



THE PREMIER SUGAR MILLS  
& DISTILLERY CO. LTD.,  
MARDAN

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
31 MARCH, 2012

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

**CHAIRMAN** Khan Aziz Sarfaraz Khan

**CHIEF EXECUTIVE** Mr. Abbas Sarfaraz Khan

**DIRECTORS** Begum Laila Sarfaraz

Ms. Zarmine Sarfaraz

Ms. Najda Sarfaraz

Ms. Mahnaz Saigol

Mr. Iskander M. Khan

Mr. Babar Ali Khan

Mr. Abdul Qadar Khattak

**BOARD AUDIT COMMITTEE** Khan Aziz Sarfaraz Khan Chairman

Ms. Najda Sarfaraz Member

Mr. Babar Ali Khan Member

**COMPANY SECRETARY** Mr. Mujahid Bashir

**CHIEF FINANCIAL OFFICER** Mr. Rizwan Ullah Khan

**AUDITORS** Messrs Hameed Chaudhri & Co.,  
Chartered Accountants

**COST AUDITORS** Messrs Munawar Associates,  
Chartered Accountants.

**TAX CONSULTANTS** Messrs Hameed Chaudhri & Co.,  
Chartered Accountants

**LEGAL ADVISORS** Mr. Qazi Muhammad Anwar Advocate

**SHARES REGISTRAR** Messrs Hameed Majeed Associates, (Pvt.) Limited,  
H.M House, 7-bank Square, Lahore

**BANKERS** National Bank of Pakistan

Habib Bank Limited

MCB Bank Limited

United Bank Limited

Allied Bank Limited

The Bank of Khyber

PICIC Commercial Bank Limited

Innovative Investment Bank Limited

The Bank Of Punjab

Bank Alfalah Limited

Faysal Bank Limited

**REGISTERED OFFICE** Mardan (khyber Pakhtoonkhawa)

Phones: (0937) 862051-862052

Fax: (0937) 862989

**FACTORY** Mardan

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### DIRECTORS' REVIEW REPORT

The Directors are pleased to present the financial statements for the half year ended 31 March, 2012 to the shareholders of the Company in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting", under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Stock Exchanges in Pakistan. The enclosed financial statements are un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

#### **Sugarcane Season 2011-12**

The sugarcane crushing season 2011-12 commenced on 20 November, 2011, and continued till 31 March, 2012. The Mills crushed 249,062 tons (2011; 133,655 tons) of sugarcane to produce 24,290 tons (2011: 11,509 tons) of sugar at an average recovery of 9.76 % (2011: 8.65 %). The supply of sugarcane improved due to the Company policy to compete with the tax free Gur Industry through enhanced sugar production and Industrial Ethanol, however because of the delayed GOP decision to export excess sugar, the Company suffered losses as sugar prices have remained below the cost of production throughout the season in the domestic market.

#### **Sugar Price**

The sugar prices have remained low throughout the crushing season and the prevailing sugar prices are lower than the cost of sugar production.

#### **Sugarbeet Season 2012**

The sugarbeet slicing season started on 21 May, 2012. We are expecting higher crop as compared to the last year.

#### **Distillery**

610,980 Gallons of Industrial Alcohol (2011: 172,000 Gallons) was produced during the period ended 31 March, 2012.

#### **Reply to Auditor's Observation (Note No. 16.2)**

We have filed a writ petition in the Lahore High Court, Lahore to recover the deposits.

## **Consolidated Financial Results**

Consolidated financial statements are annexed with these financial statements as required under section 237 of the Companies Ordinance 1984.

## **Accounting Policies**

The accounting policies adopted in the preparation of these quarterly financial statements are the same as applied in the preparation of the preceding annual financial statements of the Company.

## **Acknowledgement**

The Directors appreciate the spirit of good work done by the Company's staff at all levels.

**Mardan**  
**28 May, 2012**

## **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** **INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED** **INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company) as at 31 March, 2012 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended 31 March, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 March, 2012.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 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 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.

### **Basis for Qualified Conclusion**

Provision against deposits with a non-bank financial institution aggregating Rs.39 million has not been made in this condensed interim financial information as the matter is pending adjudication before the Court as fully detailed in note 16.2.

### **Qualified Conclusion**

Based on our review, except for the matter referred to in the aforementioned paragraph and the extent to which this may affect the annexed condensed interim financial information, 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 31 March, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**LAHORE:**  
29 May, 2012

**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Osman Hameed Chaudhri

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2012**

	Un-audited		Audited			Un-audited		Audited		
	31 March, 2012	30 Sep., 2011	31 March, 2012	30 Sep., 2011		31 March, 2012	30 Sep., 2011			
	Note (Rupees in thousand)					Note (Rupees in thousand)				
<b>Equity and Liabilities</b>			<b>Assets</b>							
Share Capital and Reserves			Non-current Assets							
Authorised capital	57,500	57,500	Property, plant and equipment		12	649,409	673,845			
Issued, subscribed and paid-up capital	37,500	37,500	Investment property			36,182	37,066			
Reserves	900,001	900,001	Investments			170,006	170,006			
Accumulated loss	(49,345)	(22,501)	Long term loan to a Subsidiary Company			322,500	322,500			
	888,156	915,000	Security deposits			518	517			
						1,178,615	1,203,934			
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	373,196	388,883	<b>Current Assets</b>							
			Stores and spares			116,983	104,531			
<b>Non-current Liabilities</b>			Stock-in-trade		13	988,544	668,598			
Deferred taxation	54,837	91,360	Trade debts - unsecured considered good			2,059	24,472			
Staff retirement benefits - gratuity	24,506	23,241	Loans and advances			5,757	10,945			
	79,343	114,601	Trade deposits and short term prepayments		14	29,562	2,072			
<b>Current Liabilities</b>			Accrued profit on bank deposits			262	100			
Trade and other payables	8 551,974	31,118	Other receivables			443	479			
Accrued mark-up on short term borrowings	9,254	30,267	Sales tax refundable			0	18,540			
Short term borrowings	9 698,568	797,126	Income tax refundable, advance income tax and tax deducted at source			35,849	15,965			
Taxation	10 1,846	338	Short term investments		15	62,469	178,416			
	1,261,642	858,849	Bank balances		16	181,794	49,281			
<b>Contingencies and Commitments</b>						1,423,722	1,073,399			
						2,602,337	2,277,333			
	2,602,337	2,277,333				2,602,337	2,277,333			

