



**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 HALF YEAR ENDED  
MARCH 31, 2014**

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## DIRECTORS' REVIEW

Dear Members, Assalaam-O-Alaikum

On behalf of the Board of Directors' and myself, I am pleased to present before you the un-audited financial statements of the Company for six months ended March 31, 2014.

### SECTOR OVERVIEW

This year sugar sector has faced many problems such as disposal of surplus sugar stock, low sugar prices, higher support prices of sugarcane and limited exports. These problems, along with increasing inflationary pressure on other ancillary costs, exerted hefty stress to the sector's performance.

### OPERATIONAL PERFORMANCE

Overview of the performance of your Company, for the crushing season 2013-2014 commenced on November 25, 2013, is as following:

#### Operating Results

	Period ended 31 March	2014	2013
Crushing days	No.	95	97
Cane Crushing	M.Tons	281,997	321,022
Recovery	%	9.211	8.227
Production	M.Tons	25,975	26,420

	Season ended	February 27, 2014	March 13, 2013
Crushing days	No.	95	97
Cane Crushing	M.Tons	281,997	321,022
Recovery	%	9.211	8.227
Production	M.Tons	25,975	26,420

Besides substantial decrease in both crushing and productivity due to inadequate maintenance, we have managed to improve the recovery due to availability of approved varietal sugarcane.

### FINANCIAL PERFORMANCE

Despite having low productivity, inflationary pressures on all cost elements and less increase in Sugar prices, new management has managed to improve the financial performance by rationing overheads and financial cost. Management has expressed their intentions to revitalize this project.

### AUDITORS' REPORT

The Company though has suffered operational loss for the period under review but with rationing overheads, the accumulated losses of the Company would improve. Regarding auditors' doubt about Company's ability to continue as going concern, the new management is confident to convert operational losses into profits by providing financial support, improving product recovery rate, curtailing unnecessary overheads, reducing finance cost and revising sales strategy.

Lahore:  
May 24, 2014

**GHIASUL HASAN**

Chief Executive



KOHINOOR SUGAR MILLS LIMITED

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

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Kohinoor Sugar Mills Limited ("the Company")** as at March 31, 2014, and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

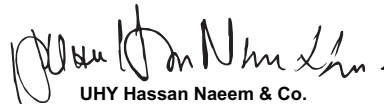
### Conclusion

We draw attention to note 2 to condensed interim financial information, which states that the Company incurred loss during the period amounting to Rs. 146.90 million and has accumulated losses amounting to Rs. 307.44 million (2013: Rs. 881.39 million) at the period end. In addition, the Company's current liabilities exceed assets by Rs. 76.19 million (2013: Rs. 814.97 million). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

Based on our review, except for the effect of the matters referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended March 31, 2014 and March 31, 2013 in the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore:  
May 24, 2014

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



KOHINOOR SUGAR MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2014

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct 01, 2012	109,098	26,879	62,000	1,338,237	(497,253)	1,038,961
Total comprehensive loss for the period	-	-	-	-	(384,133)	(384,133)
Incremental depreciation for the period	-	-	-	(18,530)	-	(18,530)
<b>Balance as at March 31, 2013</b>	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>1,319,707</b>	<b>(881,386)</b>	<b>636,298</b>
Balance as at Oct 01, 2013	109,098	26,879	62,000	1,088,406	(176,950)	1,109,433
Total comprehensive loss for the period	-	-	-	-	(130,485)	(130,485)
Incremental depreciation for the period	-	-	-	(16,418)	-	(16,418)
<b>Balance as on March 31, 2014</b>	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>1,071,988</b>	<b>(307,435)</b>	<b>962,530</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore:  
May 24, 2014

