



**KOHINOOR SUGAR MILLS LIMITED**

29-G, GULBERG-II, LAHORE - 54660

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
JUNE 30, 2011**



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## **DIRECTORS' REVIEW**

Your directors are pleased to present the quarterly report for the period ended June 30, 2011.

### **SECTOR OVERVIEW**

Sugar rates have settled to 2009 levels as sugar stocks are sufficient to meet the demand. Higher mark up rates and general inflationary trend of other inputs continues to adversely impact earnings.

### **FINANCIAL PERFORMANCE**

Gross margin ratio and operating profit are improved over the previous period. These are encouraging trends, however, high cost of borrowing and high inflation continue to erode profitability.

### **FUTURE PROSPECTS**

High sugarcane prices and incentives for new varieties have further encouraged cane growers to increase cultivation. Early monsoon rains are also viewed positively. Future production is expected to increase with improved yield and recovery.

LAHORE:  
July 26, 2011

  
**M. FAROOQUE SAIGOL**  
Chief Executive



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
(UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2011

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct. 01, 2009	109,098	26,879	62,000	648,341	(173,921)	672,397
Total comprehensive loss for nine months ended June 30, 2010	-	-	-	-	(64,329)	(64,329)
<b>Balance as at June 30, 2010</b>	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>648,341</b>	<b>(238,250)</b>	<b>608,068</b>
Balance as at Oct. 01, 2010	109,098	26,879	62,000	648,341	(247,847)	598,471
Total comprehensive loss for nine months ended June 30, 2011	-	-	-	-	(4,248)	(4,248)
<b>Balance as at June 30, 2011</b>	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>648,341</b>	<b>(252,095)</b>	<b>594,223</b>

LAHORE:  
July 26, 2011

  
**M. SALEEM SAIGOL**  
Director

  
**M. FAROOQUE SAIGOL**  
Chief Executive


**CONDENSED INTERIM BALANCE SHEET**

	AS AT		
		June 30 2011 Un-Audited	Sep. 30 2010 Audited
Note		(Rupees in thousands)	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,590,829	1,597,853
<b>LONG TERM DEPOSITS</b>		1,027	479
<b>DEFERRED TAX ASSET</b>		66,109	66,109
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		155,880	157,810
Stock in trade		860,631	124,203
Trade debts - unsecured - considered good		-	52,445
Loans and advances		14,924	28,583
Trade deposits and short term prepayments		425	558
Other receivables		18,495	14,234
Taxation		40,906	31,521
Cash and bank balances		3,567	2,661
		1,094,828	412,015
<b>CURRENT LIABILITIES</b>			
Trade and other payables		486,831	253,889
Accrued mark-up		43,925	31,046
Short term borrowings		681,293	186,510
Current portion of long term liabilities		95,203	100,460
Provision for taxation	6	13,284	7,756
		1,320,536	579,661
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<b>(225,708)</b>	<b>(167,646)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,432,257</b>	<b>1,496,795</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>NON CURRENT LIABILITIES</b>			
Long term finances		236,071	299,326
Liabilities against assets		3,622	1,191
Sponsors' loan	9	447,032	446,498
Long term advances	10	150,000	150,000
Long term provision		1,309	1,309
		838,034	898,324
<b>NET ASSETS</b>		<b>594,223</b>	<b>598,471</b>
<b>REPRESENTED BY:</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 balance		(252,095)	(247,847)
		(190,095)	(185,847)
<b>TOTAL CAPITAL AND RESERVES</b>		<b>(54,118)</b>	<b>(49,870)</b>
<b>SURPLUS ON REVALUATION OF LAND</b>		<b>648,341</b>	<b>648,341</b>
		<b>594,223</b>	<b>598,471</b>

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

LAHORE:  
July 26, 2011

  
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Chief Executive



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

(Rupees in thousands)