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2012**

	Note	For the 2nd Quarter		Cumulative	
		Jan. - Mar. 2012	Jan. - Mar. 2011	Oct. - Mar. 2012	Oct. - Mar. 2011
		----- Rupees in thousand -----			
<b>Turnover - local</b>		356,241	43,824	972,773	392,509
<b>- export</b>		0	0	13,140	0
		356,241	43,824	985,913	392,509
<b>Less : Sales Tax and Federal Excise Duty</b>		34,962	990	78,401	14,893
		321,279	42,834	907,512	377,616
<b>Cost of Sales</b>		338,698	168,372	959,809	517,331
<b>Gross Loss</b>		(17,419)	(125,538)	(52,297)	(139,715)
<b>Distribution Cost</b>		2,244	293	8,272	741
<b>Administrative Expenses</b>		15,859	15,799	32,848	29,839
<b>Other Operating Expenses</b>		109	(322)	231	5
		18,212	15,770	41,351	30,585
		(35,631)	(141,308)	(93,648)	(170,300)
<b>Other Operating Income</b>	17	37,699	37,546	57,964	71,697
<b>Profit / (Loss) from Operations</b>		2,068	(103,762)	(35,684)	(98,603)
<b>Finance Cost</b>		14,410	13,750	41,862	14,560
<b>Loss before Taxation</b>		(12,342)	(117,512)	(77,546)	(113,163)
<b>Taxation</b>					
- Current	10	1,446	(1,932)	1,508	1,447
- Deferred		(10,840)	(45,625)	(36,523)	(38,893)
		(9,394)	(47,557)	(35,015)	(37,446)
<b>Loss after Taxation</b>		(2,948)	(69,955)	(42,531)	(75,717)
<b>Other Comprehensive Income</b>		0	0	0	0
<b>Total Comprehensive Loss for the Period</b>		(2,948)	(69,955)	(42,531)	(75,717)
		----- Rupees -----			
<b>Loss per Share</b>		(0.79)	(18.65)	(11.34)	(20.19)

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2012**

	Half year ended	
	31 March, 2012	31 March, 2011
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Loss for the period - before taxation	(77,546)	(113,163)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	31,412	28,814
Depreciation on investment property	884	969
Loss on sale of a vehicle	120	0
Uncollectible receivable balances written-off	111	0
Unclaimed payable balances written-back	(310)	0
Mark-up on loan to Subsidiary Company and profit / mark-up on bank deposits	(23,837)	(25,391)
Staff retirement benefits - gratuity (net)	1,265	2,024
Reversal of impairment loss on long term investments	0	(5,164)
Gain on re-measurement of short term investments to fair value	(3,312)	(13,374)
Reversal of provision for workers' welfare fund	(581)	0
Finance cost	40,429	14,560
<b>Loss before working capital changes</b>	<b>(31,365)</b>	<b>(110,725)</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(12,452)	(2,501)
Stock-in-trade	(319,946)	(480,365)
Trade debts	22,302	29,171
Loans and advances	5,188	(8,402)
Trade deposits and short term prepayments	(27,490)	1,312
Other receivables	36	(553)
Sales tax refundable	18,540	(7,764)
Increase in trade and other payables	521,768	33,132
	207,946	(435,970)
<b>Cash generated from / (used in) operations</b>	<b>176,581</b>	<b>(546,695)</b>
Income tax paid	(19,884)	(3,949)
Security deposits	(1)	(20)
<b>Net cash generated from / (used in) operating activities</b>	<b>156,696</b>	<b>(550,664)</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(7,249)	(179)
Sale proceeds of a vehicle	153	0
Mark-up on loan to a Subsidiary Company and profit / mark-up on bank deposits received	23,675	38,262
Short term investments	119,259	(50,304)
<b>Net cash generated from / (used in) investing activities</b>	<b>135,838</b>	<b>(12,221)</b>
<b>Cash flow from financing activities</b>		
Short term borrowings - net	(98,558)	584,851
Finance cost paid	(61,442)	(2,245)
Dividends paid	(21)	(3,458)
<b>Net cash (used in) / generated from financing activities</b>	<b>(160,021)</b>	<b>579,148</b>
<b>Net increase in cash and cash equivalents</b>	<b>132,513</b>	<b>16,263</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>10,281</b>	<b>32,244</b>
<b>Deposits with a Non-bank Finance Institution grouped under current assets during the period</b>		
	39,000	23,400
	49,281	55,644
<b>Cash and cash equivalents - at end of the period</b>	<b>181,794</b>	<b>71,907</b>

The annexed notes form an integral part of this condensed interim financial information.

**CHIEF EXECUTIVE**

**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2012**

	Share capital	Reserves			Unappropriated profit / (accumulated loss)	Total
		Capital	Revenue	Sub-total		
		Share redemption	General			
----- Rupees in thousand -----						
Balance as at 30 September, 2010	37,500	1 900,000	900,001	141,750	1,079,251	
Transactions with owners						
Final cash dividend for the year ended 30 September, 2010 at the rate of Re.1 per share	0	0	0	0	(3,750)	(3,750)
Total comprehensive loss for the half-year ended 31 March, 2011	0	0	0	0	(75,717)	(75,717)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	13,424	13,424
<b>Balance as at 31 March, 2011</b>	<b>37,500</b>	<b>1 900,000</b>	<b>900,001</b>	<b>75,707</b>	<b>1,013,208</b>	
Balance as at 30 September, 2011	37,500	1 900,000	900,001	(22,501)	915,000	
Total comprehensive loss for the half-year ended 31 March, 2012	0	0	0	0	(42,531)	(42,531)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	15,687	15,687
<b>Balance as at 31 March, 2012</b>	<b>37,500</b>	<b>1 900,000</b>	<b>900,001</b>	<b>(49,345)</b>	<b>888,156</b>	

The annexed notes form an integral part of this condensed interim financial information.