**ATIF ZAHEER FAROOQI**  
Director

**GHIAS UL HASAN**  
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

**CONDENSED INTERIM BALANCE SHEET**

	Note	As at	
		Mar.31	Sep.30
		2014	2013
		Un-Audited	Audited
		(Rupees in thousands)	
<b>NON CURRENT ASSETS</b>			
Fixed assets	6	2,262,796	2,245,286
Long term deposits		429	399
		<b>2,263,225</b>	<b>2,245,685</b>
<b>CURRENT ASSETS</b>			
Stores and spares		156,036	151,033
Stock in trade		616,742	438,688
Loans and advances		53,080	53,172
Deposits, prepayments and other receivables		67,906	57,938
Cash and bank balances		2,204	4,902
		<b>895,968</b>	<b>705,733</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		950,098	525,313
Accrued mark-up		6,068	28,857
Current portion of long term financing	7	15,995	101,449
		<b>972,161</b>	<b>655,619</b>
<b>WORKING CAPITAL EMPLOYED</b>			
		<b>(76,193)</b>	<b>50,114</b>
		<b>2,187,032</b>	<b>2,295,799</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	7	31,990	52,348
Sponsors' loan - unsecured		707,863	649,369
Long term advances		290,000	290,000
Long term provision		1,309	1,309
Deferred Taxation		193,340	193,340
		<b>1,224,502</b>	<b>1,186,366</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>NET CAPITAL EMPLOYED</b>			
		<b>962,530</b>	<b>1,109,433</b>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		<b>200,000,000</b>	<b>200,000,000</b>
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 losses		(307,435)	(176,950)
		<b>(245,435)</b>	<b>(114,950)</b>
		<b>(109,458)</b>	<b>21,027</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax</b>			
		<b>1,071,988</b>	<b>1,088,406</b>
		<b>962,530</b>	<b>1,109,433</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore:  
May 24, 2014

  
**ATIF ZAHEER FAROOQI**  
Director

  
**GHIAS UL HASAN**  
Chief Executive



KOHINOOR SUGAR MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
(UN-AUDITED)

(Rupees in thousands)

NOTE	Half Year Ended Mar.31		Quarter Ended Mar.31	
	2014	2013	2014	2013
SALES	1,139,422	792,104	470,502	291,232
COST OF SALES	9 1,245,781	1,084,179	550,991	503,661
GROSS LOSS	(106,359)	(292,075)	(80,489)	(212,429)
OPERATING EXPENSES:				
Administrative expenses	31,741	49,762	16,751	30,760
Distribution cost	2,341	2,993	1,861	2,482
Other operating charges	670	550	20	35
	34,752	53,305	18,632	33,277
OPERATING LOSS	(141,111)	(345,380)	(99,121)	(245,706)
FINANCE COST	(7,016)	(23,386)	(2,333)	(9,483)
OTHER INCOME / (EXPENSES)	1,224	(4,763)	1,224	(4,779)
LOSS BEFORE TAXATION	(146,903)	(373,529)	(100,230)	(259,968)
TAXATION	10 -	(29,134)	-	(26,629)
LOSS AFTER TAXATION	(146,903)	(402,663)	(100,230)	(286,597)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD				
incremental depreciation for the period	16,418	18,530	8,209	9,265
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<b>(130,485)</b>	<b>(384,133)</b>	<b>(92,021)</b>	<b>(277,332)</b>
LOSS PER SHARE - (Rs.)	<b>(11.96)</b>	<b>(36.91)</b>	<b>(8.43)</b>	<b>(26.27)</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore:  
May 24, 2014

