم

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. GYIAS UL HASSAN	Chief Executive
MR. M. FAROOQUE SAIGOL	
MR. M. SALEEM SAIGOL	
MR. M. NAEEM SAIGOL	
MR. ATIF ZAHEER FAROOQI	
MR. FAROOQ AHMED	
SHEIKH ASIM RAFIQ	NIT Nominee

AUDIT COMMITTEE

MR. ATIF ZAHEER FAROOQI	Chairman
MR. GYIAS UL HASSAN	Member
MR. FAROOQ AHMED	Member

COMPANY SECRETARY

MR.FAROOQ AHMED

AUDITORS

M/S. UHY HASSAN NAEEM & CO.
Chartered Accountants

BANKERS

FAYSAL BANK LIMITED
HABIB BANK LIMITED

SHARE REGISTRAR

M/S. CORPLINK (PVT) LIMITED
WINGS ARCADE, 1-K COMMERCIAL,
MODEL TOWN, LAHORE.
TEL : 35839182, 35887262
FAX: 35869037

LEGAL ADVISOR

Mr. ANWAAR HUSSAIN

REGISTERED OFFICE

OFFICE # 11-12, 4TH FLOOR,
ALI TOWER, M.M. ALAM ROAD
GULBERG III, LAHORE.
Internet:www.ksml.com.pk
Email : secretary@ksml.com.pk

MILLS

JAUHARABAD,
DISTRICT KHUSHAB.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fifth Annual General Meeting of the Kohinoor Sugar Mills Limited will be held on Friday, January 31, 2014 at 11:30 a.m., at Office No. 11-12, 4th Floor, Ali Tower, M.M. Alam Road, Gulberg-III, Lahore, the registered office of the Company to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on January 31, 2013.

2. To review and adopt the audited accounts together with Directors' and Auditors' report for the year ended September 30, 2013.

3. To appoint Auditors and to fix their remuneration.

4. Any other business with the permission of the chair.

By order of the Board

(Farooq Ahmed)
Company Secretary

Lahore: January 08, 2014.

NOTE:

1. The share transfer books of the Company will remain closed from January 24, 2014 to January 31, 2014 (both days inclusive).

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote. Proxies, in order to be affective, must be received at the registered office of the Company, not later than 48 hours before the time of holding of the meeting.

3. CDC Shareholders entitled to attend and vote for this meeting, must bring with them their CNIC/ Passports in original along with Participant's ID Numbers and their identity, and in case of Proxy, must enclose an attested copy of his/ her CNIC or Passport. Representatives of Corporate members should bring usual documents (Power of Attorney/ Resolution) required for such purpose.

4. Shareholders are requested to notify the Company's Share Registrar of any change in their addresses.

STATEMENT OF ETHICS

AND

BUSINESS PRACTICES

Code of ethics is a pre-requisite for all directors and employees of Kohinoor Sugar Mills Limited. We endeavour to have fully groomed employees committed to carry out honestly activities assigned to them. Our aim is to have high standard of excellence for the products and for all those involved with our Company.

VISION STATEMENT

To become a market leader in the Industry setting out high quality standards for the Company and others to follow.

MISSION STATEMENT

To produce/manufacture quality sugar and molasses by maintaining a high standard of efficiency and staying competitive to ensure customer satisfaction and to provide a comfortable level of return to all stakeholders.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the Forty Fifth report together with audited accounts for the year ended September 30, 2013.

FINANCIAL RESULTS

	2013	2012
	(Rs. in thousands)	
Profit / (loss) before taxation	434,804	(276,430)
Taxation - Current	-	(16,855)
- Deferred	(138,961)	95,688
Profit / (loss) after taxation	295,843	(197,597)

OPERATING RESULTS

Operating results for the year and comparative figures are as under:

		2013	2012	2011	2010
Crushing days	Nos.	**97**	99	114	86
Average recovery	%	**8.227**	8.333	7.55	7.64
Cane crushed	M. Tons	**321,022**	427,690	406,388	280,977
Sugar produced	M. Tons	**26,420**	35,646	30,673	21,470

Shortage of liquidity combined with previous years losses caused gross loss situation. The recovery remained low due to procurement of un-approved sugarcane with insufficient resources. Higher support price of cane and stagnant sugar rates combined to cause heavy gross loss. The Company is able to report profit mainly due to volunteer writing off the sponsors' interest free loans to improve the strength of the Company.

The liquidity is injecting through sponsor's and other associates resources in the Company.

PROSPECTS FOR 2013 – 2014

Marginal improvement in availability of sugarcane is expected with increase in approved varieties. This will improve recovery and so as sugar production. Sugar sale rates, however, will remain either at present levels or improve marginally due to sugar glut. The exports allowed by the government and assurance to procure through TCP may help in improving the margins which is warmly welcomed by the industry.

AUDITORS' REPORT

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

The Company though has suffered operational loss but with the writing off the substantial loan of the sponsors' the financial strength of the Company has significantly improved which has been benefited into the equity and current ratio. This would help the operations through availability of working capital to meet the operational requirements.

The write off advances from customers is on account of final settlement with the parties. The Company's management believes that there would be no claims in this respect.

The Company has an operating loss and profit after tax has been generated by writing off sponsors' loan and advances from customers. The Company's management believes that this profit is not related to operational activity and does not justify such provision.

AUDITORS

The retiring auditors M/s. UHY Hassan Naeem & Co., Chartered Accountants are eligible for the ensuing period, and have offered themselves for reappointment.

APPRECIATION

Management and employee relations remained highly satisfactory and your Directors place on record their appreciation to all concerned.

BOARD OF DIRECTORS MEETINGS

During the year 2012-13, four meetings of the Board of Directors were held. The attendance by each Director is as follows:

			No. of Meetings Attended
1.	Mr. Gyias Ul Hassan		2
2.	Mr. M. Farooque Saigol		2
3.	Mr. Atif Zaheer Farooqi		1
4.	Mr. M. Saleem Saigol		3
5.	Mr. M. Naeem Saigol		2
6.	Mr. Farooq Ahmed		1
7.	Mr. Tariq Rehman	(Resigned)	1
8.	Khawaja Khurshid Anwar	(Resigned)	-
9.	Mr. Zahid Sultan Sheikh	(Resigned)	-
10.	Mrs. Ghazala Amjad	(Resigned)	1
11.	Sheikh Asim Rafiq – NIT Nominee		4

During the year Mr. Zahid Sultan Sheikh, Mr. Tariq Rehman, Khawaja Khurshid Anwar and Mrs. Ghazala Amjad had resigned from Board on 26-Apr-2013, 27-Apr-2013, 27-Apr-2013 and 13-Jun-2013 respectively. The casual vacancies are filled accordingly.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company is annexed with the financial statements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The management is fully aware of the compliance with the Code of Corporate Governance and steps have been taken for its effective implementation. The various statements, as required by the Code, are given below:

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flow and changes in equity.

BOOKS OF ACCOUNT

The Company has maintained proper books of Account as required by the Companies Ordinance, 1984.

ACCOUNTING POLICIES

Appropriate accountings policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

INTERNAL CONTROL SYSTEM

The system of internal control is sound in design and has been effectively implemented and monitored. The review will continue in future for the improvement in controls.

GOING CONCERN

There are no doubts upon the Company's ability to continue as a going concern, as stated in note 1.2.

SUMMARIZED FINANCIAL DATA

Operating and financial summarized data for the last six years is annexed with financial statements.

INVESTMENTS IN PROVIDENT FUND

Value of Investments based on last audited accounts of Provident Fund is Rs. 23.924 million.

AUDIT COMMITTEE

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee. Following directors are its members.