**CHIEF EXECUTIVE**

**DIRECTOR**

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

#### FOR THE HALF-YEAR ENDED 31 MARCH, 2012

- The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.
- This condensed interim financial information of the Company for the half-year ended 31 March, 2012 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and listing regulations of the Islamabad and Karachi Stock Exchanges. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- This condensed interim financial information is un-audited; however, has been reviewed by the statutory Auditors under limited scope in accordance with the requirements of Code of Corporate Governance.
- This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 September, 2011.
- This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupees has been rounded-off to the nearest thousand except stated otherwise.
- Standards, amendments and interpretations to published approved accounting standards, which have been effective during the current financial period**
  - During the current period, the Company has adopted new and amended IFRSs and IASs as referred to in note 5.2 to the audited financial statements of the Company for the year ended 30 September, 2011. The adoption of these IFRSs and IASs did not have any material effect on this condensed interim financial information other than certain additional disclosures, which will be detailed in the financial statements of the Company for the year ending 30 September, 2012.
  - Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**  
There are other standards, amendments and interpretations, which are not yet effective and are not considered to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.
- Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual audited financial statements of the Company as at and for the year ended 30 September, 2011.
- TRADE AND OTHER PAYABLES**  
Period-end trade and other payables include trade creditors aggregating Rs.131.169 million (30 September, 2011: Rs.5.814 million) and advance payments received from customers against future sales aggregating Rs.396.786 million (30 September, 2011: Rs.6.131 million).

#### 9. SHORT TERM BORROWINGS - Secured

Short term finance facilities under mark-up arrangements available from various commercial banks aggregate Rs.1.150 billion (30 September, 2011: Rs. 950 million). These finance facilities, during the period, carried mark-up at the rates ranging from 11% to 15.90% (30 September, 2011: 15.07% to 15.54%) per annum and are secured against pledge of stock of refined sugar, charge for Rs. 200 million over Company's all present and future fixed assets (excluding land and buildings) and charge over present and future current assets. These facilities are expiring on various dates by 30 November, 2012.

#### 10. TAXATION

Provision for minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) has not been made during the current period as the Company has incurred gross loss before set-off of depreciation and other inadmissible expenses under the Ordinance. Provision made during the period mainly represents tax payable on dividend income and export sales under sections 5 and 154 of the Ordinance respectively.

#### 11. CONTINGENCIES AND COMMITMENTS

- There has been no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended 30 September, 2011.
- Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at 31 March, 2012 was for Rs.45 million (30 September, 2011: Rs.10 million).The guarantee is valid upto 30 November, 2012.
- The Bank of Khyber, on behalf of the Company, has issued guarantees aggregating Rs.29.297 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contracts for supply of 12,700 metric tons of sugar. These guarantees will expire on various dates by 13 February, 2013 and are secured against 100% margin deposits.

#### 12. PROPERTY, PLANT AND EQUIPMENT

	Un-audited Half-year ended 31 March, 2012 Rupees in thousand
Book value as at 30 September, 2011	673,845
Additions during the period:	
- purchase of 31 Kanals and 04 Marlas of leasehold land from one of the legal heirs of lessor	6,240
- taxes, registry fee and other levies on purchase of land	746
	<b>6,986</b>
- motor cycles	263
	7,249
Book value of a vehicle sold during the period	(273)
Depreciation charge for the period	(31,412)
<b>Book value as at 31 March, 2012</b>	<b>649,409</b>

- There has been no change in the status of matter as reported in note 15.4 to the annual audited financial statements of the Company for the year ended 30 September, 2011 except that one of the legal heirs has sold portion of land owned by her to the Company as stated above.

**13. STOCK-IN-TRADE**

	Un-audited Half-year ended 31 March, 2012 (Rupees in thousand)	Audited Year ended 30 Sep., 2011
Sugar-in-process	4,754	10,850
Finished goods:		
- Sugar	910,266	647,235
- Spirit	73,524	10,513
	<u>983,790</u>	<u>657,748</u>
	<u>988,544</u>	<u>668,598</u>

13.1 Finished sugar inventory as at 31 March, 2012 has been stated at cost (30 September, 2011: finished sugar inventory was stated at net realisable value).

**14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**

These include deposits held by a bank against guarantees issued by it as detailed in note 11.3.

**15. SHORT TERM INVESTMENTS - At fair value through profit or loss**

Askari Sovereign Cash Fund - 578,727 Units (30 September, 2011: 655,456 Units)	54,887	59,000
Alfalah GHP Cash Fund - Nil Units (30 September, 2011: 33,257 Units)	0	14,882
MCB Cash Management Optimizer - 41,996 Units (30 September, 2011: 566,368 Units)	3,982	53,872
Pakistan Cash Management Fund - 6,038 Units (30 September, 2011: 779,791 Units)	288	35,000
	<u>59,157</u>	<u>162,754</u>
Add: adjustment on re-measurement to fair value	3,312	15,662
	<u>62,469</u>	<u>178,416</u>

**16. BANK BALANCES**

16.1 Period-end bank balances include deposits lying with Innovative Investment Bank Limited (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits are as follows:

Date of maturity	Note	Amount of deposit
29 July, 2009	16.2	7,800
29 July, 2010	16.2	7,800
29 July, 2011	16.2	7,800
29 July, 2012		15,600
		<u>39,000</u>

16.2 The realisability of deposits aggregating Rs.39.000 million is doubtful of recovery as deposits aggregating Rs.23.400 million could not be encashed on their respective maturity dates. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from 28 January, 2010. SECP had instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC) and sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard

The Company has sizeable investment in IIBL by virtue of which it is entitled to be heard. The Company, therefore, has filed a petition in the LHC under Civil Procedure Code 1908 to be made party in the winding-up proceedings.

