



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

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
31 MARCH, 2013

## 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 yearended 31 March, 2013 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 2012-13**

The sugarcane crushing season 2012-13 commenced on 12 November, 2012, and continued till 02 April, 2013. The Mills crushed 222,121 tons (2012: 249,062 tons) of sugarcane to produce 20,246 tons (2012: 24,290 tons) of sugar. The Supply of sugarcane got disrupted due to frequent spells of rain, this resulted in intermittent supply of sugarcane increasing the energy cost and losses to the Company.

#### **Sugar Price**

The sugar prices have remained depressed throughout the crushing season and the prevailing prices do not cover the cost of production because of the high sugar production during 2012-2013 coupled with carryover stocks.

#### **Sugarbeet Season 2013**

The sugarbeet slicing season started on 23 May, 2013. We are hopeful to have a good season.

#### **Distillery**

399,590 Gallons of Industrial Alcohol (2012: 610,980 Gallons) was produced during the period ended 31 March, 2013.

#### **Reply to Auditors' observation (Note No. 8.2)**

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:**  
**27 May, 2013**

## **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 March 31, 2013 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 March 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended March 31, 2013.

### **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 8.2.

### **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 March 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**LAHORE:**  
28 May, 2013

**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Nafees ud din

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2013**

		Un-audited March 31, 2013 (Rupees in thousand)	Audited Sep. 30, 2012
<b>Assets</b>	<b>Note</b>		
<b>Non-current Assets</b>			
Property, plant and equipment	4	691,130	640,566
Investment property		34,700	35,298
Investments in related parties		170,006	170,006
Long term loan to Subsidiary Company	5	241,875	302,500
Security deposits		568	568
		<u>1,138,279</u>	<u>1,148,938</u>
<b>Current Assets</b>			
Stores and spares		165,115	117,978
Stock-in-trade	6	883,490	614,293
Trade debts		17,260	108,951
Loans and advances		9,256	15,594
Trade deposits and short term prepayments		149	1,784
Accrued profit on bank deposits		657	70
Other receivables		3,676	6,478
Sales tax refundable		0	8,594
Income tax refundable, advance income tax and tax deducted at source		42,051	38,593
Current portion of long term loan to Subsidiary Company		47,625	0
Short term investments	7	0	65,749
Bank balances	8	168,841	83,000
		<u>1,338,120</u>	<u>1,061,084</u>
<b>Total Assets</b>		<u>2,476,399</u>	<u>2,210,022</u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		900,001	900,001
Accumulated loss		(182,366)	(150,672)
		<u>755,135</u>	<u>786,829</u>
<b>Surplus on revaluation of property, plant and equipment</b>		343,322	357,508
<b>Non-current Liabilities</b>			
Deferred taxation		6,546	4,569
Staff retirement benefits - gratuity	9	11,154	26,776
		<u>17,700</u>	<u>31,345</u>
<b>Current Liabilities</b>			
Trade and other payables	10	608,698	189,630
Accrued mark-up on short term borrowings		19,176	26,975
Short term borrowings		728,049	815,754
Sales tax payable		1,704	0
Taxation	11	2,615	1,981
		<u>1,360,242</u>	<u>1,034,340</u>
<b>Contingencies and Commitments</b>	12		
		<u>2,476,399</u>	<u>2,210,022</u>