Mr. Atif Zaheer Farooqi	Chairman
Mr. Gyias Ul Hassan	Member
Mr. Farooq Ahmed	Member

SAFETY AND ENVIRONMENTS

The Company strictly complies with the standards of the safety rules & regulations. It also follows environmental friendly policies.

TRADING COMPANY'S SHARES

None of the Directors, CEO, CFO, Company Secretary and their spouses and minor children has made transaction of Company's shares during the year.

OUTSTANDING STATUTORY DUES

Detail of outstanding statutory dues is given in Note 23 to the accounts.

COMMUNICATION

Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Ordinance, 1984. Every opportunity is given to the individual shareholders to attend and freely ask questions about the Company's operations at the Annual General Meeting.

On behalf of the Board

Ghiasul. Hasan

(GYIAS UL HASSAN)
Chief Executive

LAHORE : November 11, 2013.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year Ended: September 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) Contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent, non-executive directors and executive directors representing minority interests on its board of directors. At present the board includes:

Category	Names	
Independent Directors	i	Mr. Gyias Ul Hassan
	ii	Mr. Atif Zaheer Farooqi
	iii	Shiekh Asim Rafiq
Executive Directors	i	Mr. M. Farooque Saigol
	ii	Mr. M. Saleem Saigol
Non-Executive Directors	i	Mr. M. Naeem Saigol
	ii	Mr. Farooq Ahmed

The Independent Directors meet the criteria of independence under clause i (b) of the CCG.

The Chief Executive and Directors have voluntarily forgone their remuneration and allowances with effect from April, 2013.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year the following Directors had resigned:

a.	Mr. Zahid Sultan Sheikh	dated 26-Apr-2013
b.	Mr. Tariq Rehman	dated 27-Apr-2013
c.	Khawaja Khurshid Anwar	dated 27-Apr-2013
d.	Mrs. Ghazala Amjad	dated 13-Jun-2013

and the following Directors have filled the casual vacancies:

a.	Mr. Gyias Ul Hassan	Appointed on 29-Apr-2013
b.	Mr. Atif Zaheer Farooqi	Appointed on 29-Apr-2013
c.	Mrs. Ghazala Amjad	Appointed on 29-Apr-2013
d.	Mr. Farooq Ahmed	Appointed on 13-Jun-2013

5. The company has prepared a “Code of Conduct”and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Orientation course has been arranged during the year.

10. The appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment has been duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members; all of them are non-executive directors and the chairman of the committee is an independent

Sr.	Names	Category	Position
i	Mr. Atif Zaheer Farooqi	Independent Directors	Chairman
ii	Mr. Gyias Ul Hassan	Non-Executive Directors	Member
iii	Mr. Farooq Ahmed	Non-Executive Directors	Member

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of three members; all of them are non-executive directors and the chairman of the committee is an independent director.

Sr.	Names	Category	Position
i	Mr. Atif Zaheer Farooqi	Independent Directors	Chairman
ii	Mr. Gyias Ul Hassan	Non-Executive Directors	Member
iii	Mr. Farooq Ahmed	Non-Executive Directors	Member

18. The Board has set-up effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Gyias ul. Hasan

(GYIAS UL HASSAN)
CHIEF EXECUTIVE

LAHORE: November 11, 2013

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance, prepared by the Board of Directors of Kohinoor Sugar Mills Limited to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement of internal controls covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2013.

Date : November 11, 2013.
Place : LAHORE

UHY HASSAN NAEEM & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Kohinoor Sugar Mills Limited** as at September 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) During the year advances from customers amounting to Rs. 140.24 million has been written off, confirmation from the related parties in this regard was not provided for verification.

(b) Provision for sum of Rs. 20.70 million on account of Worker's Profit Participation Fund has not been made in the Financial Statements.

(c) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(d) In our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(e) In our opinion, except for the effect, if any, of the matter referred to in paragraph (a) and (b) above and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(f) In our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion we draw attention to financial statements, which state that as on September 30, 2013 the Company during the year suffered a gross loss and operating loss of Rs. 342.22 million and Rs. 420.42 million respectively. Though the loss has been converted into net profit after tax of Rs. 295.84 million and net positive equity of Rs. 21.03 million. Such losses cast doubt on the Company's ability to continue as going concern.

UHY HASSAN NAEEM & CO.
Chartered Accountants
Ibne Hassan – FCA

Date : November 11, 2013.
Place : LAHORE

BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
NON CURRENT ASSETS			
Property, plant and equipment	5	2,245,285,781	2,279,236,947
Long term deposits	6	398,811	1,027,051
Deferred tax asset	24	-	170,991,793
		2,245,684,592	2,451,255,791
CURRENT ASSETS			
Stores, spare parts and loose tools	7	151,033,154	163,322,290
Stock in trade	8	438,688,478	316,800,968
Trade debts-unsecured-considered good		-	22,862,761
Loans and advances	9	53,171,704	21,985,706
Trade deposits and short term prepayments	10	463,646	338,877
Other receivables-unsecured-considered good	11	25,557,376	14,077,226
Taxation	12	31,916,795	41,940,868
Cash and bank balances	13	4,902,422	5,621,163
		705,733,575	586,949,859
CURRENT LIABILITIES			
Trade and other payables	14	525,312,747	662,465,874
Accrued mark-up	15	28,856,658	61,529,359
Short term borrowings-secured	16	-	300,000,000
Current portion of long term liabilities	17	101,449,250	144,816,575
Provision for taxation	34.1	-	16,855,324
		655,618,655	1,185,667,132
CURRENT ASSETS LESS CURRENT LIABILITIES		**50,114,920**	**(598,717,273)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,295,799,512**	**1,852,538,518**
CONTINGENCIES AND COMMITMENTS	18	-	-
NON CURRENT LIABILITIES			
Long term finances	19	52,347,750	182,993,750
Liabilities against assets subject to finance lease	20	-	2,179,397
Sponsors' and other associates' loans	21	649,368,796	452,095,080
Long term advances	22	290,000,000	175,000,000
Long term provision	23	1,309,000	1,309,000
Deferred taxation	24	193,340,585	-
		1,186,366,131	813,577,227
NET ASSETS		**1,109,433,381**	**1,038,961,291**
REPRESENTED BY:			
Share capital	25	109,097,970	109,097,970
Capital reserve - premium on right shares		26,879,210	26,879,210
Revenue reserves			
General reserve		62,000,000	62,000,000
Accumulated balance		(176,949,950)	(497,253,147)
		(114,949,950)	(435,253,147)
TOTAL CAPITAL AND RESERVES		21,027,230	(299,275,967)
SURPLUS ON REVALUATION OF ASSETS	26	1,088,406,151	1,338,237,258
		1,109,433,381	**1,038,961,291**

The annexed notes from 1 to 43 form an integeral part of these financial statements

AUDITORS' REPORT
(Annexed)

Date : November 11, 2013.
Place : LAHORE

Afarooq
ATIF ZAHEER FAROOQI
Director

Ghias ul Hasan
GYIAS UL HASSAN
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note	**2013** (Rupees)	2012 (Rupees)
Sales	27	1,143,758,430	1,963,708,283
Cost of Sales	28	1,485,980,606	2,060,071,986
GROSS PROFIT / (LOSS)		(342,222,176)	(96,363,703)
OPERATING EXPENSES			
Distribution cost	29	3,493,452	5,884,412
Administrative expenses	30	74,115,234	76,738,218
Other operating expenses	31	590,000	590,000
		(78,198,686)	(83,212,630)
OPERATING PROFIT / (LOSS)		(420,420,862)	(179,576,333)
FINANCE COST	32	(45,125,997)	(95,230,808)
OTHER INCOME / (EXPENSES)	33	900,351,327	(1,622,449)
PROFIT / (LOSS) BEFORE TAXATION		434,804,468	(276,429,590)
PROVISION FOR TAXATION	34	(138,961,252)	78,832,333
PROFIT / (LOSS) AFTER TAXATION		295,843,216	(197,597,257)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**295,843,216**	**(197,597,257)**
EARNING/(LOSS) PER SHARE	35	**27.12**	**(18.11)**