The Company has not accrued profit on these deposits during the current period as well as preceding financial years.

16.3 There has been no change in the status of matter as reported in note 26.3 to the annual audited financial statements of the Company for the year ended 30 September, 2011.

**17. OTHER OPERATING INCOME**

	Un-audited Half-year ended 31 March, 2012	31 March, 2011
	(Rupees in thousand)	
<b>Income from financial assets:</b>		
Interest / profit on bank deposits / saving accounts and certificates	321	847
Mark-up on loan to a Subsidiary Company	23,516	24,544
Reversal of impairment loss on long term investments	0	5,164
Gain on redemption of short term investments	2,006	3,304
Fair value gain on re-measurement of short term investments	3,312	13,374
Dividend from Subsidiary Company	13,751	13,751
<b>Income from other than financial assets:</b>		
Sale of press mud	1,836	0
Un-claimed payable balances written-back	310	0
Profit from insecticide and fertilizer sales	369	0
Rent	3	1,063
Sale of agricultural produce	11,938	9,635
Reversal of provision for workers' welfare fund	581	0
Miscellaneous	21	15
	<u>57,964</u>	<u>71,697</u>

## 18. TRANSACTIONS WITH RELATED PARTIES

18.1 The Company has related party relationship with its Subsidiary and Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Subsidiary and Associated Companies during the period were as follows:

	Un-audited Half-year ended	
	31 March, 2012	31 March, 2011
	(Rupees in thousand)	
<b>Subsidiary Companies:</b>		
- dividend received	13,751	13,751
- purchase of goods	6,401	8,385
- sale of goods	0	6
- mark-up earned on long term loan	23,516	24,544
<b>Associated Companies:</b>		
- dividend paid	0	372
- purchase of goods	17,972	9,625

18.2 Return has not been charged on the current account balances of Subsidiary and Associated Companies as these have arisen due to normal trade dealings.

## 19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28 May, 2012.

## 20. CORRESPONDING FIGURES

- Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 September, 2011 and corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period of the immediately preceding financial year, i.e. half-year ended 31 March, 2011. In addition, corresponding figures in the condensed interim profit and loss account also include balances of the three months period ended 31 March, 2011.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

# 2012

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH, 2012



**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**DIRECTORS' REVIEW REPORT ON**  
**CONSOLIDATED INTERIM FINANCIAL RESULTS**

The directors are pleased to present the half yearly consolidated financial statements for the half year ended on 31 March, 2012 to the shareholders of the Company.

**General Review**

The Premier Sugar Mills & Distillery Company Limited's subsidiary company, Chashma Sugar Mills Limited has suffered net loss of Rs. 39.982 million due to low sugar prices and The Frontier Sugar Mills & Distillery Limited suffered loss of Rs.2.96 million due to the diversion of sugarcane towards tax free gur industry.

**Review of Operations**

The Director's Review Reports on the respective financial statements of the Holding Company and the Subsidiary Companies fully cover all the important events that took place during the period under review.

**Current Season 2011-12**

The total of 1,445,264 tons (2011; 1,487,207 tons) of sugarcane was crushed by the Sugar Mills of the Group Companies during the current season. The Frontier Sugar Mills & Distillery Limited could not operate and remained closed during the season due to non availability of sugarcane.

**Reply to Auditor's Reservations**

Reply to the Auditor's reservations on the interim financial statements of The Frontier Sugar Mills & Distillery Limited (FSM):

- 1- The Auditors have raised doubts regarding the FSM's ability to continue business as a going concern because of the diversion of sugarcane towards tax free lucrative Gur production. This is a joint problem of the Peshawar valley sugar industry, we have taken up the matter with the Provincial and Federal governments to provide us level playing field with the commercial gur trade.

- 2- With regard to the common reservation of auditors regarding non-provision against deposits by PSM and FSM, we have filed a writ petition in the Lahore High Court, Lahore and are waiting for a favorable outcome.
- 3- Auditors also made their reservations regarding impairment of stores and spares of FSM. The management is carrying out an exercise to identify obsolete/damaged stores and spares inventory, if any.

**Customer's Support and Staff Relations**

We thank our valued customers for their continued feedback and recognize the roll they play in the success of the Group. We would also like to extend our appreciations to all the employees of the Group for their commitment and hard work.

**Accounting Policies**

The accounting policies adopted in the preparation of these quarterly financial statements are the same as applied in the preparation of the preceding annual financial statements of the Group Companies.

**Mardan**  
**28 May, 2012**

CHIEF EXECUTIVE

DIRECTOR

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

	Un-audited 31 March, 2012	Audited 30 Sep., 2011		Un-audited 31 March, 2012	Audited 30 Sep., 2011
	Note (Rupees in thousand)	Note (Rupees in thousand)		Note (Rupees in thousand)	Note (Rupees in thousand)
<b>Equity and Liabilities</b>			<b>Assets</b>		
<b>Capital and Reserves</b>			<b>Non-current Assets</b>		
Authorised capital	57,500	57,500	Property, plant and equipment	12 3,761,637	3,877,650
Issued, subscribed and paid-up capital	37,500	37,500	Intangible assets	150	200
Reserves	1,019,350	1,017,378	Investment property	36,182	37,066
Unappropriated profit	98,076	138,714	Investments	13 63,555	61,616
Equity Attributable to Equity Holders of the Parent	1,154,926	1,193,592	Security deposits	4,319	4,318
Non-controlling Interest	308,063	318,924		3,865,843	3,980,850
	<u>1,462,989</u>	<u>1,512,516</u>	<b>Current Assets</b>		
			Stores and spares	14 334,953	306,478
Surplus on Revaluation of Property, Plant and Equipment	1,488,940	1,552,682	Stock-in-trade	15 3,304,231	2,637,889
Non-current Liabilities			Trade debts	16 1,049,691	63,204
Long term financing	7 424,375	340,000	Loans and advances	72,864	85,968
Loans from Associated Companies	180,000	180,000	Trade deposits and short term prepayments	30,150	3,856
Liabilities against assets subject to finance lease	10,572	6,207	Accrued profit / mark-up on bank deposits	1,235	1,073
Deferred liabilities:			Other receivables	948	4,168
- deferred taxation	538,221	600,184	Income tax refundable, advance income tax and tax deducted at source	153,362	66,786
- staff retirement benefits - gratuity	27,893	26,700	Short term investments	17 943,589	404,474
	<u>1,181,061</u>	<u>1,153,091</u>	Cash and bank balances	18 302,910	153,669
Current Liabilities				<u>6,193,933</u>	<u>3,727,565</u>
Trade and other payables	8 3,681,543	300,397			
Accrued mark-up	47,256	155,715			
Short term borrowings	9 1,737,661	2,702,226			
Current portion of:					
- long term financing	7 215,625	246,664			
- liabilities against assets subject to finance lease	3,340	1,702			
Dividends payable to non-controlling interest	3,999	3,490			
Sales tax and federal excise duty payable	107,074	0			
Taxation	10 130,288	79,932			
	<u>5,926,786</u>	<u>3,490,126</u>			
Contingencies and Commitments	11				
	<u>10,059,776</u>	<u>7,708,415</u>		<u>10,059,776</u>	<u>7,708,415</u>

