



KOHINOOR SUGAR MILLS LIMITED

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JUNE 30, 2013**



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DIRECTORS' REVIEW

Your directors are pleased to present the quarterly report for the period ended June 30, 2013.

SECTOR OVERVIEW

Surplus sugar production created glut in the market which grossly affected the sugar prices and profitability. Exports and purchases by TCP for creating buffer stocks have also not dented the oversupply situation. This situation is expected to prevail till the start of the next crushing season.

FINANCIAL PERFORMANCE

The Company has suffered gross loss of Rs 442.417 million which is mainly due to liquidity crunch. The Company was forced to sell sugar at lower rates to make grower's payments and to meet daily business expenses.

FUTURE PROSPECTS

Similar sugarcane supply is expected in the coming crushing season with improved availability of approved sugarcane variety. The Company needs to revitalize its working capital resources to take the advantages of better recovery.

LAHORE:
July 29, 2013

A handwritten signature in cursive script, reading "Gyas ul Hassan".

GYAS UL HASSAN
Chief Executive



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2013

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct. 01, 2011	109,098	26,879	62,000	648,341	(299,656)	546,662
Total comprehensive loss for the nine months ended June 30, 2012	-	-	-	-	(221,225)	(221,225)
Balance as at June 30, 2012	109,098	26,879	62,000	648,341	(520,881)	325,437
Balance as at Oct. 01, 2012	109,098	26,879	62,000	1,338,237	(497,253)	1,038,961
Incremental Depreciation	-	-	-	(27,795)	-	(27,795)
Total comprehensive loss for the nine months ended June 30, 2013	-	-	-	-	(442,417)	(442,417)
Balance as at June 30, 2013	109,098	26,879	62,000	1,310,442	(939,670)	568,749

LAHORE:
July 29, 2013


ATIF ZAHEER FAROOQI
Director


GYIAS UL HASSAN
Chief Executive

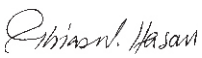
**CONDENSED INTERIM BALANCE SHEET**

	Note	AS AT	
		June 30 2013 Un-Audited	Sep. 30 2012 Audited
(Rupees in thousands)			
NON CURRENT ASSETS			
Property, plant and equipment	5	2,232,748	2,279,237
Long term deposits		399	1,027
Deferred tax asset		170,992	170,992
		2,404,139	2,451,256
CURRENT ASSETS			
Stores, spare parts and loose tools		148,604	163,322
Stock in trade		649,594	316,801
Trade debts - unsecured - considered good		11,625	22,863
Loans and advances		39,976	21,986
Trade deposits and short term prepayments		716	339
Other receivables		14,363	14,077
Taxation		6,478	41,941
Cash and bank balances		4,561	5,621
		875,917	586,950
CURRENT LIABILITIES			
Trade and other payables		1,203,813	662,466
Accrued mark-up		52,706	61,529
Short term borrowings		-	300,000
Current portion of long term liabilities		179,382	144,817
Provision for taxation	6	4,668	16,855
		1,440,569	1,185,667
CURRENT ASSETS LESS CURRENT LIABILITIES		(564,652)	(598,717)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,839,487	1,852,539
CONTINGENCIES AND COMMITMENTS	7	-	-
NON CURRENT LIABILITIES			
Long term finances		126,151	182,994
Liabilities against assets subject to finance lease		-	2,180
Sponsors' loan	8	761,569	452,095
Long term advances		381,709	175,000
Long term provision		1,309	1,309
		1,270,738	813,578
NET ASSETS		568,749	1,038,961
REPRESENTED BY:			
Share capital		109,098	109,098
Capital reserve - premium on right shares		26,879	26,879
Revenue reserves			
General reserve		62,000	62,000
Accumulated balance		(939,670)	(497,253)
		(877,670)	(435,253)
TOTAL CAPITAL AND RESERVES		(741,693)	(299,276)
SURPLUS ON REVALUATION OF ASSETS		1,310,442	1,338,237
		568,749	1,038,961

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

LAHORE:
July 29, 2013


ATIF ZAHEER FAROOQI
Director


GYIAS UL HASSAN
Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

(UN-AUDITED)

(Rupees in thousands)