The annexed notes from 1 to 43 form an integeral part of these financial statements

AUDITORS' REPORT
(Annexed)

Date : November 11, 2013.
Place : LAHORE

A Farooq
ATIF ZAHEER FAROOQI
Director

Ghiasul Hasan
GYIAS UL HASSAN
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	2013 (Rupees)	2012 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**434,804,468**	**(276,429,590)**
Adjustments for :		
Depreciation	61,509,447	26,697,130
Balances Written off	(907,511,882)	-
Provision for surcharge	10,668,240	-
Finance cost	45,125,997	95,230,808
Gain / (loss) on disposal of property, plant and equipment	2,738,771	(3,043)
Operating profit before working capital changes	**(352,664,959)**	**(154,498,609)**
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	12,289,136	(5,722,873)
Stock in trade	(121,887,510)	260,605,014
Trade debts	22,862,761	(21,979,163)
Loans and advances	(31,185,998)	6,745,800
Trade deposits and short term prepayments	(124,769)	6,234
Other receivables	(11,480,150)	1,475,825
	(482,191,489)	86,632,228
Increase / (Decrease) in current liabilities		
Trade and other payables	2,719,624	319,283,871
Cash (Used in)/ generated from operations	**(479,471,865)**	**405,916,099**
Taxes paid/adjusted	(6,831,251)	(16,762,981)
Dividend paid	(10,619)	(147)
Finance cost paid	(76,578,624)	(91,519,473)
Net Cash (used in)/generated from operating activities	**(562,892,359)**	**297,633,498**
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(35,699,267)	(13,462,147)
Sale proceeds on disposal of property, plant and equipment	8,280,187	291,945
Long term deposits	628,240	-
Long term advances	115,000,000	-
Net Cash (used in)/generated from investing activities	**88,209,160**	**(13,170,202)**
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances (paid) / disbursed	(173,156,000)	17,042,000
Lease liabilities paid	(3,036,722)	(731,856)
Short term borrowings (paid) / disbursed	(300,000,000)	(297,763,315)
Sponsors' loan (paid) / disbursed	950,157,180	(2,310,000)
Net cash (used in)/ generated from financing activities	**473,964,458**	**(283,763,171)**
Net increase/(decrease) in cash & cash equivalents	**(718,741)**	**700,125**
Cash & cash equivalents at beginning of the year	**5,621,163**	**4,921,038**
Cash & cash equivalents at close of the year (Note 13)	**4,902,422**	**5,621,163**

The annexed notes from 1 to 43 form an integeral part of these financial statements

AUDITORS' REPORT
(Annexed)

Date : November 11, 2013.
Place : LAHORE

ATIF ZAHEER FAROOQI
Director

GYIAS UL HASSAN
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	**Total Rupees**
Balance as at October 01, 2011	109,097,970	26,879,210	62,000,000	648,341,256	(299,655,890)	546,662,546
Surplus on revaluation of assets arised during the year	-	-	-	689,896,002	-	689,896,002
Loss after taxation for the year	-	-	-	-	(197,597,257)	(197,597,257)
Balance as at September 30, 2012	109,097,970	26,879,210	62,000,000	1,338,237,258	(497,253,147)	1,038,961,291
Surplus on revaluation of assets realized through incremental depreciation (net of tax)	-	-	-	-	24,459,981	24,459,981
Provision for deferred taxation	-	-	-	(249,831,107)	-	(249,831,107)
Profit after taxation for the year	-	-	-	-	295,843,216	295,843,216
Balance as at September 30, 2013	109,097,970	26,879,210	62,000,000	1,088,406,151	(176,949,950)	1,109,433,381

ATIF ZAHEER FAROOQI
Director

GYIAS UL HASSAN
Chief Executive

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

1 THE COMPANY AND ITS OPERATIONS

1.1 Kohinoor Sugar Mills Limited (the Company) was incorporated in Pakistan in 1968 under the 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 # 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 Although the company attained profitability however this was mainly attributable towards the writing off the sponsors' loan resulting in decrease in accumulated losses. However due to low sugar sale prices because of surplus availability in the Country gross loss situation still prevails. Further the equity remains positive due to surplus on revaluation of assets as reflected in the statement of changes in equity. 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.

1.3 The company is in the process of change of management by way of sale of sponsors share. To this effect an advertisement in a daily newspaper on October 11, 2013 showing intention of Cane Processing (Pvt) Ltd of acquisition of shares has appeared. Necessary intimation to Security and Exchange Commission of Pakistan as well as Karachi and Lahore Stock Exchanges has been made.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or the directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IAS 12, ‘Income Taxes’ (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, ‘Income taxes’, currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, ‘Investment Property’. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, ‘Income taxes - recovery of revalued non-depreciable assets’, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

2.2.2 Standards, interpretations and amendments to existing standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial losses amounting to Rs. 10.201 million at 30 June 2013 would need to be recognized in other comprehensive income in next financial year.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no major impact on financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Company.

IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation has no impact on financial statements of the Company.

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.

Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013. The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.

IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2.2.3 Standards, interpretations issued by the IASB that are applicable to the company but are not yet notified by the SECP:

IFRS 9, ‘Financial Instruments’, addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, ‘Financial Instruments’ Recognition and measurement’. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.

IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, 'Joint Arrangements', applicable from January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS12, 'Disclosures of interests in other entities', this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

2.2.4 Standards, interpretations and amendments to published standards that are effective but not relevant to the company

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 are considered not to be relevant or to have any significant impact on the Company's financial reporting and operations.

2.2.5 Financial statement except for cash flow information have been prepared under the accrual basis of accounting

3 BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention except for freehold land which is stated at revalued amount.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and the impairment.

3.2 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's view differs from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.3 Provision for Inventory obsolescence and doubtful receivables

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

3.4 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.4.1 Estimation of net realizable value

3.4.2 Computation of deferred taxation

3.4.3 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution provident fund scheme (the Fund) for its permanent employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10% of basic salary. The Company's contribution is charged to the profit and loss account.

4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

Current

Provision for current taxation is based on taxable income, as adjusted for tax purposes, at the current rate of tax after taking into account all tax credits, rebates and available tax losses determined in accordance with prevailing tax laws. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments made during the year for such years.

Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.3 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land, buildings, plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land, buildings, plant and machinery are stated at revalued amount. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off the historical cost/revalued amounts of an asset over its estimated useful life at the rates as disclosed in note 5. Depreciation on addition is charged from the date the asset is available for use and on disposal up to date when the asset is derecognized.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

4.4 Accounting for leases and assets subject to finance lease

4.4.1 Finance lease

Recognition

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.4.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.5 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.6 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of fair value less cost to sell and value in use.

4.7 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined at average running cost. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Cost is determined at average running cost.

4.8 Stock in trade

These are valued at lower of cost and net realizable value (NRV) except molasses which is valued at NRV. Cost in relation to raw material, work in process and finished goods represents average cost comprising direct material, labour and appropriate manufacturing overheads. NRV represents the estimated selling price less cost necessarily to be incurred for such sale. Cost is determined as follows;

Work in process	:	At estimated cost
Finished goods - sugar	:	At weighted average

4.9 Revenue recognition

Sales are recorded on dispatch of goods to customers. Profit on deposits and advances is accounted for on a time proportion basis using the applicable rate of return.

4.10 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.11 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.12 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.13 Trade and other payables

Liabilities of trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.14 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

4.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.18 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.19 Related party transactions

All transactions with related parties are carried out at arms' length transactions by the Company using the methods prescribed under the Companies Ordinance, 1984.