The annexed notes form an integral part of this condensed interim consolidated financial information.

**CHIEF EXECUTIVE**

**DIRECTOR**

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2012

	For the 2nd Quarter		Cumulative	
	Jan. - Mar. 2012	Jan. - Mar. 2011	Oct. - Mar. 2012	Oct. - Mar. 2011
	----- Rupees in thousand -----			
Turnover	2,516,233	2,811,450	6,165,091	4,220,027
Less: Sales Tax and Federal Excise Duty	181,835	116,400	449,991	176,902
Sales - net	<u>2,334,398</u>	2,695,050	<u>5,715,100</u>	4,043,125
Cost of Sales	<u>2,110,512</u>	2,453,958	<u>5,597,535</u>	3,725,966
Gross Profit	223,886	241,092	117,565	317,159
Distribution Cost	8,377	8,647	20,891	9,983
Administrative Expenses	58,589	46,242	104,273	83,716
Other Operating Expenses	830	17,779	978	18,133
Other Operating Income (note 19)	(29,795)	(22,946)	(56,218)	(51,060)
	<u>38,001</u>	49,722	<u>69,924</u>	60,772
Profit from Operations	185,885	191,370	47,641	256,387
Finance Cost	41,764	112,296	159,385	148,113
	<u>144,121</u>	79,074	<u>(111,744)</u>	108,274
Share of Profit / (Loss) of Associated Companies - net (note 13.1)	748	(538)	748	4,699
Profit / (Loss) before Taxation	<u>144,869</u>	78,536	<u>(110,996)</u>	112,973
Taxation				
Group				
- Current (note 10)	50,293	24,665	50,486	38,177
- Deferred	(3,557)	(45,625)	(61,964)	(38,893)
	<u>46,736</u>	(20,960)	<u>(11,478)</u>	(716)
Associated Companies	1,356	201	1,356	1,681
	<u>48,092</u>	(20,759)	<u>(10,122)</u>	965
Profit / (Loss) after Taxation	96,777	99,295	(100,874)	112,008
Other Comprehensive Income for the Period				
Fair value gain on available-for-sale investments	2,390	2,040	2,390	4,460
Share from Associated Companies	32	0	32	0
Total Comprehensive Income / (Loss) for the Period	<u>99,199</u>	101,335	<u>(98,452)</u>	116,468
Attributable to:				
- Equity holders of the Parent	40,702	7,181	(78,166)	13,349
- Non-controlling interest	58,497	94,154	(20,286)	103,119
	<u>99,199</u>	101,335	<u>(98,452)</u>	116,468
	----- Rupees -----			
Combined Earnings / (Loss) per Share	<u>10.32</u>	1.37	<u>(21.38)</u>	2.37

The annexed notes form an integral part of this condensed interim consolidated financial information.

**CHIEF EXECUTIVE**

**DIRECTOR**

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2012

	Half-year ended	
	31 March, 2012	31 March, 2011
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
(Loss) / profit for the period - before taxation	(110,996)	112,973
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	176,008	139,814
Depreciation on investment property	884	969
Amortisation of intangible assets	50	175
Profit from Associated Companies -net	(748)	(4,699)
Profit on bank deposits	(3,813)	(1,705)
Staff retirement benefits - gratuity (net)	1,193	1,680
Un-claimed payable balances written-back	(534)	0
Finance cost	159,385	148,113
Gain on disposal of vehicles - net	(428)	(27)
Uncollectible receivable balances written-off	735	0
Gain on redemption of investments	(14,073)	(3,872)
Fair value gain on re-measurement of short term investments	(19,137)	(30,810)
<b>Profit before working capital changes</b>	<b>188,526</b>	<b>362,611</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(28,475)	(278)
Stock-in-trade	(666,342)	(4,025,692)
Trade debts	(986,487)	(243,350)
Loans and advances	12,369	861
Trade deposits and short term prepayments	(26,294)	1,615
Other receivables	3,220	(985)
Increase in current liabilities		
Trade and other payables	3,381,701	1,234,264
Sales tax and federal excise duty payable	107,074	43,707
	<b>1,796,766</b>	<b>(2,989,858)</b>
<b>Cash generated from / (used in) operations</b>	<b>1,985,292</b>	<b>(2,627,247)</b>
Income tax paid	(86,706)	(34,720)
Security deposits	(1)	(45)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,898,585</b>	<b>(2,662,012)</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(60,620)	(9,669)
Intangible assets acquired - computer software	0	(300)
Sale proceeds and insurance claim of vehicles	1,053	150
Short term investments - net	(505,905)	(289,336)
Profit / mark-up on bank deposits received	3,651	1,570
<b>Net cash used in investing activities</b>	<b>(561,821)</b>	<b>(297,585)</b>
<b>Cash flow from financing activities</b>		
Long term financing - net	53,336	(116,667)
Lease finances - net	6,003	0
Short term borrowings - net	(964,565)	3,345,866
Dividend paid	(14,453)	(17,264)
Finance cost paid	(267,844)	(102,441)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,187,523)</b>	<b>3,109,494</b>
<b>Net increase in cash and cash equivalents</b>	<b>149,241</b>	<b>149,897</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>75,669</b>	<b>79,477</b>
<b>Deposits with a Non-bank Finance Institution grouped under current assets</b>		
	<b>78,000</b>	<b>46,800</b>
	<b>153,669</b>	<b>126,277</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>302,910</b>	<b>276,174</b>