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, 2013**

		For the 2nd Quarter		Half-year ended	
		Jan. - Mar. 2013	Jan. - Mar. 2012	Oct. - Mar. 2013	Oct. - Mar. 2012
	Note	----- Rupees in thousand -----			
<b>Turnover - local</b>		184,624	356,241	965,285	972,773
<b>- export</b>		15,905	0	22,343	13,140
		<u>200,529</u>	<u>356,241</u>	<u>987,628</u>	<u>985,913</u>
<b>Less : Sales Tax</b>		15,733	34,962	73,717	78,401
		<u>184,796</u>	<u>321,279</u>	<u>913,911</u>	<u>907,512</u>
<b>Cost of Sales</b>		270,447	338,698	935,255	959,809
		<u>(85,651)</u>	<u>(17,419)</u>	<u>(21,344)</u>	<u>(52,297)</u>
<b>Distribution Cost</b>		2,077	2,244	4,092	8,272
<b>Administrative Expenses</b>		14,829	15,859	35,825	32,848
<b>Other Operating Expenses</b>		(2,133)	109	0	231
		<u>14,773</u>	<u>18,212</u>	<u>39,917</u>	<u>41,351</u>
		<u>(100,424)</u>	<u>(35,631)</u>	<u>(61,261)</u>	<u>(93,648)</u>
<b>Other Operating Income</b>	13	36,430	37,699	59,752	57,964
<b>(Loss) / Profit from Operations</b>		<u>(63,994)</u>	<u>2,068</u>	<u>(1,509)</u>	<u>(35,684)</u>
<b>Finance Cost</b>		19,797	14,410	41,759	41,862
<b>Loss before Taxation</b>		<u>(83,791)</u>	<u>(12,342)</u>	<u>(43,268)</u>	<u>(77,546)</u>
<b>Taxation</b>					
- Current	11	(6,661)	1,446	635	1,508
- Deferred		(6,751)	(10,840)	1,977	(36,523)
		<u>(13,412)</u>	<u>(9,394)</u>	<u>2,612</u>	<u>(35,015)</u>
<b>Loss after Taxation</b>		<u>(70,379)</u>	<u>(2,948)</u>	<u>(45,880)</u>	<u>(42,531)</u>
<b>Other Comprehensive Income</b>		0	0	0	0
<b>Total Comprehensive Loss for the Period</b>		<u>(70,379)</u>	<u>(2,948)</u>	<u>(45,880)</u>	<u>(42,531)</u>
		----- Rupees -----			
<b>Loss per Share</b>		<u>(18.77)</u>	<u>(0.79)</u>	<u>(12.23)</u>	<u>(11.34)</u>

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, 2013**

	<b>Half year ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2013</b>	<b>2012</b>
	<b>(Rupees in thousand)</b>	
<b>Cash flow from operating activities</b>		
Loss for the period - before taxation	(43,268)	(77,546)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	28,982	31,412
Depreciation on investment property	812	884
(Gain) / loss on sale of a vehicle	(423)	120
Uncollectible receivable balances written-off	0	111
Unclaimed payable balances written-back	0	(310)
Mark-up on loan to Subsidiary Company and profit / mark-up on bank deposits	(20,723)	(23,837)
Staff retirement benefits - gratuity (net)	(15,622)	1,265
Gain on re-measurement of short term investments to fair value	0	(3,312)
Reversal of provision for workers' welfare fund	0	(581)
Finance cost	36,972	40,429
<b>Loss before working capital changes</b>	<b>(13,270)</b>	<b>(31,365)</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(47,137)	(12,452)
Stock-in-trade	(269,197)	(319,946)
Trade debts	91,691	22,302
Loans and advances	6,338	5,188
Trade deposits and short term prepayments	1,635	(27,490)
Other receivables	2,802	36
Sales tax refundable	8,594	18,540
Increase in current liabilities:		
Trade and other payables	419,068	521,768
Sales tax payable	1,704	0
	215,498	207,946
<b>Cash generated from operations</b>	<b>202,228</b>	<b>176,581</b>
Income tax paid	(3,459)	(19,884)
Security deposits	0	(1)
<b>Net cash generated from operating activities</b>	<b>198,769</b>	<b>156,696</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(79,787)	(7,249)
Sale proceeds of a vehicle	450	153
Mark-up on loan to a Subsidiary Company and profit / mark-up on bank deposits received	20,136	23,675
Balance of long term loan received-back from Subsidiary Company	13,000	0
Short term investments redeemed	65,749	119,259
<b>Net cash generated from investing activities</b>	<b>19,548</b>	<b>135,838</b>
<b>Cash flow from financing activities</b>		
Short term borrowings - net	(87,705)	(98,558)
Finance cost paid	(44,771)	(61,442)
Dividends paid	0	(21)
<b>Net cash used in financing activities</b>	<b>(132,476)</b>	<b>(160,021)</b>
<b>Net increase in cash and cash equivalents</b>	<b>85,841</b>	<b>132,513</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>83,000</b>	<b>10,281</b>
<b>Deposits with a Non-bank Finance Institution grouped under current assets during the period</b>	<b>0</b>	<b>39,000</b>
	83,000	49,281
<b>Cash and cash equivalents - at end of the period</b>	<b>168,841</b>	<b>181,794</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, 2013**