	Nine months ended June 30		Quarter ended June 30	
	2013	2012	2013	2012
SALES	932,836	1,482,052	140,732	571,087
COST OF SALES	<u>1,258,817</u>	<u>1,550,072</u>	<u>174,638</u>	<u>608,794</u>
GROSS PROFIT / (LOSS)	(325,981)	(68,020)	(33,906)	(37,707)
OPERATING EXPENSES				
Distribution cost	11,385	4,255	8,392	814
Administrative expenses	63,005	59,255	13,243	16,925
Other operating expenses	590	590	40	40
	<u>74,980</u>	<u>64,100</u>	<u>21,675</u>	<u>17,779</u>
OPERATING PROFIT / (LOSS)	(400,961)	(132,120)	(55,581)	(55,486)
FINANCE COST	(40,107)	(73,792)	(16,721)	(22,507)
OTHER INCOME / (EXPENSES)	610	(487)	5,373	(1,790)
	<u>(440,458)</u>	<u>(206,399)</u>	<u>(66,929)</u>	<u>(79,783)</u>
PROVISION FOR TAXATION (Note 6)	(29,754)	(14,826)	(620)	(5,711)
PROFIT/(LOSS) AFTER TAXATION	(470,212)	(221,225)	(67,549)	(85,494)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>27,795</u>	<u>-</u>	<u>9,265</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>(442,417)</u>	<u>(221,225)</u>	<u>(58,284)</u>	<u>(85,494)</u>
EARNING/(Loss)PER SHARE - Basic and Diluted (Rs.)	(43.10)	(20.28)	(6.19)	(7.84)

COST OF SALES

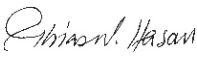
Raw Material :

Cane purchased and consumed	1,396,193	1,634,388	271	370
Salaries, wages and benefits	61,475	55,549	9,179	5,523
Chemicals, fuel, lubes & packing material	31,489	34,099	1,209	10
Manufacturing expenses	57,073	33,443	8,076	4,659
Depreciation	<u>45,380</u>	<u>18,803</u>	<u>15,168</u>	<u>6,439</u>
	1,591,610	1,776,282	33,903	17,001
Work in process - (Net)	143	927	(37)	(17)
	1,591,753	1,777,209	33,866	16,984
Finished goods				
Opening Stock	314,957	574,659	788,665	1,393,606
Closing Stock	(647,893)	(801,796)	(647,893)	(801,796)
	<u>(332,936)</u>	<u>(227,137)</u>	<u>140,772</u>	<u>591,810</u>
	<u>1,258,817</u>	<u>1,550,072</u>	<u>174,638</u>	<u>608,794</u>

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

LAHORE:
July 29, 2013


ATIF ZAEHER FAROOQI
Director


GYIAS UL HASSAN
Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT**


(UN-AUDITED)

FOR THE NINE MONTHS ENDED

	June 30	
	2013	2012
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(440,458)	(206,399)
Adjustments for :		
Depreciation	46,222	20,190
Finance cost	40,107	73,792
Creditors written off	(101)	-
(Gain) / loss on disposal of fixed assets	258	-
Operating profit / (loss) before working capital changes	(353,972)	(112,417)
 (Increase) / Decrease in current assets		
Stores, spare parts and loose tools	14,718	(6,625)
Stock in trade	(332,793)	(226,210)
Trade debts	11,238	884
Loans and advances	(17,990)	13,450
Trade deposits and short term prepayments	(377)	(92)
Other receivables	(286)	1,540
	<u>(679,462)</u>	<u>(329,470)</u>
 Increase / (Decrease) in current liabilities		
Trade and other payables	541,370	655,291
Cash (Used in)/ generated from operations	(138,092)	325,821
Taxes paid/adjusted	(6,478)	(15,170)
Dividend paid	(23)	-
Finance cost paid	(48,930)	(84,152)
Net Cash (used in)/generated from operating activities	(193,523)	226,499
 Cash flow from investing activities		
Addition to property, plant & equipment	(4,496)	(13,440)
Sale proceeds on disposal of property, plant & equipment	4,606	281
Security deposits	628	-
Long term advances	206,709	-
Net cash (used in) / generated from investing activities	207,447	(13,159)
 Cash flow from financing activities		
Long term finances (paid) / disbursed	(21,421)	17,042
Lease liabilities paid	(3,037)	(537)
Short term borrowings (paid) / disbursed	(300,000)	(227,763)
Sponsors' loan (paid) / disbursed	309,474	(2,310)
Net cash (used in)/ generated from financing activities	(14,984)	(213,568)
Net increase/(decrease) in cash & cash equivalents	(1,060)	(228)
Cash & cash equivalents at beginning of the period	5,621	4,921
Cash & cash equivalents at close of the period	4,561	4,693