	Nine months ended June 30		Quarter ended June 30	
	2011	2010	2011	2010
SALES	1,328,258	1,228,128	237,216	495,353
COST OF SALES	1,186,626	1,183,207	218,975	522,162
GROSS PROFIT / (LOSS)	141,632	44,921	18,241	(26,809)
OPERATING EXPENSES				
Distribution cost	2,925	2,028	491	401
Administrative expenses	56,165	50,399	16,988	16,181
Other operating expenses	590	590	40	40
	59,680	53,017	17,519	16,622
OPERATING PROFIT / (LOSS)	81,952	(8,096)	722	(43,431)
FINANCE COST	74,732	60,698	32,324	1,738
OTHER INCOME / (EXPENSES)	1,816	10,618	459	6,564
PROFIT/(LOSS) BEFORE TAXATION	9,036	(58,176)	(31,143)	(38,605)
PROVISION FOR TAXATION (Note-6)	(13,284)	(6,153)	(2,372)	(2,476)
PROFIT/(LOSS) AFTER TAXATION	(4,248)	(64,329)	(33,515)	(41,081)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(4,248)	(64,329)	(33,515)	(41,081)
EARNING PER SHARE - Basic and Diluted (Rs.)	(0.39)	(5.90)	(3.07)	(3.77)

**COST OF SALES**

Raw Material :

Cane purchased and consumed	1,776,904	1,237,976	627	781
Salaries, wages and staff welfare	52,494	40,799	7,053	7,419
Chemicals, fuel, lubes & packing material	28,260	19,437	21	4,998
Manufacturing expenses	30,417	26,147	4,802	6,112
Depreciation	34,980	38,870	10,983	12,076
	1,923,055	1,363,229	23,486	31,386

Work in process

Opening Stock	2,461	1,311	2,672	2,362
Closing Stock	2,705	2,409	2,705	2,409
	(244)	(1,098)	(33)	(47)

Cost of Goods Manufactured

Finished goods				
Opening Stock	121,741	91,051	1,053,448	760,798
Closing Stock	857,926	269,975	857,926	269,975
	(736,185)	(178,924)	195,522	490,823
	1,186,626	1,183,207	218,975	522,162

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

LAHORE:  
July 26, 2011

  
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**CONDENSED INTERIM CASH FLOW STATEMENT**

(UN-AUDITED)

FOR THE NINE MONTHS ENDED

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousands)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	<b>9,036</b>	<b>(58,176)</b>
Adjustments for :		
Depreciation	36,258	40,320
Finance cost	74,732	60,698
Gain on disposal of property, plant & equipment	(403)	(7,376)
<b>Operating profit before working capital changes</b>	<b>119,623</b>	<b>35,466</b>
 (Increase) / Decrease in current assets		
Stores, spare parts and loose tools	1,930	1,626
Stock in trade	(736,428)	(225,022)
Trade debts	52,445	-
Loans and advances	13,659	14,977
Trade deposits and short term prepayments	133	479
Other receivables	(4,261)	29
	<u>(552,899)</u>	<u>(172,445)</u>
 Increase / (Decrease) in current liabilities		
Trade and other payables	232,952	(40,950)
<b>Cash (Used in)/ generated from operations</b>	<b>(319,947)</b>	<b>(213,395)</b>
 Taxes paid/adjusted	(17,140)	(3,491)
Dividend paid	(10)	(1)
WPPF paid	-	(311)
Finance cost paid	(79,875)	(50,650)
<b>Net Cash (used in)/generated from operating activities</b>	<b>(416,972)</b>	<b>(267,848)</b>
 <b>Cash flow from investing activities</b>		
Addition to property, plant & equipment	(11,502)	(29,809)
Sale proceeds on disposal of property, plant & equipment	692	25,688
Long term deposits	(548)	-
<b>Net cash used in investing activities</b>	<b>(11,358)</b>	<b>(4,121)</b>
 <b>Cash flow from financing activities</b>		
Long term finances (paid) / disbursed	(68,545)	(17,000)
Lease liabilities paid	2,464	(2,906)
Short term borrowings (paid) / disbursed	494,783	287,249
Sponsors' loan (paid) / disbursed	534	3,577
<b>Net cash (used in)/ generated from financing activities</b>	<b>429,236</b>	<b>270,920</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>906</b>	<b>(1,049)</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>2,661</b>	<b>13,350</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b>3,567</b>	<b>12,301</b>