	Share capital	Reserves			Accumulated loss	Total
		Capital	Revenue	Sub-total		
		Share redemption	General			
<b>Rupees in thousand</b>						
Balance as at September 30, 2011	37,500	1	900,000	900,001	(22,501)	915,000
Total comprehensive loss for the half-year ended March 31, 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 March 31, 2012</b>	<b>37,500</b>	<b>1</b>	<b>900,000</b>	<b>900,001</b>	<b>(49,345)</b>	<b>888,156</b>
Balance as at September 30, 2012	37,500	1	900,000	900,001	(150,672)	786,829
Total comprehensive loss for the half-year ended March 31, 2013	0	0	0	0	(45,880)	(45,880)
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	14,186	14,186
<b>Balance as at March 31, 2013</b>	<b>37,500</b>	<b>1</b>	<b>900,000</b>	<b>900,001</b>	<b>(182,366)</b>	<b>755,135</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, 2013**

**1. CORPORATE INFORMATION**

The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on July 24, 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.

**2. STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Ordinance or directives issued by the SECP differ with the requirements of IFRSs, requirements of the Ordinance or directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of International Accounting Standard 34 (Interim Financial Reporting). This condensed interim financial information does not include all of the information and disclosures as required in a full set of financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended September 30, 2012.

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.

**3. ACCOUNTING POLICIES**

**3.1** The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding published financial statements of the Company for the year ended September 30, 2012.

**3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

The following amendment to existing standard has been published and is mandatory for the Company's accounting period beginning on or after October 01, 2012:

Amendment to IAS 1 (Presentation of Financial Statements; effective July 01, 2012), the main change resulting from this amendment is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The adoption of this amendment does not have any effect on this condensed interim financial information.

**3.3** There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after October 01, 2013 but are considered not 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.

**4. PROPERTY, PLANT AND EQUIPMENT**

	Un-audited Half-year ended March 31, 2013	Audited Year ended Sep. 30, 2012
	<b>(Rupees in thousand)</b>	
	<b>Note</b>	
Operating fixed assets	<b>4.1 598,435</b>	619,135
Capital work-in-progress	<b>4.2 92,695</b>	21,431
	<b>691,130</b>	<b>640,566</b>

**4.1 Operating fixed assets**

Book value at the beginning of the period / year	<b>619,135</b>	673,845
Additions during the period / year :		
- freehold land	<b>0</b>	6,986
- buildings on freehold land	<b>2,224</b>	0
- furniture, fittings & office equipment	<b>788</b>	720
- railway rolling stock and vehicles	<b>5,297</b>	754
	<b>8,309</b>	8,460
Book value of vehicle disposed-off during the period / year	<b>(27)</b>	(273)
Depreciation charge for the period / year	<b>(28,982)</b>	(62,897)
Book value at the end of the period / year	<b>598,435</b>	619,135

**4.2 Capital work-in-progress**

Buildings on freehold land	<b>979</b>	0
Plant and machinery	<b>83,275</b>	21,431
Furniture, fittings & office equipment	<b>8,441</b>	0
	<b>92,695</b>	21,431

**4.3** There has been no change in the status of matter as reported in note 15.5 to the preceding published financial statements of the Company for the year ended September 30, 2012.

**5. LONG TERM LOAN TO SUBSIDIARY COMPANY - Secured**

Chashma Sugar Mills Limited has made further premature repayments aggregating Rs.13 million during the period.