  
**ATIF ZAHEER FAROOQI**  
Director

  
**GHIAS UL HASAN**  
Chief Executive



KOHINOOR SUGAR MILLS LIMITED


**CONDENSED INTERIM CASH FLOW STATEMENT**  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED

	<b>March 31</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Rupees in thousands)</b>	
<b>Cash flow from operating activities</b>		
Loss before taxation	(146,903)	(373,529)
Adjustments for :		
Depreciation	27,143	30,944
Finance cost	7,016	23,386
Gain on disposal of fixed assets	(1,224)	(2,440)
<b>Loss before working capital changes</b>	<b>(113,968)</b>	<b>(321,639)</b>
<b>Working Capital Changes</b>		
Stores and spares	(5,003)	10,298
Stock in trade	(178,054)	(473,528)
Trade debts	-	11,365
Loans and advances	92	(5,028)
Deposits, prepayments and other receivables	(2,968)	(465)
Trade and other payables	424,783	933,021
	<u>238,850</u>	<u>475,663</u>
<b>Cash (used in) / generated from operations</b>	<b>124,882</b>	<b>154,024</b>
Finance cost paid	(29,858)	(41,624)
Taxes paid	(7,000)	(5,946)
<b>Net Cash generated from operating activities</b>	<b>88,024</b>	<b>106,454</b>
<b>Cash flow from investing activities</b>		
Addition to fixed assets	(44,804)	(3,703)
Long term deposits	30	898
Proceeds from sale of fixed assets	1,370	4,301
<b>Net cash (used in) / generated from investing activities</b>	<b>(43,404)</b>	<b>1,496</b>
<b>Cash flow from financing activities</b>		
Long term finances	(105,812)	(16,330)
Lease payments	-	(2,180)
Long term advances payable	-	(100,000)
Short term borrowings	-	(300,000)
Sponsors' loan	58,494	309,474
<b>Net cash used in financing activities</b>	<b>(47,318)</b>	<b>(109,036)</b>
<b>Net decrease in cash &amp; cash equivalents</b>	<b>(2,698)</b>	<b>(1,086)</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>4,902</b>	<b>5,621</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>2,204</b>	<b>4,535</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore:  
May 24, 2014

  
**ATIF ZAHEER FAROOQI**  
Director

  
**GHIAS UL HASAN**  
Chief Executive





KOHINOOR SUGAR MILLS LIMITED

## NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED MARCH 31, 2014

### 1. REPORTING ENTITY

Kohinoor Sugar Mills Limited ("the Company") was incorporated in Pakistan in 1968 under 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 No. 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.

### 2. SIGNIFICANT MATTERS

During the period the Company incurred loss amounting to Rs. 146.90 million and has accumulated losses amounting to Rs. 307.44 million (2013: Rs. 881.39 million) at the period end. In addition, the Company's current liabilities exceed current assets by Rs. 76.19 million (2013: Rs. 814.97 million) at the period end.

Continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability in the future and continuous support of financial institutions by bringing its liabilities to serviceable levels and ability of adequate working capital through continued support from the principal lenders of the Company and from the sponsors of the Company.

The condensed interim financial information have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose and bringing its liabilities to serviceable level and availability of adequate working capital through support from sponsors.

The condensed interim financial information consequently do not include any adjustment relation to the realization of assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

The interim financial information of the Company for the half year ended March 31, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this interim financial information of the Company have, however, been limited based on the requirements of the International Accounting Standard 34 - Interim Financial Reporting thus these do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2013. These interim financial information are un-audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchange of Pakistan.

The comparative financial position presented in this interim financial information have been extracted from the audited financial statements of the Company for the year ended September 30, 2013, whereas the comparative condensed interim statement of comprehensive income, condensed interim cash flow statement and



condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended March 31, 2013.

**3.2 Functional and presentation currency**

The condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Company.

**3.3 Critical accounting estimates and judgments**

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those applied to the preceding annual published financial statements of the Company for the year ended September 30, 2013.

**4. ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies adopted for the preparation of this financial information is the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended September 30, 2013.

**5. SEASONALITY OF OPERATIONS**

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November / December and ends in March / April. Therefore, majority of the expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increasing volume of inventories and current liabilities at the end of the first half.