The annexed notes form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE

DIRECTOR

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2012

	----- Attributable to equity holders of the Parent -----												
	Share capital	Reserves				Unappropriated profit	Total	Non-controlling interest					Total equity
		Capital	Share redemption	General	Fair value reserve on available-for-sale investments								
	----- Rupees in thousand -----												
Balance as at 30 September, 2010	37,500	1	1,008,567	8,032	1,016,600	230,500	1,284,600	244,853	1,529,453				
Transactions with owners:													
Final cash dividend at the rate of Re.1 per share for the year ended 30 September, 2010:													
- paid by the Parent Company	0	0	0	0	0	(3,750)	(3,750)	0	(3,750)			(3,750)	
- paid by a Subsidiary Company	0	0	0	0	0	0	0	(14,355)	(14,355)			(14,355)	
<b>Total comprehensive income for the half-year ended 31 March, 2011</b>													
- profit for the period	0	0	0	0	0	8,889	8,889	103,119	112,008				
- other comprehensive income	0	0	0	4,460	4,460	0	4,460	1,045	5,505				
	0	0	0	4,460	4,460	8,889	13,349	104,164	117,513				
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	186	186	0	186				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred tax	0	0	0	0	0	30,578	30,578	16,619	47,197				
<b>Balance as at 31 March, 2011</b>	<b>37,500</b>	<b>1</b>	<b>1,008,567</b>	<b>12,492</b>	<b>1,021,060</b>	<b>266,403</b>	<b>1,324,963</b>	<b>351,281</b>	<b>1,676,244</b>				
Balance as at 30 September, 2011	37,500	1	1,010,537	6,840	1,017,378	138,714	1,193,592	318,924	1,512,516				
Transactions with owners:													
Final cash dividend at the rate of Re.1 per share for the year ended 30 September, 2011 paid by a Subsidiary Company	0	0	0	0	0	0	0	(14,355)	(14,355)				
<b>Total comprehensive loss for the half-year ended 31 March, 2012</b>													
- loss for the period	0	0	0	0	0	(80,170)	(80,170)	(20,704)	(100,874)				
- other comprehensive income	0	0	0	1,972	1,972	32	2,004	418	2,422				
	0	0	0	1,972	1,972	(80,138)	(78,166)	(20,286)	(98,452)				
Indirect share of Parent Company in dividend paid by CSM to Azlak Enterprises (Pvt.) Ltd.	0	0	0	0	0	(586)	(586)	0	(586)				
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	125	125	0	125				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred tax	0	0	0	0	0	39,961	39,961	23,780	63,741				
<b>Balance as at 31 March, 2012</b>	<b>37,500</b>	<b>1</b>	<b>1,010,537</b>	<b>8,812</b>	<b>1,019,350</b>	<b>98,076</b>	<b>1,154,926</b>	<b>308,063</b>	<b>1,462,989</b>				

The annexed notes form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE

DIRECTOR

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF-YEAR ENDED 31 MARCH, 2012

#### 1. THE GROUP AND ITS OPERATIONS

##### 1.1 The Premier Sugar Mills & Distillery Company Ltd. (the Parent Company)

The Parent Company was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Parent Company is principally engaged in manufacture and sale of white sugar and spirit. The Parent Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

##### 1.2 Subsidiary Companies

###### (a) Chashma Sugar Mills Ltd. (CSM)

CSM was incorporated on 05 May, 1988 as a Public Company and it commenced commercial production from 01 October, 1992. CSM is principally engaged in manufacture and sale of white sugar. Its shares are quoted on all the Stock Exchanges of Pakistan. The Head Office of CSM is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and the Mills are located at Dera Ismail Khan.

###### (b) The Frontier Sugar Mills and Distillery Ltd. (FSM)

(i) FSM was incorporated on 31 March, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan; FSM was delisted from the Stock Exchanges as detailed in note (iii). The principal activity of FSM is manufacturing and sale of white sugar and its Mills and Registered Office are located at Takht-i-Bhai, Mardan (Khyber Pakhtunkhwa).

(ii) FSM has been suffering losses over the years and during the current period and prior years has not carried-out manufacturing operations due to non-availability of raw materials.

###### (iii) De-listing of FSM

The Parent Company, the majority shareholder of FSM, had decided to purchase all the ordinary and preference shares of FSM held by Others. The shareholders of FSM had passed a special resolution for de-listing from the Stock Exchanges at the annual general meeting held on 30 January, 2010. The shareholders also passed a special resolution for purchase of 263,134 ordinary shares at a price of Rs.190.20 per share and 26,970 preference shares at a price of Rs.18.60 per share by the Parent Company in the extra ordinary general meeting held on 10 June, 2010.

The purchase agent of the Parent Company (Invest Capital Investment Bank Ltd.) had completed the buying of 36,209 ordinary shares and 150 preference shares of FSM within the initial period of 60 days and after the submission of an undertaking to the Stock Exchanges to purchase the remaining shares upto 26 August, 2011, FSM was de-listed from all the Stock Exchanges with effect from 25 October, 2010. The purchase agent, during the preceding year ended 30 September, 2011, had further purchased 19,884 ordinary shares and 20,014 preference shares.

2. This condensed interim consolidated financial information of the Group for the half-year ended 31 March, 2012 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and listing regulations of the Stock Exchanges of Pakistan. This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

3. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 30 September, 2011.