**6. STOCK-IN-TRADE**

Sugar-in-process	<b>2,980</b>	11,615
Finished goods:		
- sugar	<b>6.1 805,979</b>	598,589
- spirit	<b>74,531</b>	4,089
	<b>880,510</b>	602,678
	<b>883,490</b>	614,293

**6.1** Period-end finished sugar inventory includes inventory costing Rs.896.538 million (September 30, 2012: Rs.658.062 million), which has been stated at net realisable value. The amount charged to profit and loss account in respect of inventory write-down to net realisable value amounted Rs.90.559 million (September 30, 2012: Rs.59.473 million).

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

Redemption of all the short term investments during the period has resulted in gain aggregating Rs.804 thousand.

## 8. BANK BALANCES

8.1 Period-end bank balances include deposits aggregating Rs.39 million lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits fell between July 29, 2009 to July 29, 2012.

8.2 The realisability of these deposits aggregating Rs.39 million is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificate from IIBL was also not received. 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 January 28, 2010. SECP had instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC). SECP had 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 Company has sizeable investment in IIBL by virtue of which it is entitled to be heard. The Company, therefore, has filed a petition before 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 period as well as preceding financial years.

8.3 There has been no change in the status of matter as reported in note 26.5 to the preceding published financial statements of the Company for the year ended September 30, 2012.

## 9. STAFF RETIREMENT BENEFITS - Gratuity

The movement in gratuity balance during the period was as follows:

	Un-audited Half-year ended March 31, 2013 (Rupees in thousand)
Balance as at September 30, 2012	26,776
Less:	
Benefits paid during the period to:	
-Resident Director	(7,407)
-Outgoing Members	(485)
Balance of benefits payable to Resident Director transferred	9.1 (10,000)
Add: charge to profit and loss account for the period	2,270
Balance as at March 31, 2013	<u>11,154</u>

### 9.1

The Group's management, during the period, has transferred gratuity benefits of the Resident Director aggregating Rs.10 million accrued in the books of the Company to Chashma Sugar Mills Limited (CSM - a Subsidiary Company) as the Resident Director is rendering his services to CSM since its incorporation. The board of directors of both the Companies have passed necessary resolutions in this regard. The balance of benefits transferred to CSM aggregating Rs.10 million have been accounted for in this condensed interim financial information under other income (note 13).

## 10. TRADE AND OTHER PAYABLES

	Un-audited Half-year ended March 31, 2013 (Rupees in thousand)	Audited Year ended Sep. 30, 2012
Creditors	261,550	21,165
Due to an Associated Company	13,508	0
Accrued expenses	31,464	6,793
Security deposits	3,646	1,693
Advance from customers	288,620	151,123
Income tax deducted at source	120	377
Gratuity payable to ex-employees	1,301	1,382
Unclaimed dividends	7,009	7,011
Others	1,480	86
	<u>608,698</u>	<u>189,630</u>

## 11. TAXATION

11.1 Provision made during the period mainly represents tax payable on profit on bank deposits and export sales under sections 151 and 154 of the Income Tax Ordinance, 2001 (the Ordinance) respectively.

11.2 Provision for minimum tax payable under section 113 of the Ordinance has not been made during the period and preceding years as the Company has incurred gross loss before set-off of depreciation and other inadmissible expenses under the Ordinance.

## 12. CONTINGENCIES AND COMMITMENTS

12.1 There has been no significant change in the status of contingencies as reported in the preceding published financial statements of the Company for the year ended September 30, 2012.

12.2 Guarantees given to Sui Northern Gas Pipelines Ltd. by various commercial banks on behalf of the Company outstanding as at March 31, 2013 were for Rs.92.072 million (September 30, 2012: Rs.10 million). These guarantees are valid upto July 05, 2013.

12.3 Bank Al-Habib Ltd., on behalf of the Company, has issued a guarantee for Rs.12.989 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contract for supply of 4,920 metric tons of sugar. This guarantee will expire on January 21, 2014.