**6. FIXED ASSETS**

		<b>Un-Audited Mar. 31 2014</b>	<b>Audited Sep. 30 2013</b>
	<i>Note</i>	<b>(Rupees in thousands)</b>	
Property, plant and equipment	6.1	1,738,725	1,721,215
Capital work-in-progress	6.2	524,071	524,071
		<b><u>2,262,796</u></b>	<b><u>2,245,286</u></b>

**6.1 Property, plant and equipment**

Opening written down value	1,721,215	1,755,166
Additions during the period / year	44,804	35,699
Disposals / adjustments during the period / year	(151)	(8,141)
	<b><u>1,765,868</u></b>	<b><u>1,782,724</u></b>
Depreciation charged during the period / year	(27,143)	(61,509)
	<b><u>1,738,725</u></b>	<b><u>1,721,215</u></b>



## KOHINOOR SUGAR MILLS LIMITED

	<b>Un-Audited Mar. 31 2014</b>	<b>Audited Sep. 30 2013</b>
	<b>(Rupees in thousands)</b>	
<b>6.2 Capital work-in-progress</b>		
Building on freehold land	39,981	39,981
Plant and machinery	484,090	484,090
	<u><b>524,071</b></u>	<u><b>524,071</b></u>

### 7. LONG TERM FINANCING - Secured

Habib Bank Limited	-	84,000
Faysal Bank Limited	47,985	69,797
	<u><b>47,985</b></u>	<u><b>153,797</b></u>
Current portion	<u>(15,995)</u>	<u>(101,449)</u>
	<u><b>31,990</b></u>	<u><b>52,348</b></u>

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There were no known quantifiable contingencies as on March 31, 2014 except performance bond of Rs. 3.855 million (September 30, 2013 Rs. 3.855 million) provided to TCP against supply of 3,000 M. Tons of sugar.

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 condensed interim financial statements. The Company has filed a writ petition in the honourable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of Rs. 58.881 million.

The Income Tax Department raised a demand of Rs. 197.075 million on account of non deduction of tax while making payments to sugar cane suppliers. The demand has been 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.

#### 8.2 Commitments

Commitments in respect of capital expenditure were Rs.3.287 million (September 30, 2013: Rs.12.390 million).



## KOHINOOR SUGAR MILLS LIMITED

### 9. COST OF SALES

	Six months period ended Mar. 31		Three months period ended Mar. 31	
	2014	2013	2014	2013
	(Rupees in thousands)			
Raw material Cane purchased & consumed	1,218,038	1,395,922	692,718	1,027,779
Salaries, wages and other benefits	46,000	52,296	25,219	32,352
Chemicals, fuel, lubes and packing material	35,759	30,280	23,789	17,842
Manufacturing expenses	97,212	48,997	89,901	22,095
Depreciation	27,143	30,212	13,024	15,106
	<b>1,424,152</b>	<b>1,557,707</b>	<b>844,651</b>	<b>1,115,174</b>
Work-in-process - (net)	(881)	180	25,636	37,581
<b>Cost of goods manufactured</b>	<b>1,423,271</b>	<b>1,557,887</b>	<b>870,287</b>	<b>1,152,755</b>
Opening stock of finished goods	436,971	314,957	298,423	139,571
	<b>1,860,242</b>	<b>1,872,844</b>	<b>1,168,710</b>	<b>1,292,326</b>
Closing stock of finished goods	(614,461)	(788,665)	(617,720)	(788,665)
<b>Cost of sales</b>	<b>1,245,781</b>	<b>1,084,179</b>	<b>550,990</b>	<b>503,661</b>

### 10. TAXATION

Provision for taxation for the period is not provided in the light of Section 113 of Income Tax Ordinance, 2001, as the Company incurred gross loss before set off depreciation and other inadmissible expenses.

### 11. TRANSACTION WITH RELATED PARTIES

	Un-Audited	Audited
	Mar. 31 2014	Sep. 30 2013
	(Rupees in thousands)	
Kohinoor Enterprises (Pvt.) Limited (Rent expense)	-	1,320
Provident Fund Trust (Contribution to PF)	2,102	1,244
Sponsors' Loan (paid) / disbursed	58,494	649,369

### 12. DATE OF AUTHORIZATION


This condensed interim financial information was authorized for issue on May 24, 2014 by the Board of Directors of the Company.

### 13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Lahore:  
May 24, 2014

  
**ATIF ZAHEER FAROOQI**  
Director

  
**GHIAS UL HASAN**  
Chief Executive

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