LAHORE:  
July 26, 2011
  
**M. SALEEM SAIGOL**  
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**M. FAROOQUE SAIGOL**  
 Chief Executive



## NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED JUNE 30, 2011

### 1 THE COMPANY AND ITS OPERATIONS

The Company is incorporated in Pakistan and listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 29-G, Gulberg II, Lahore and the mills are located at Jauharabad, District Khushab, Pakistan. The principal activity of the Company is manufacturing and sale of sugar and its by-products.

### 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, 2010.

### 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.

### 5 PROPERTY, PLANT AND EQUIPMENT

		June 30 2011	Sep.30 2010
		(Rupees in thousands)	
Operating assets	5.1	1,091,983	1,124,456
Capital work in progress - at cost	5.2	498,846	473,397
		<u>1,590,829</u>	<u>1,597,853</u>

**NOTES TO THE ACCOUNTS**

FOR THE NINE MONTHS ENDED JUNE 30, 2011

	June 30 2011	Sep.30 2010
	(Rupees in thousands)	
<b>5.1 Operating assets</b>		
Opening written down value	1,124,456	1,196,336
Add: Additions during the period	4,074	5,479
	<u>1,128,530</u>	<u>1,201,815</u>
Less: Disposals during the period (at book value)	289	23,675
	<u>1,128,241</u>	<u>1,178,140</u>
Less: Depreciation during the period	36,258	53,684
	<u><u>1,091,983</u></u>	<u><u>1,124,456</u></u>
<b>5.2 Capital work in progress</b>		
Building on freehold land	39,761	39,435
Plant and machinery	459,085	433,962
	<u><u>498,846</u></u>	<u><u>473,397</u></u>

**6 TAXATION**

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

**7 PROVISION FOR WPPF AND WWF**

Since liability towards Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF) will be determined on annual financial statements basis therefore no provision for such has been accounted for in these interim financial statements.

**8 CONTINGENCIES AND COMMITMENTS****8.1 Contingencies**

8.1.1 There were no known quantifiable contingencies as on June 30, 2011 except performance bond of Rs. 3.855 million (September 30, 2010: Rs.3.855 million) provided to TCP against supply of 3000 M.Tons of sugar.

8.1.2 Since Federal Excise Duty (FED) is leviable on goods produced or manufactured therefore FED amounting to Rs. 4.988 million is not leviable on sale of sugar produced prior to June 03, 2011. Hence the same has not been accounted for in these interim financial statements.

**8.2 Commitments**

Commitments in respect of capital expenditure were Rs. 12.454 million (September 30, 2010: Rs.9.605 million).

**NOTES TO THE ACCOUNTS**

FOR THE NINE MONTHS ENDED JUNE 30, 2011

	<b>June 30</b>	<b>Sep.30</b>
	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousands)</b>	
<b>9 SPONSORS' LOAN- Unsecured</b>		
Sponsors' loan - Subordinated	180,000	180,000
Sponsors' loan - Others	267,032	266,498
	<u>447,032</u>	<u>446,498</u>

**10 LONG TERM ADVANCES**

These represents interest free unsecured advances received from customers.

	<b>June 30</b>	<b>Sep.30</b>
	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousands)</b>	
<b>11 TRANSACTIONS WITH RELATED PARTIES</b>		
Kohinoor Enterprises (Pvt) Limited (Rent expense)	840	1,680
Provident Fund Trust (Contribution to PF)	1,205	1,618
Sponsors' Loan (paid) / disbursed	534	29,629

**12 DATE OF AUTHORIZATION OF ISSUE**

These interim financial statements were authorized for issue by the Board of Directors on July 26, 2011.

**13 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 26, 2011

  
**M. SALEEM SAIGOL**  
Director

  
**M. FAROOQUE SAIGOL**  
Chief Executive

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