LAHORE:
July 29, 2013

ATIF ZAHEER FAROOQI
 Director


GHYAS UL HASSAN
 Chief Executive



NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED JUNE 30, 2013

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Ordinance, 1984) and listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Office # 11 - 12, 4th Floor, Ali Tower, M.M.Alam Road, Gulberg-III, Lahore and the mills are located at Jauharabad, District Khushab, Pakistan. The principal activity of the Company is manufacturing and sale of sugar and its by-products.

1.2 The Company has suffered current and accumulated losses due to low sugar sale prices because of surplus availability in the country. However, the equity remains positive due to surplus on revaluation of assets as reflected in the condensed interim statement of changes in equity. The management expects that with the depletion of stocks, the sugar prices will improve the profitability which will reinforce the financial strength of the Company.

2 STATEMENT OF COMPLIANCE

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

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

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

3 ACCOUNTING POLICIES

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

**NOTES TO THE ACCOUNTS**

FOR THE NINE MONTHS ENDED JUNE 30, 2013

4 SEASONALITY OF NINE MONTHS OPERATIONS

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred up to the reporting date have been accounted for.

	June 30	Sep.30
	2013	2012
	(Rupees in thousands)	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	5.1 1,708,677	1,755,166
Capital work in progress - at cost	5.2 524,071	524,071
	<u><u>2,232,748</u></u>	<u><u>2,279,237</u></u>
5.1 Operating assets		
Opening written down value	1,755,166	1,083,821
Add: Additions during the period	5,352	698,337
	<u>1,760,518</u>	<u>1,782,158</u>
Less: Disposals during the period (at book value)	5,619	295
	<u>1,754,899</u>	<u>1,781,863</u>
Less: Depreciation during the period	46,222	26,697
	<u><u>1,708,677</u></u>	<u><u>1,755,166</u></u>
5.2 Capital work in progress		
Building on freehold land	39,981	39,981
Plant and machinery	484,090	484,090
	<u><u>524,071</u></u>	<u><u>524,071</u></u>
6 TAXATION		
Current Year Taxation	4,668	16,855
Previous years	25,086	-
	<u><u>29,754</u></u>	<u><u>16,855</u></u>

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

7 CONTINGENCIES AND COMMITMENTS**7.1 Contingencies**

- a) There were no known quantifiable contingencies as on June 30, 2013 except performance bond of Rs. 3.855 million (September 30, 2012 Rs. 3.855 million) provided to TCP against supply of 3,000 M.Tons of sugar.



NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED JUNE 30, 2013

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

7.2 Commitments

Commitments in respect of capital expenditure were Rs. 3.138 million (September 30, 2012: Rs.6.220 million).

8 SPONSORS' LOAN- Unsecured

	June 30 2013	Sep.30 2012
	(Rupees in thousands)	
Sponsors' loan - Subordinated	454,000	452,000
Sponsors' loan - Others	307,569	95
	<u>761,569</u>	<u>452,095</u>

9 TRANSACTIONS WITH RELATED PARTIES

Kohinoor Enterprises (Pvt) Limited (Rent expense)	1,320	1200
Provident Fund Trust (Contribution to PF)	963	1,494
Sponsors' Loan (paid) / disbursed	309,474	(2,310)

10 DATE OF AUTHORIZATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors on July 29, 2013.

11 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been rearranged wherever necessary for comparison purposes. However, no material reclassification has been made.

LAHORE:
July 29, 2013

ATIF ZAHEER FAROOQI
Director

GYIAS UL HASSAN
Chief Executive

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