4. This condensed interim consolidated financial information is presented in Pak Rupee, which is the functional currency of the Group. All the financial information presented in Pak Rupees has been rounded-off to the nearest thousand except stated otherwise.

#### 5. Standards, amendments and interpretations to published approved accounting standards, which have been effective during the current financial period

5.1 During the current period, the Group has adopted new and amended IFRSs and IASs as referred to in note 6.2 to the audited consolidated financial statements of the Group for the year ended 30 September, 2011. The adoption of these IFRSs and IASs did not have any material effect on this condensed interim consolidated financial information other than certain additional disclosures, which will be detailed in the consolidated financial statements of the Group for the year ending 30 September, 2012.

#### 5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are other standards, amendments and interpretations, which are not yet effective and are not considered to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in this condensed interim consolidated financial information.

6. Judgments and estimates made by the management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the annual audited consolidated financial statements of the Group as at and for the year ended 30 September, 2011.

#### 7. LONG TERM FINANCING - Secured

Note	Un-audited	Audited
	Half-year ended 31 March, 2012	Year ended 30 September, 2011
	(Rupees in thousand)	
<b>Bank Alfalah Ltd.</b>		
- Term finance - I	0	16,664
- Term finance - II	100,000	120,000
	100,000	136,664
<b>Bank Al-Habib Ltd.</b>		
- Term finance - I	120,000	180,000
- Term finance - II	175,000	210,000
	295,000	390,000
<b>Silkbank Ltd.</b>		
- Term finance	45,000	60,000
<b>The Bank of Khyber</b>		
- Demand finances	7.2 200,000	0
	640,000	586,664
Less: current portion grouped under current liabilities	215,625	246,664
	424,375	340,000

7.1 All the above finances have been utilised by CSM.

7.2 These finances have been obtained against a demand finance facility of Rs.250 million for purchase of plant & machinery related to sugar factory. These finances are repayable in 16 equal quarterly instalments commencing January, 2013 and are secured against first registered pari passu charge for Rs.350 million on all present and future fixed assets of CSM.

## 8. TRADE AND OTHER PAYABLES

Period-end trade and other payables include trade creditors aggregating Rs.2.068 billion (30 September, 2011: Rs.91.045 million) and advance payments received from customers against future sales aggregating Rs.1.514 billion (30 September, 2011: Rs.114.648 million).

## 9. SHORT TERM BORROWINGS

	Un-audited Half-year ended 31 March, 2012	Audited Year ended 30 September, 2011
Note	(Rupees in thousand)	
Short term finances - secured	9.1 1,616,177	2,682,625
Temporary bank overdrafts - unsecured	9.2 121,484	19,601
	<u>1,737,661</u>	<u>2,702,226</u>

9.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.4.500 billion (30 September, 2011: Rs.4.350 billion). These finance facilities, during the period, carried mark-up at the rates ranging from 11% to 15.90% (30 September, 2011: 14.50% to 16.03%) per annum and are secured against charge over the Group's fixed and current assets and pledge of stock-in-trade. These facilities are expiring on various dates by 31 December, 2012.

9.2 These have arisen due to issuance of cheques for amounts in excess of balance in the bank accounts.

## 10. TAXATION

### 10.1 The Parent Company

Provision for minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) has not been made during the current period as the Parent Company has incurred gross loss before set-off of depreciation and other inadmissible expenses under the Ordinance. Provision made during the period mainly represents tax payable on dividend income and export sales under sections 5 and 154 of the Ordinance respectively.

### 10.2 CSM

a) There has been no significant change in the status of taxation matters as reported in note 17 to the audited financial statements of CSM for the year ended 30 September, 2011.

b) In view of available unused tax losses provisions made during the current and preceding periods represent minimum tax payable under section 113 of the Ordinance.

## 11. CONTINGENCIES AND COMMITMENTS

11.1 There has been no significant change in the status of contingencies as reported in the audited consolidated financial statements of the Group for the year ended 30 September, 2011.

11.2 The Bank of Khyber (BoK), on behalf of the Group, has issued guarantees aggregating Rs.87.891 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contracts for supply of 38,100 metric tons of sugar. These guarantees will expire on various dates by February, 2013. Guarantees aggregating Rs.29.297 million are secured against 100% margin deposits whereas BoK has extended the guarantees aggregating Rs.58.594 million by capping the cash finance limit available to CSM.

11.3 Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Parent Company outstanding as at 31 March, 2012 was for Rs.45 million (30 September, 2011: Rs.10 million). The guarantee is valid upto 30 November, 2012.

11.4 Commitments against irrevocable letters of credit outstanding as at 31 March, 2012 were for Rs.8.643 million (30 September, 2011: Rs.Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March, 2012	Audited 30 Sep., 2011
Note	(Rupees in thousand)	
Operating fixed assets - tangible	12.1 3,618,668	3,771,577
Capital work-in-progress	118,478	76,218
Stores held for capital expenditure	24,491	29,855
	<u>3,761,637</u>	<u>3,877,650</u>

### 12.1 Operating fixed assets - tangible

Opening book value	3,771,577
Additions during the period:	
- purchase of 31 Kanals and 04 Marlas of leasehold land from one of the legal heirs of lessor	6,240
- taxes, registry fee and other levies on purchase of land	746
	6,986
- electric installations	295
- office equipment	1,444
- furniture and fixtures	1,196
- vehicles:	
owned	4,442
leased	9,361
	23,724
Book value of vehicles disposed-off during the period	(625)
Depreciation charge for the period	(176,008)
Closing book value	<u>3,618,668</u>

12.2 There has been no change in the status of matter as reported in note 21.4 to the audited consolidated financial statements of the Group for the year ended 30 September, 2011 except that one of the legal heirs has sold portion of land owned by her to the Parent Company as stated above.