4.20 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Particulars	OPERATING ASSETS								Capital work in progress (Rupees) (Note 5.3)	Total (Rupees)
	Land Freehold (Rupees)	Building on freehold land (Rupees)	Plant and machinery (Rupees)	Service and Other equipment (Rupees)	Furniture and fixture (Rupees)	Office equipment (Rupees)	Vehicles (Rupees)	Leased assets (Rupees) Vehicles		
Cost										
Balance as at 01 October 2011	650,000,000	126,593,464	798,558,417	10,067,579	5,962,712	3,690,197	19,706,751	4,528,890	503,970,872	2,123,078,882
Addition/revaluations during the year	27,039,750	79,309,681	591,875,411	-	60,664	36,900	14,100	-	20,100,904	718,437,410
Disposals	-	-	-	-	(30,446)	-	(687,000)	-	-	(717,446)
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2012	**677,039,750**	**205,903,145**	**1,390,433,828**	**10,067,579**	**5,992,930**	**3,727,097**	**19,033,851**	**4,528,890**	**524,071,776**	**2,840,798,846**
Balance as at 01 October 2012	677,039,750	205,903,145	1,390,433,828	10,067,579	5,992,930	3,727,097	19,033,851	4,528,890	524,071,776	2,840,798,846
Addition/revaluations during the year	-	-	30,509,141	387,542	1,850,968	344,246	2,607,370	-	-	35,699,267
Disposals	(10,434)	(134,587)	-	(372,743)	(1,163,371)	(866,232)	(10,457,598)	-	-	(13,004,965)
Transfers/adjustments	-	-	-	-	-	-	-	(4,528,890)	-	(4,528,890)
Balance as at 30 September 2013	**677,029,316**	**205,768,558**	**1,420,942,969**	**10,082,378**	**6,680,527**	**3,205,111**	**11,183,623**	**-**	**524,071,776**	**2,858,964,258**
Depreciation										
Balance as at 01 October 2011	-	64,864,926	441,918,787	6,822,627	4,306,166	2,860,399	13,578,930	935,392	-	535,287,227
Depreciation charge for the year	-	6,076,869	18,115,041	324,495	167,248	83,673	1,211,105	718,699	-	26,697,130
Adjustment on disposals/transfers	-	-	-	-	(16,903)	-	(405,555)	-	-	(422,458)
Balance as at 30 September 2012	**-**	**70,941,795**	**460,033,828**	**7,147,122**	**4,456,511**	**2,944,072**	**14,384,480**	**1,654,091**	**-**	**561,561,899**
Balance as at 01 October 2012	-	70,941,795	460,033,828	7,147,122	4,456,511	2,944,072	14,384,480	1,654,091	-	561,561,899
Depreciation charge for the year	-	13,358,893	46,644,903	288,695	182,620	77,689	681,418	275,229	-	61,509,447
Adjustment on disposals/transfers	-	(128,605)	-	(220,313)	(838,105)	(666,504)	(5,610,022)	(1,929,320)	-	(9,392,869)
Balance as at 30 September 2013	**-**	**84,172,083**	**506,678,731**	**7,215,504**	**3,801,026**	**2,355,257**	**9,455,876**	**-**	**-**	**613,678,477**
Carrying amounts 30 September 2012	**677,039,750**	**134,961,350**	**930,400,000**	**2,920,457**	**1,536,419**	**783,025**	**4,649,371**	**2,874,799**	**524,071,776**	**2,279,236,947**
Carrying amounts 30 September 2013	**677,029,316**	**121,596,475**	**914,264,238**	**2,866,874**	**2,879,501**	**849,854**	**1,727,747**	**-**	**524,071,776**	**2,245,285,781**
									-	
Rates of depreciation %	**-**	**5-10**	**5**	**10**	**10**	**10**	**20**	**20**		

5.1 The value of labour colony land at Jauharabad acquired from Housing and Physical Planning, Jauharabad has not yet been settled. The estimated liability on this account amounting to Rs.1,309,000 is duly accounted for in books of the Company (see Note 23).

5.2 Depreciation for the year has been allocated as follows :

		2013 (Rupees)	2012 (Rupees)
Cost of sales	(Note 28)	60,549,410	24,862,563
Administrative expenses	(Note 30)	960,037	1,834,567
		61,509,447	26,697,130

5.3 CAPITAL WORK IN PROGRESS

This is made up of cost incurred at BMR&E programme of the Company up to the year end and is made up as follows:

		2013 (Rupees)	2012 (Rupees)
Building on freehold land	(Note 5.4)	39,981,476	39,981,476
Plant and machinery	(Note 5.4)	484,090,300	484,090,300
		524,071,776	**524,071,776**

5.4 This includes mark-up capitalized during the year amounting to Rs. Nil (2012: Rs. 15,079,261).

		2013 (Rupees)	2012 (Rupees)
6 LONG TERM DEPOSITS			
Lease deposits		-	898,400
Others	(Note 6.1)	398,811	128,651
		398,811	**1,027,051**

6.1 These represents interest free deposits for provision of utilities to the plant and are repayable on disconnection of services.

		2013 (Rupees)	2012 (Rupees)
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		87,916,797	99,497,730
Spare parts		61,253,383	61,950,225
Loose tools		262,003	273,364
Machinery held for sale	(Note 7.1)	1,600,971	1,600,971
		151,033,154	**163,322,290**

7.1 This represents the estimated reliazable value of last year relating to the machinery lying in the store for intended sale.

		2013 (Rupees)	2012 (Rupees)
8 STOCK IN TRADE			
Work in process		1,717,746	1,843,694
Finished goods	(Note 8.1)	436,970,732	314,957,274
		438,688,478	**316,800,968**

8.1 Finished goods are unencumbered and free of charge.

9 LOANS AND ADVANCES - Unsecured-considered good			
Advances			
Suppliers		39,816,807	16,245,162
Employees		3,418,127	2,716,083
Agricultural loan	(Note 9.1)	1,024,461	1,024,461
TCP Deposit		6,494,400	-
Others		2,417,909	2,000,000
		53,171,704	**21,985,706**

9.1 It represents interest free advances to sugarcane growers, which are adjustable against sugarcane supply by them.

	2013 (Rupees)	2012 (Rupees)
10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Prepayments	463,646	338,877
	463,646	**338,877**

			2013 (Rupees)	2012 (Rupees)
11	**OTHER RECEIVABLES -** Unsecured-considered good			
	Excise duty recoverable	(Note 11.1)	10,500,922	10,500,922
	Export fund refund	(Note 11.2)	2,746,250	2,746,250
	Special excise duty refundable	(Note 11.3)	505,200	505,200
	Miscellaneous	(Note 11.4)	11,805,004	324,854
			25,557,376	14,077,226

11.1 This represents the refund allowed by the Central Excise Appellate Tribunal, Lahore, in the light of criteria set up by the Supreme Court of Pakistan, against Central Excise Duty paid during the season 1988-89.

11.2 This represents the relief granted by the Lahore High Court against previous years' demand.

11.3 This represents the amount paid under protest as 1% Special Excise Duty on the goods manufactured prior to Finance Bill 2007, whereas it was levyable on goods manufactured/ imported from July-01,2007, vide Circular No. 1(3) Fed 2007 dated 28th August, 2007.

11.4 This represents the FED/Sales tax amount recoverable from customers against sale of goods.

		2013 (Rupees)	2012 (Rupees)
12	**TAXATION**		
	Opening balance	41,940,868	41,613,372
	Payments during the year	6,831,251	16,762,981
	Adjustments during the year	(16,855,324)	(16,435,485)
		31,916,795	41,940,868

12.1 The assessments of the Company have been completed for and up to financial year ended on September 30, 2011 and tax year 2012.