**13. OTHER OPERATING INCOME**

Note	Un-audited Half-year ended	
	March 31, 2013	March 31, 2012
(Rupees in thousand)		
<b>Income from financial assets:</b>		
Interest / profit on bank deposits / saving accounts and certificates	4,113	321
Mark-up on loan to a Subsidiary Company	16,610	23,516
Gain on redemption of short term investments	804	2,006
Fair value gain on re-measurement of short term investments	0	3,312
Exchange fluctuation gain on translation of export debtors	633	0
Dividend from Subsidiary Company	0	13,751
<b>Income from other than financial assets:</b>		
Sale of press mud	1,462	1,836
Un-claimed payable balances written-back	0	310
Profit from insecticide and fertilizer sales	181	369
Gain on sale of a vehicle	423	0
Rent	4	3
Sale of agricultural produce	20,049	11,938
Reversal of provision for workers' welfare fund	0	581
Subsidy claims on export of sugar	2,991	0
Scrap sales	2,304	0
Miscellaneous	178	21
<b>Others:</b>		
Provision for gratuity benefits written-back	9.1 10,000	0
	<u>59,752</u>	<u>57,964</u>

**14. TRANSACTIONS WITH RELATED PARTIES**

14.1 The Company has related party relationship with its Subsidiary and Associated Companies, employee benefit plan, 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:

**Subsidiary Companies:**

- purchase of goods	4,898	6,401
- dividend received	0	13,751
- mark-up earned on long term loan	16,610	23,516

**Associated Companies:**

- purchase of goods	13,757	17,972
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14.2 Return has not been charged on the current account balances of Subsidiary and Associated Companies as these have arisen due to normal trade dealings.

**15. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on May 27, 2013 by the Board of Directors of the Company.

**16. GENERAL**

16.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

16.2 Figures in this condensed interim financial information have been rounded-off to the nearest thousand Rupees.

CHIEF EXECUTIVE

DIRECTOR

2013

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 MARCH, 2013**



**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, 2013 to the shareholders of the Company.

**General Review**

The Premier Sugar Mills & Distillery Company Limited's subsidiary company, Chashma Sugar Mills Limited has earned net profit of Rs.32.854 million and The Frontier Sugar Mills & Distillery Limited suffered loss of Rs.5.025 million due to non-availability of raw material.

**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 2012-13**

The total of 1,549,026 tons (2012: 1,445,264 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 to the mills.

**Reply to Auditors' Reservations**

Reply to the Auditors' 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. 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.

3. 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.

**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  
27 May, 2013**

CHIEF EXECUTIVE

DIRECTOR

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

	Un-audited March 31, 2013	Audited Sep. 30, 2012
Assets	(Rupees in thousand)	
<b>Non-current Assets</b>		
Property, plant and equipment	4,016,304	3,909,986
Intangible assets	50	100
Investment property	34,700	35,298
Investments	68,906	70,275
Security deposits	4,594	4,594
	4,124,554	4,020,253
<b>Current Assets</b>		
Stores and spares	348,542	327,725
Stock-in-trade	4,922,523	1,961,956
Trade debts	1,217,120	790,611
Loans and advances	83,149	140,032
Trade deposits and prepayments	39,930	4,643
Accrued profit / mark-up on bank deposits	1,630	1,043
Other receivables	939	12,472
Income tax refundable, advance income tax and tax deducted at source	121,477	102,709
Short term investments	247,478	308,298
Cash and bank balances	422,679	192,128
	7,405,467	3,841,617
<b>Total Assets</b>	11,530,021	7,861,870
<b>Equity and Liabilities</b>		
<b>Capital and Reserves</b>		
Authorised capital	57,500	57,500
Issued, subscribed and paid-up capital	37,500	37,500
Reserves	1,021,582	1,022,291
Accumulated loss	(64,820)	(67,444)
<b>Equity Attributable to Equity</b>	994,262	992,347
<b>Holders of the Parent</b>	279,318	242,360
<b>Non-controlling Interest</b>	1,273,580	1,234,707
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	1,367,765	1,425,199
<b>Non-current Liabilities</b>		
Long term financing	504,671	544,578
Loans from Associated Companies	135,000	157,500
Liabilities against assets subject to finance lease	7,925	9,304
Deferred liabilities:		
- deferred taxation	441,592	462,512
- staff retirement benefits - gratuity	14,479	30,148
	1,103,667	1,204,042
<b>Current Liabilities</b>		
Trade and other payables	3,216,261	1,006,555
Accrued mark-up	110,080	125,813
Short term borrowings	4,075,254	2,525,759
Current portion of non-current liabilities	272,469	303,140
Dividends payable to non-controlling interest	3,851	3,855
Sales tax payable	48,985	0
Taxation	58,109	32,800
	7,785,009	3,997,922
<b>Contingencies and Commitments</b>	16	
	11,530,021	7,861,870