## 13. INVESTMENTS

Related parties	13.1 46,739	47,190
Others	13.2 16,816	14,426
	<u>63,555</u>	<u>61,616</u>

	Un-audited 31 March, 2012	Audited 30 Sep., 2011
<b>13.1 Investments in equity instruments of Associated Companies</b>	<b>Note</b>	<b>(Rupees in thousand)</b>
Balance at beginning of the period - cost	5,638	
Add: post acquisition profit brought forward	41,552	
	<u>47,190</u>	
Add: share for the period:		
- profit - net	748	
- other comprehensive income	32	
- items directly credited in equity	125	
Less: taxation - net	(1,356)	
	<u>(451)</u>	
Balance at end of the period	<u>46,739</u>	
<b>13.2 Others (available-for-sale) - Quoted</b>		
Ibrahim Fibres Limited 438,250 ordinary shares of Rs.10 each	6,135	
Add: adjustment arising from re-measurement to fair value	10,681	
	<u>16,816</u>	

#### 14. STORES AND SPARES

FSM has not carried-out manufacturing operations during the current period as well as prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the period-end stores and spares inventory valuing Rs.32.581 million have not been adjusted for any potential impairment loss.

#### 15. STOCK-IN-TRADE

Sugar-in-process	11,932	19,479
Finished goods:		
- Sugar	15.1 3,218,775	2,607,897
- Spirit	73,524	10,513
	<u>3,292,299</u>	<u>2,618,410</u>
	<u>3,304,231</u>	<u>2,637,889</u>

15.1 Finished sugar inventory as at 31 March, 2012 has been stated at cost (30 September, 2011: finished sugar inventory of the Parent Company valuing Rs.647.235 million was stated at net realisable value).

#### 16. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.32.300 million, which was overdue as at 31 March, 2012. To secure this debt, CSM has executed a sale deed with him whereby commercial property owned by him will be transferred to CSM if he fails to meet his commitment.

	Un-audited 31 March, 2012	Audited 30 Sep., 2011
<b>17. SHORT TERM INVESTMENTS</b>	<b>Note</b>	<b>(Rupees in thousand)</b>
- At fair value through profit or loss		
Pakistan Cash Management Fund - 4,390,472 Units (30 September, 2011: 2,116,186 Units)	216,490	95,000
Askari Sovereign Cash Fund - 1,603,087 Units (30 September, 2011: 665,456 Units)	154,887	59,000
Faysal Money Market Fund - 5,010,423 Units	509,019	0
Alfalah GHP Cash Fund - Nil Units (30 September, 2011: 33,257 Units)	0	14,882
MCB Cash Management Optimizer - 464,479 Units (30 September, 2011: 1,036,376 Units)	44,056	95,877
ABL Cash Fund - Nil Units (30 September, 2011: 6,199,485 Units)	0	55,592
UBL Liquidity Plus Fund - Nil Units (30 September, 2011: 496,524 Units)	0	49,000
	<u>924,452</u>	<u>369,351</u>
Add: adjustment arising on re-measurement to fair value	19,137	35,123
	<u>943,589</u>	<u>404,474</u>

#### 18. CASH AND BANK BALANCES

18.1 Period-end cash and bank balances include deposits lying with Innovative Investment Bank Limited (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits are as follows:

Date of maturity	Amount of deposit Rupees in thousand
29 July, 2009	18.2 15,600
29 July, 2010	18.2 15,600
29 July, 2011	18.2 15,600
29 July, 2012	31,200
	<u>78,000</u>

18.2 The realisability of deposits aggregating Rs.78.000 million is doubtful of recovery as deposits aggregating Rs.46.800 million could not be encashed on their respective maturity dates. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from 28 January, 2010. SECP had instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC) and sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

The Group has sizeable investment in IIBL by virtue of which it is entitled to be heard. The Group, therefore, has filed petitions in the LHC under Civil Procedure Code 1908 to be made party in the winding-up proceedings.

The Group has not accrued profit on these deposits during the current period as well as preceding financial years.

18.3 There has been no change in the status of matter as reported in note 32.3 to the audited consolidated financial statements of the Group for the year ended 30 September, 2011.

#### 19. OTHER OPERATING INCOME

	Un-audited Half-year ended	
	31 March, 2012	31 March, 2011
	(Rupees in thousand)	
<b>Income from financial assets:</b>		
Interest / profit on bank deposits / saving accounts and certificates	3,813	1,705
Gain on redemption of short term investments	14,073	3,872
Fair value gain on re-measurement of short term investments	19,137	30,810
Dividend	1,315	291
<b>Income from other than financial assets:</b>		
Sale of press mud	3,383	1,547
Un-claimed payable balances written-back	534	0
Gain on disposal of vehicles - net	428	27
Profit from insecticide and fertilizer sales	369	0
Rent	3	1,063
Sale of agricultural produce	12,561	11,730
Reversal of provision for workers' welfare fund	581	0
Miscellaneous	21	15
	<b>56,218</b>	<b>51,060</b>

#### 20. TRANSACTIONS WITH RELATED PARTIES

20.1 The Group has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Associated Companies during the period were as follows:

**Un-audited  
Half-year ended**

31 March, 2012      31 March, 2011

(Rupees in thousand)

- purchase of goods	71,952	59,739
- mark-up expensed	12,191	12,891
- dividend paid	5,361	5,733

20.2 (a) Mark-up on loans obtained from related parties, during the period, was charged at the rates ranging from 13.17% to 15.17% (30 September, 2011: 13.92% to 15.54%) per annum.

(b) No return was charged on other balances of the Associated Companies as these have arisen due to normal trade dealings.

#### 21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on 28 May, 2012 by the board of directors of the Parent Company.

#### 22. CORRESPONDING FIGURES

- Corresponding figures in the condensed interim consolidated balance sheet comprise of balances as per the audited consolidated financial statements of the Group for the year ended 30 September, 2011 and corresponding figures in the condensed interim consolidated profit and loss account, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity comprise of balances of comparable period of the immediately preceding financial year, i.e. half-year ended 31 March, 2011. In addition, corresponding figures in the condensed interim consolidated profit and loss account also include balances of the three months period ended 31 March, 2011.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim consolidated financial information.

**CHIEF EXECUTIVE**

**DIRECTOR**