			2013 (Rupees)	2012 (Rupees)
13	**CASH AND BANK BALANCES**			
	Cash in hand		311,279	400,931
	Cash at bank:			
	Current accounts		4,591,143	5,220,232
			4,902,422	5,621,163
14	**TRADE AND OTHER PAYABLES**			
	Creditors and others		173,159,817	59,537,351
	Salaries and wages payable	(Note 14.1)	10,750,066	8,629,519
	Accrued liabilities		4,959,583	11,179,176
	Advances from customers	(Note 14.2)	309,049,913	526,124,403
	Income tax deducted at source		457,910	79,436
	Sugarcane cess payable	(Note 14.3)	3,001,109	3,001,109
	FED/ Sales tax payable	(Note 14.4)	22,660,189	52,900,911
	Security deposit		654,595	383,785
	Unclaimed dividend		619,565	630,184
			525,312,747	662,465,874

14.1 This includes a sum of Rs. Nil (2012: Rs. 461,500) due to related parties.

14.2 This represents advances received from customers against sugar sales.

14.3 This represents sugarcane cess demanded by cane commissioner, Lahore against sugarcane purchased from NWFP.

14.4 This includes Rs. 2.797 million as further sales tax demanded by the Collectorate of Sales Tax after audit of financial year 1999-2000 and Rs. 0.644 million as difference of sales rate demanded by Deputy Collectorate of CED & Sales Tax, Sargodha. The remaining balance represents Federal Excise Duty and Sales Tax payable for the months of June, 2013 till September, 2013.

		2013 (Rupees)	2012 (Rupees)
15 ACCRUED MARK-UP			
Long term finances	(Note 15.1)	28,856,658	27,979,441
Short term borrowings		-	33,549,918
		28,856,658	**61,529,359**

15.1 This includes Rs. nil due to related parties (2012: Rs. 2.125 million) and includes overdue markup Rs. 27.64 million.

	2013 (Rupees)	2012 (Rupees)
16 SHORT TERM BORROWINGS - Secured		
From banking companies	**-**	**300,000,000**

These were secured against pledge of sugar stock, promissory notes, pari passu charge on current assets and hypothecation of stores & spares, subordination of sponsors' loan and personal guarantees of sponsoring directors. These were subject to mark up rates ranging from 12.02% to 13.29% per annum (2012: 13.45% to 16.44%) payable on quarterly basis.The facility was adjusted during the year.

		2013 (Rupees)	2012 (Rupees)
17 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term finances	(Note 19)	101,449,250	143,959,250
Liabilities against assets subject to finance lease	(Note 20)	-	857,325
		101,449,250	**144,816,575**

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

The followings are known contingencies as on Sep. 30, 2013 (2012 : Rs. 30.656 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.

(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.

18.2 Commitments

Commitments in respect of capital expenditure at the year end is Rs. 12.390 million (2012: Rs. 6.220 million).

		2013 (Rupees)	2012 (Rupees)
19 LONG TERM FINANCES - Secured			
MCB Bank Limited	(Note 19.1)	-	90,406,000
MCB Bank Limited	(Note 19.1)	-	57,750,000
Habib Bank Limited	(Note 19.2)	84,000,000	84,000,000
Faysal Bank Limited	(Note 19.3)	69,797,000	69,797,000
Escorts Investment Bank Limited		-	25,000,000
		153,797,000	**326,953,000**
Less: Current portion	(Note 17)	101,449,250	143,959,250
		52,347,750	**182,993,750**

19.1 These liabilities of MCB have been paid off during the year, as a result, the markup relating to prior years amounting to Rs.14.1 million has been written off.

19.2 The Company has applied for the restructuring of the outstanding amount against which the bank has issued the Facility Offer Letter (FOL) for which the loan is repayable up to March 31, 2014. The FOL is yet to be accepted by the Company. It carries mark-up on 3 months KIBOR plus 150 basis points.

The bank has sanctioned long term loan of Rs. 180 million for five years including one year grace period for on going BMR & E. In the year 2009 the loan was restructured by the bank through extending the period of repayment on step up approach. The facility is secured against;

i) First charge ranking pari passu on fixed assets to the extent of Rs. 300 million.

ii) Mortgage of properties as collateral.

iii) Demand promissory note.

iv) Personal guarantee of sponsoring directors.

19.3 The Company has applied for the extension of period for repayment of loan against which the approval is pending. The said facility will be restructured on upfront principal repayment of Rs. 17.449 million and remaining will be payable in 4 years on existing security and collateral. The management is confident that the loan will be restructured accordingly.

Faysal Bank Limited has converted working capital facility into four and a half year long term morabaha facility of Rs.69.797 million including six months grace period. The said facility is approved on mark-up at 3 months KIBOR plus 200 basis points, payable quarterly. The facility is secured against:

i) First pari passu charge on fixed assets to the extent of Rs. 75 million.

ii) First charge over current assets of the Company excluding stocks up to Rs. 70 million.

iii) Demand promissory note.

iv) Personal guarantee of sponsoring directors.

The loan is to be repaid in 14 equal quarterly principal installments.

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These liabilities have been fully adjusted during the year.

	Sep-30 2013 (Rupees)			Sep-30 2012 (Rupees)		
	Mininmum lease payments	Financial charges for future periods	Present value	Mininmum lease payments	Financial charges for future periods	Present value
Not later than one year	-	-	-	1,966,749	1,109,424	857,325
Later than one year but not later than five years	-	-	-	3,726,640	1,547,243	2,179,397
	-	**-**	**-**	**5,693,389**	**2,656,667**	**3,036,722**

21 SPONSORS' & OTHER ASSOCIATES LOANS - Un-secured		**2013 (Rupees)**	**2012 (Rupees)**
Sponsors' loan	(Note 21.1)	-	452,000,000
Other associates	(Note 21.2)	649,368,796	95,080
		649,368,796	**452,095,080**

21.1 This loan comprising of last year and additions during the year aggregating to Rs. 752,883,464 has been written off during the year.

21.2 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.

22 LONG TERM ADVANCES - Un-secured

These represents interest free unsecured advances received from customers which are adjustable against sales after September 30, 2014.

23 LONG TERM PROVISION

It represents labour colony land at Jauharabad against which a case is pending with Physical and Planning Department, Jauharabad. On account of legal proceedings the management expects that the payment against this liability shall arise after September 30, 2014.

24 DEFERRED TAXATION		**2013 (Rupees)**	**2012 (Rupees)**
Deferred tax (asset)/liability on taxable temporary differences	(Note 24.1)	(19,429,944)	(170,991,793)
Surplus on revaluation of related assets	(Note 26)	225,371,126	-
Incremental depreciation	(Note 26)	(12,600,597)	-
		193,340,585	**(170,991,793)**

24.1 Deferred tax (asset)/liability on taxable temporary differences

	2013	2012
Leased assets	-	257,767
Accelerated tax depreciation	82,030,022	84,742,987
Assessed tax losses	(101,459,966)	(255,992,547)
	(19,429,944)	**(170,991,793)**

			2013 (Rupees)	2012 (Rupees)
25 SHARE CAPITAL				
25.1 **Authorised**				
20,000,000		Ordinary shares of Rs.10 each	**200,000,000**	**200,000,000**
25.2 **Issued, subscribed and paid up**				
2013	**2012**			
873,180	873,180	Shares allotted on reorganization of Kohinoor Industries Limited of Rs. 10 each.	8,731,800	8,731,800
125,008	125,008	Shares issued for cash of Rs. 10 each	1,250,080	1,250,080
2,005,959	2,005,959	Shares issued as fully paid bonus shares of Rs. 10 each	20,059,590	20,059,590
7,905,650	7,905,650	Right shares of Rs. 10 each	79,056,500	79,056,500
10,909,797	**10,909,797**		**109,097,970**	**109,097,970**

26 SURPLUS ON REVALUATION OF ASSETS

Land, buildings and plant & machinery were revalued in September 2012 by hiring the services of independent valuer not connected with the Company and approved valuer of State Bank of Pakistan's M/s Empire Enterprises (Pvt) Limited on "average market price" basis.