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, 2013

	For the 2nd Quarter		Cumulative	
	Jan. - Mar. 2013	Jan. - Mar. 2012	Oct. - Mar. 2013	Oct. - Mar. 2012
----- Rupees in thousand -----				
<b>Turnover</b> (local and export)	2,877,186	2,516,233	4,657,176	6,165,091
<b>Less: Sales Tax</b>	161,138	181,835	264,554	449,991
	2,716,048	2,334,398	4,392,622	5,715,100
<b>Cost of Sales</b>	2,676,567	2,110,512	4,115,701	5,597,535
<b>Gross Profit</b>	39,481	223,886	276,921	117,565
<b>Distribution Cost</b>	24,177	8,377	37,928	20,891
<b>Administrative Expenses</b>	64,353	58,589	128,189	104,273
<b>Other Operating Expenses</b>	(6,840)	830	1,712	978
<b>Other Operating Income</b> (note 17)	(56,776)	(29,795)	(88,287)	(56,218)
	24,914	38,001	79,542	69,924
<b>Profit from Operations</b>	14,567	185,885	197,379	47,641
<b>Finance Cost</b>	111,224	41,764	209,868	159,385
	(96,657)	144,121	(12,489)	(111,744)
<b>Share of Profit of Associated Companies</b>	905	748	905	748
<b>(Loss) / Profit before Taxation</b>	(95,752)	144,869	(11,584)	(110,996)
<b>Taxation</b>				
Group				
- Current (note 15)	11,747	50,293	25,624	50,486
- Deferred	(18,199)	(3,557)	(20,920)	(61,964)
	(6,452)	46,736	4,704	(11,478)
Associated Companies	1,541	1,356	1,541	1,356
	(4,911)	48,092	6,245	(10,122)
<b>(Loss) / Profit after Taxation</b>	(90,841)	96,777	(17,829)	(100,874)
<b>Other Comprehensive (Loss) / Income for the Period</b>				
Fair value (loss) / gain on available-for-sale investments	(860)	2,390	(860)	2,390
Share of other comprehensive income from Associated Companies	23	32	23	32
	(91,678)	99,199	(18,666)	(98,452)
<b>Attributable to:</b>				
- Equity holders of the Parent	(82,498)	40,702	(34,222)	(78,166)
- Non-controlling interest	(9,180)	58,497	15,556	(20,286)
	(91,678)	99,199	(18,666)	(98,452)
----- Rupees -----				
<b>Combined (Loss) / Earnings per Share</b>	(21.82)	10.32	(8.94)	(21.38)