		2013 (Rupees)	2012 (Rupees)
Land		675,381,006	675,381,006
Buildings		78,355,288	78,355,288
Plant and Machinery		584,500,964	584,500,964
		1,338,237,258	1,338,237,258
Less : Incremental Depreciation		(37,060,578)	-
		1,301,176,680	**1,338,237,258**
Less : Deferred tax Liability			
Opening balance of revaluation		-	-
Addition during the year	(Note 24)	225,371,126	-
Incremental depreciation charged on related assets	(Note 24)	(12,600,597)	-
		212,770,529	**-**
Revaluation surplus balance as on September 30		**1,088,406,151**	**1,338,237,258**

27 SALES - Net

	2013	2012
Sugar	1,035,741,574	1,806,138,925
Molasses	106,000,000	154,939,014
Bagasse	501,000	1,001,640
Mud	1,515,856	1,628,704
	1,143,758,430	**1,963,708,283**

		2013 (Rupees)	2012 (Rupees)
28 COST OF SALES			
Raw Material:			
Cane purchased & consumed		1,396,706,916	1,634,676,829
Salaries, wages and benefits	(Note 28.1)	63,377,382	54,299,138
Workers' welfare		9,996,427	13,046,648
Chemicals and stores consumed		17,514,645	19,461,980
Packing material		9,872,220	13,119,444
Fuel		5,809,395	1,737,060
Power		13,502,001	12,903,252
Repairs and maintenance		20,251,887	16,869,974
Insurance		1,061,959	1,746,646
Other factory expenses		9,225,874	6,743,438
Depreciation	(Note 5.2)	60,549,410	24,862,563
		1,607,868,116	**1,799,466,972**
Work in process			
Opening stock		1,843,694	2,746,656
Closing stock		1,717,746	1,843,694
		125,948	902,962
Cost of Goods Manufactured		**1,607,994,064**	**1,800,369,934**
Finished goods			
Opening stock		314,957,274	574,659,326
Closing stock		436,970,732	314,957,274
		(122,013,458)	259,702,052
		1,485,980,606	**2,060,071,986**

28.1 This includes a sum of Rs. 823,935 (2012: Rs. 789,837) relating to retirement benefits.

		2013 (Rupees)	2012 (Rupees)
29 DISTRIBUTION COST			
Salaries, wages and benefits	(Note 29.1)	597,362	468,142
Communication		108,287	116,969
Stock handling expenses		2,628,463	3,529,043
Vehicles running and maintenance		14,400	14,400
Commission		-	1,086,500
General charges		144,940	669,358
		3,493,452	**5,884,412**

29.1 This includes a sum of Rs. 5,918 (2012: Rs. 16,261) relating to retirement benefits.

		2013 (Rupees)	2012 (Rupees)
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	(Note 30.1)	45,418,313	44,363,571
Staff welfare		5,187,405	7,534,664
Traveling and conveyance -staff		476,754	479,272
Directors' meeting fee		20,000	27,500
Traveling and conveyance -Directors		198,663	233,219
Printing and stationery		470,640	525,437
Telecommunication		528,456	632,322
Postage and telegrams		109,498	84,568
Legal and professional		4,208,589	322,580
Rent, rate and taxes		1,581,063	1,985,879
Electricity		6,488,162	8,710,343
Advertisement		79,690	32,500
Charity and donations	(Note 30.2)	264,000	93,000
Vehicles running and maintenance		5,802,218	7,872,622
Insurance		81,472	374,543
Repair and maintenance		622,873	1,010,979
General charges		1,617,401	620,652
Depreciation	(Note 5.2)	960,037	1,834,567
		74,115,234	**76,738,218**

30.1 This includes a sum of Rs. 659,710 (2012: Rs. 688,127) relating to retirement benefits.
30.2 The Company's directors or their spouses have no interest in any donation.

		2013 (Rupees)	2012 (Rupees)
31 OTHER OPERATING EXPENSES			
Auditors' remuneration	(Note 31.1)	275,000	275,000
Tax and other consultation		315,000	315,000
		590,000	**590,000**
31.1 Auditors' remuneration			
Annual audit fee		200,000	200,000
Half Yearly Review		40,000	40,000
Cost audit fee		30,000	30,000
Reimbursable expenses		5,000	5,000
		275,000	**275,000**
32 FINANCE COST			
Mark-up on			
Long term finances		34,151,568	36,619,654
Short term borrowings		3,136,895	57,431,479
		37,288,463	94,051,133
Finance charges on lease liability		215,855	459,444
Bank charges and commission		7,621,679	720,231
		45,125,997	**95,230,808**
33 OTHER INCOME/ (EXPENSES)			
Sale of scrap		706,552	579,828
Income tax refund		-	500,631
Gain / (loss) on disposal of property, plant and equipment	(Note 36)	2,738,771	(3,043)
Bad debts/advances written off		140,240,606	(2,956,275)
Sponsors loan written off	(Note 21.1)	752,883,464	-
FED surcharge	(Note 33.1)	(10,668,240)	-
Markup written off	(Note 19.1)	14,387,812	-
Miscellaneous		62,362	256,410
		900,351,327	**(1,622,449)**

33.1 This relates to surcharge on account of Federal Excise Duty payable.

		2013 (Rupees)	2012 (Rupees)
34 TAXATION			
Current tax			
For the year	(Note 34.1)	-	(16,855,324)
Deferred tax		(138,961,252)	95,687,657
		(138,961,252)	**78,832,333**

34.1 Provision for current taxation is not made as per clause 1 of section 113 of the Income Tax Ordinance, 2001.

34.2 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

35 EARNING / (LOSS) PER SHARE		**2013**	**2012**
Basic earning per share			
Profit / (loss) after taxation	Rs.	295,843,216	(197,597,257)
Average no. of ordinary shares outstanding	No.	10,909,797	10,909,797
Earning / (loss) per share	Rs.	**27.12**	**(18.11)**

There is no dilutive effect on the basic earning per share.

36 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost	Depreciation	Written Down Value	Sales proceeds	Gain / (loss)	Sold by negotiation to
Land	10,434	-	10,434	2,700,000	2,689,566	Mr. Rizwan Arshad and M. Bashir
Building	134,587	128,605	5,982	300,000	294,018	Mr. Rizwan Arshad and M. Bashir
Service And Other Equipment	372,743	220,313	152,430	152,430	-	Mr. M Ishaq, Lahore
Furniture And Fixture	1,163,371	838,105	325,266	325,266	-	Mr. M Afzaal, Lahore
Office Equipment	866,232	666,504	199,728	199,728	-	Mr. M Ishaq, Lahore
Vehicle						
Cars						
LEB-11-2367	890,104	-	890,104	346,390	(543,714)	Mr. Farooq Ahmed - Employee
KB - 3600	947,835	889,214	58,621	58,621	-	Mr. M. Naeem Saigol
ADD - 200	2,461,140	2,308,925	152,215	152,215	-	Mr. M. Saleem Saigol
LRV - 3522	344,752	201,777	142,975	142,975	-	Mr. M. Farooque Saigol
LRV - 4211	344,752	201,777	142,975	142,975	-	Mr. M. Nauman Saigol
LWK - 3293	562,974	271,128	291,846	291,846	-	Mr. M. Naeem Saigol
LWK - 7004	562,974	271,128	291,846	291,846	-	Mrs. Natasha Saigol
LWK - 3286	562,974	271,128	291,846	291,846	-	Mrs. Ayesha Saigol
LWK - 3299	562,974	271,128	291,846	291,846	-	Mr. M. Shahryar Saigol
LWK - 4312	551,579	265,640	285,939	285,939	-	Mrs. Natasha Amin Saigol
LWK - 7003	562,974	271,128	291,846	291,846	-	Mr. M. Amin Saigol
LEB - 5202	755,055	-	755,055	755,055	-	Mr. M. Imran Saigol
LOV - 9394	393,100	387,049	6,051	305,000	298,949	Mr. M. Shoukat
LEB - 8946	954,411	-	954,411	954,363	(48)	Sheikh Amjad Mehmood- Employee
September 30, 2013	**13,004,965**	**7,463,549**	**5,541,416**	**8,280,187**	**2,738,771**	
September 30, 2012	**717,446**	**422,458**	**294,988**	**291,945**	**(3,043)**	

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Description	Interest/Mark-up bearing			Non Interest/Mark-up bearing			Total		Credit Risk	
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	2013 (Rupees)	2012 (Rupees)	2013 (Rupees)	2012 (Rupees)
FINANCIAL ASSETS										
On balance sheet										
Long term deposits	-	-	-	-	398,811	398,811	398,811	128,651	398,811	128,651
Trade debts	-	-	-	-	-	-	-	22,862,761	-	22,862,761
Loans and advances	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	25,557,376	-	25,557,376	25,557,376	14,077,226	25,557,376	14,077,226
Cash and bank balances	-	-	-	4,902,422	-	4,902,422	4,902,422	5,621,163	4,591,143	5,220,232
Sub total	-	-	-	30,459,798	398,811	30,858,609	30,858,609	42,689,801	30,547,330	42,288,870
Off balance sheet	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	**-**	**-**	**-**	**30,459,798**	**398,811**	**30,858,609**	**30,858,609**	**42,689,801**	**30,547,330**	**42,288,870**
FINANCIAL LIABILITIES										
On balance sheet	-	-	-	-	-	-	-	-	-	-
Long term finances	101,449,250	52,347,750	153,797,000	-	-	-	153,797,000	326,953,000	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	3,036,722	-	-
Sponsors' loan	-	-	-	-	649,368,796	649,368,796	649,368,796	452,095,080	-	-
Long term advances	-	-	-	-	290,000,000	290,000,000	290,000,000	175,000,000	-	-
Other liabilities	-	-	-	-	1,309,000	1,309,000	1,309,000	1,309,000	-	-
Trade and other payables	22,660,189	-	22,660,189	193,602,645	-	193,602,645	216,262,834	136,341,471	-	-
Accrued mark-up	-	-	-	28,856,658	-	28,856,658	28,856,658	61,529,359	-	-
Short term borrowings	-	-	-	-	-	-	-	300,000,000	-	-
Sub total	124,109,439	52,347,750	176,457,189	222,459,303	940,677,796	1,163,137,099	1,339,594,288	1,456,264,632	-	-
Off balance sheet										
Contingencies										
Performance Bonds	-	-	-	3,855,000	-	3,855,000	3,855,000	3,855,000	-	-
Federal Excise Duty	58,880,664	-	58,880,664	-	-	-	58,880,664	58,880,664	-	-
Income Tax	197,075,000	-	197,075,000	-	-	-	197,075,000	-	-	-
Commitments										
Capital expenditure	-	-	-	12,390,270	-	12,390,270	12,390,270	6,219,843	-	-
Sub total	255,955,664	-	255,955,664	16,245,270	-	16,245,270	272,200,934	68,955,507	-	-
GRAND TOTAL	380,065,103	52,347,750	432,412,853	238,704,573	940,677,796	1,179,382,369	1,611,795,222	1,525,220,139	-	-

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company has exposures to the following risks from its use of financial instruments:

37.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 30.859 million (2012: Rs. 42.690 million), the financial assets that are subject to credit risk amounted to Rs. 30.547 million (2012: Rs.42.289 million).

For trade receivable, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The carrying amount of the financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	September 30,	
	2013	2012
	(Rupees)	(Rupees)
Long Term Deposits	398,811	128,651
Trade debts	-	22,862,761
Other receivables	25,557,376	14,077,226
Cash and bank balances	4,902,422	5,621,163
	30,858,609	**42,689,801**

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

Significant balances of financial assets and liabilities shall mature within twelve months as evident from the information presented above.

37.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss / profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2013	2012	2013	2012
Effective mark-up / interest rate	%	%	Rupees	Rupees
Financial liabilities				
Variable rate instruments				
Long term finances	11.93 - 12.58	12.20 - 15.94	153,797,000	326,953,000
Liabilities against assets subject to finance lease	17.74 - 18.00	17.74 - 18.00	-	3,036,722
Sponsor's loan	11.53 -12.43	12.45 - 15.42	649,368,796	452,095,080
Short term borrowings	12.02 -13.29	13.45 - 16.44	-	300,000,000

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit and loss 100 bp	
	Increase	decrease
As at 30 September 2013		
Cash flow sensitivity-Variable rate financial liabilities	(375,043)	375,043
As at 30 September 2012		
Cash flow sensitivity-Variable rate financial liabilities	(945,106)	945,106

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

37.4 **Capital risk management**

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term loan" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves".

The salient information relation to capital risk management of the Company as of September 30, 2013 and 2012 were as follows:

	2013 (Rupees)	2012 (Rupees)
Total Borrowings	803,165,796	1,082,084,802
Less: Cash and cash equivalents	4,902,422	5,621,163
Net Debt	798,263,374	1,076,463,639
Total Equity	1,109,433,381	1,038,961,291
Total Capital	1,907,696,755	2,115,424,930
Gearing Ratio	41.84%	50.89%

38 DIRECTORS' AND EXECUTIVES' REMUNERATION

Particulars	2013 (Rupees)			2012 (Rupees)		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial Remuneration	732,000	732,000	1,544,603	1,464,000	1,464,000	4,492,808
Utilities	502,640	211,974	101,148	1,657,650	539,639	1,351,869
	1,234,640	**943,974**	**1,645,751**	**3,121,650**	**2,003,639**	**5,844,677**
Number of persons	1	1	1	1	1	4

The Chief Executive and Directors have voulentarily forgone their remuneration and allowances with effect from 1st April, 2013.

39 RELATED PARTY TRANSACTIONS

Name	Relationship	Nature of Transaction	2013 (Rupees)	2012 (Rupees)
Kohinoor Enterprises (Pvt.) Ltd	Associated Company	Rent expense	1,320,000	1,200,000
Provident Fund Trust (PF)	Retirement benefit plan	Contribution to PF	1,243,852	1,494,225
Sponsors' and other associates' loan	Directors & Associates	Loan (paid) / disbursed	649,368,796	(2,310,000)

The related parties status of outstanding balances as at September 30, 2013 is included "Sponsors' and other associates' loan" (Note 21).

40 PLANT CAPACITY AND PRODUCTION

		Sanctioned Capacity	2013	2012
Cane crushing	M.Tons	237,684	321,022	427,690
Per day	M.Tons	1,486	3,310	4,320
Production	M.Tons	20,322	26,420	35,646
Per day	M.Tons	127	272	360
Days	No.	160	97	99

The maximum installed cane crushing capacity is 4,386 M.Tons per day.

41 NUMBER OF EMPLOYEES

Total number of empolyees at the year end was 327 (2012: 353)

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 11, 2013 by the Board of Directors of the Company.

43 FIGURES

These are rounded off to the nearest Rupee.

Comparative figures have been reclassified and rearranged, where necessary for the purpose of comparison.

Afarooq
ATIF ZAHEER FAROOQI
Director

Gyias ul Hasan
GYIAS UL HASSAN
Chief Executive

SIX YEARS SUMMARY

Financial Results		2008 (Rupees)	2009 (Rupees)	2010 (Rupees)	2011 (Rupees)	2012 (Rupees)	2013 (Rupees)
Sales		953,846,228	1,379,043,093	1,387,004,223	1,640,934,618	1,963,708,283	1,143,758,430
Cost of Sales		918,892,642	1,196,613,437	1,360,587,791	1,499,230,308	2,060,071,986	1,485,980,606
Gross Profit / (Loss)		34,953,586	182,429,656	26,416,432	141,704,310	(96,363,703)	(342,222,176)
Operating, Financial and Other Expenses		138,980,611	176,640,517	140,183,723	186,272,123	180,065,887	(777,026,644)
Net Profit / (Loss) before Taxation		(104,027,025)	5,789,139	(113,767,291)	(44,567,813)	(276,429,590)	434,804,468
Taxation							
Current		-	(1,267,032)	(7,756,096)	(16,435,485)	(16,855,324)	-
Deferred		59,479,213	7,927,885	47,597,534	9,194,802	95,687,657	(138,961,252)
Net Profit / (Loss) after Taxation		(44,547,812)	12,449,992	(73,925,853)	(51,808,496)	(197,597,257)	295,843,216
Dividend / Bonus Share (B)		-	-	-	-	-	-
Authorised Capital		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Paid-up Capital		109,097,970	109,097,970	109,097,970	109,097,970	109,097,970	109,097,970
Fixed Capital Expenditure (Net)		1,559,495,128	1,629,705,111	1,597,852,850	1,587,791,655	2,279,236,947	2,245,285,781
Other Results							
Cane Crushing	M.Tons	599,040	318,959	280,977	406,388	427,690	321,022
Recovery	%	7.48	9.14	7.64	7.55	8.33	8.227
Sugar Production	M.Tons	44,786	29,163	21,470	30,673	35,646	26,420
Crushing Days	Nos.	146	117	86	114	99	97

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number: 0002804
2. Name of the Company: KOHINOOR SUGAR MILLS LIMITED
3. Pattern of holding of the shares held by the shareholders as at: 30-09-2013

4.

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
612	1	100	14,906
227	101	500	53,571
56	501	1,000	42,310
78	1,001	5,000	171,536
14	5,001	10,000	105,584
4	10,001	15,000	50,371
1	15,001	20,000	15,641
2	20,001	25,000	43,609
3	25,001	30,000	82,286
2	30,001	35,000	63,411
1	35,001	40,000	38,390
2	40,001	45,000	82,162
3	45,001	50,000	146,225
2	55,001	60,000	115,000
1	60,001	65,000	64,210
2	65,001	70,000	134,821
1	70,001	75,000	74,750
5	75,001	80,000	390,556
2	80,001	85,000	163,922
1	90,001	95,000	92,887
3	115,001	120,000	357,728
1	135,001	140,000	138,575
1	150,001	155,000	152,622
1	290,001	295,000	292,829
2	365,001	370,000	739,192
1	390,001	395,000	391,887
1	405,001	410,000	405,795
1	505,001	510,000	505,027
1	555,001	560,000	559,892
2	575,001	580,000	1,154,444
1	590,001	595,000	594,205
1	715,001	720,000	719,955
1	2,950,001	2,955,000	2,951,498
1,036			**10,909,797**

5.	CATEGORIES OF SHAREHOLDERS	Shares held	Percentage
5.1	Directors, Chief Executive Officers, and their spouses and minor children	3,083,475	28.2634
5.2	Associated Companies, undertakings and related parties.	292,829	2.6841
5.3	NIT and ICP	723,465	6.6313
5.4	Banks Development Financial Institutions & Non Banking Financial institutions	3,497	0.0321
5.5	Insurance Companies	179,559	1.6459
5.6	Modarabas and Mutual Funds	0	0.0000
5.7	General Public - Local	6,547,374	60.0137
5.8	Others (to be specified)		
	Joint Stock Companies	11,058	0.1014
	Pension Funds	65,821	0.6033
	Others	2,719	0.0249
		10,909,797	**100.0000**
5.9	Shareholders holding 10%	1,543,725	14.1499

INFORMATION AS REQUIRED BY CODE OF CORPORATE GOVERNANCE
AS ON SEPTEMBER 30, 2013

Sr. No.	NAME	HOLDING	Percentage
	ASSOCIATED COMPANIES		
1	KOHINOOR ENTERPRISES (PVT.) LIMITED	292,829	2.6841
2	**NIT & ICP**		
	NATIONAL BANK OF PAKISTAN	335	0.0031
	NATIONAL BANK OF PAKISTAN (CDC)	404	0.0037
	INVESTMENT CORPORATION OF PAKISTAN	2,705	0.0248
	IDBP (ICP UNIT) (CDC)	66	0.0006
	NATIONAL BANK OF PAKISTAN - TRUSTEE DEPTT. (CDC)	719,955	6.5992
		723,465	6.6313
3	**DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN**		
	MR. GYIAS-UL-HASSAN	5,000	0.0458
	MR. M. FAROOQUE SAIGOL	1,543,725	14.1499
	MR. M. SALEEM SAIGOL	1,022,223	9.3698
	MR. M. NAEEM SAIGOL	505,027	4.6291
	MR. ATIF ZAHEER FAROOQI	5,000	0.0458
	MR. FAROOQ AHMED	2,500	0.0229
	SHEIKH ASIM RAFIQUE (NIT NOMINEE)	-	-
		3,083,475	28.2634
4	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS**	3,497	0.0321
5	**INSURANCE COMPANIES**	179,559	1.6459
6	**JOINT STOCK COMPANIES**	11,058	0.1014
7	**PENSION FUNDS**		
	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE PENSION FUND (CDC)	65,821	0.6033
8	**OTHERS**		
	1 UNIVERSITY OF SINDH	138	0.0013
	2 IDA RIEU POOR WELFARE ASSOCIATION.	82	0.0008
	3 UNITED EXECUTORS & TRUSTEES CO. LTD	7	0.0001
	4 DEPUTY ADMINISTRATOR ABANDONED PROPERTIES (CDC)	182	0.0017
	5 TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,310	0.0212
		2,719	0.0249
9	**EXECUTIVES**	739,192	6.7755
10	**SHARES HELD BY THE GENERAL PUBLIC**	5,808,182	53.2382
	TOTAL	10,909,797	100.0000

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. NO.	NAME	HOLDING	Percentage
1	MR. M. FAROOQUE SAIGOL	1,543,725	14.1499

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. NO.	NAME	HOLDING	Percentage
1	MR. M. FAROOQUE SAIGOL	1,543,725	14.1499
2	MR. M. SALEEM SAIGOL	1,022,223	9.3698
3	MR. M. IMRAN SAIGOL	577,244	5.2911
4	MR. M. NAUMAN SAIGOL	577,200	5.2907
5	NATIONAL BANK OF PAKISTAN NATIONAL INVESTMENT TRUST (CDC)	720,694	6.6059

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

NIL

KOHINOOR SUGAR MILLS LIMITED

FORM OF PROXY

CDC A/C NO.	FOLIO NO.	SHARES HELD

I/We ____

of ____

being a member of KOHINOOR SUGAR MILLS LIMITED, hereby appoint

____
(NAME)

of ____

or failing him____
(NAME)

of ____

(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the Forty Fifth Annual General Meeting of the Company to be held at its Registered Office, Office No. 11-12, 4th Floor, Ali Tower, M.M. Alam Road, Gulberg-III, Lahore on Friday, January 31, 2014, at 11:30 a.m. and at every adjournment thereof.

As witness my/our hand this ______________________day of ____________________ 2014.

Signed by the said ____

of ____

Signature

AFFIX
REVENUE STAMP

Witness

Signature

Note : Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.