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, 2013**

	Half-year ended	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Loss for the period - before taxation	(11,584)	(110,996)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	160,675	176,008
Depreciation on investment property	812	884
Amortisation of intangible assets	50	50
Profit from Associated Companies -net	(905)	(748)
Profit / mark-up on bank deposits	(6,346)	(3,813)
Staff retirement benefits - gratuity (net)	(15,669)	1,193
Un-claimed payable balances written-back	0	(534)
Finance cost	209,868	159,385
Gain on disposal of vehicles	(787)	(428)
Uncollectible receivable balances written-off	0	735
Gain on redemption of short term investments	(2,615)	(14,073)
Fair value gain on re-measurement of short term investments	(8,090)	(19,137)
<b>Profit before working capital changes</b>	<b>325,409</b>	<b>188,526</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(20,817)	(28,475)
Stock-in-trade	(2,960,567)	(666,342)
Trade debts	(426,509)	(986,487)
Loans and advances	56,883	12,369
Trade deposits and prepayments	(35,287)	(26,294)
Other receivables	11,533	3,220
Increase in current liabilities:		
Trade and other payables	2,209,707	3,381,701
Sales tax payable	48,985	107,074
	(1,116,072)	1,796,766
<b>Cash (used in) / generated from operations</b>	<b>(790,663)</b>	<b>1,985,292</b>
Income tax paid	(19,083)	(86,706)
Security deposits	0	(1)
<b>Net cash (used in) / generated from operating activities</b>	<b>(809,746)</b>	<b>1,898,585</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(268,909)	(60,620)
Sale proceeds and insurance claim of vehicles	2,489	1,053
Short term investments - net	71,525	(505,905)
Profit / mark-up on bank deposits received	5,759	3,651
<b>Net cash used in investing activities</b>	<b>(189,136)</b>	<b>(561,821)</b>
<b>Cash flow from financing activities</b>		
Long term financing - net	(91,665)	53,336
Repayment of loans obtained from related parties	(1,858)	0
Lease finance - net	(934)	6,003
Short term borrowings - net	1,549,495	(964,565)
Dividend paid	(4)	(14,453)
Finance cost paid	(225,601)	(267,844)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,229,433</b>	<b>(1,187,523)</b>
<b>Net increase in cash and cash equivalents</b>	<b>230,551</b>	<b>149,241</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>192,128</b>	<b>75,669</b>
<b>Deposits with a Non-bank Finance Institution grouped under current assets during the period</b>	<b>0</b>	<b>78,000</b>
	<b>192,128</b>	<b>153,669</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>422,679</b>	<b>302,910</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, 2013**

	----- Attributable to equity holders of the Parent -----											
	Reserves											
Share capital	Share redemption	General	Fair value reserve on available-for-sale investments	Sub-total	Unappropriated profit / (accumulated loss)	Total	Non-controlling interest	Total equity				
----- Rupees in thousand -----												
Balance as at September 30, 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 September 30, 2011 paid by a Subsidiary Company	0	0	0	0	0	0	0	0	(14,355)	(14,355)		
<b>Total comprehensive loss for the half-year ended March 31, 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 March 31, 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>			
Balance as at September 30, 2012	37,500	1	1,010,537	11,753	1,022,291	(67,444)	992,347	242,360	1,234,707			
<b>Total comprehensive (loss) / income for the half-year ended March 31, 2013</b>												
-(loss) / income for the period	0	0	0	0	0	(33,536)	(33,536)	15,707	(17,829)			
-other comprehensive (loss) / income	0	0	0	(709)	(709)	23	(686)	(151)	(837)			
	0	0	0	(709)	(709)	(33,513)	(34,222)	15,556	(18,666)			
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	104	104	0	104			
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	36,033	36,033	21,402	57,435			
<b>Balance as at March 31, 2013</b>	<b>37,500</b>	<b>1</b>	<b>1,010,537</b>	<b>11,044</b>	<b>1,021,582</b>	<b>(64,820)</b>	<b>994,262</b>	<b>279,318</b>	<b>1,273,580</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, 2013

#### 1. THE GROUP AND ITS OPERATIONS

##### 1.1 THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD. (the Parent Company)

The Parent Company was incorporated on July 24, 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)

(i) CSM was incorporated on May 05, 1988 as a Public Company and it commenced commercial production from October 01, 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.

(ii) The Parent Company directly and indirectly controls / beneficially owns more than fifty percent of the CSM's paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSM has been treated a Subsidiary with effect from the financial year ended September 30, 2010.

###### (b) THE FRONTIER SUGAR MILLS AND DISTILLERY LTD. (FSM)

(i) FSM was incorporated on March 31, 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 had not carried-out manufacturing operations due to non-availability of raw materials.

###### (iii) Delisting 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 January 30, 2010. The shareholders had 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 extraordinary general meeting held on June 10, 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 August 26, 2011, FSM was de-listed from all the Stock Exchanges with effect from October 25, 2010. The purchase agent, during the financial year ended September 30, 2011, had further purchased 19,884 ordinary shares and 20,014 preference shares of FSM.

#### 2. STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Ordinance or directives issued by the SECP differ with the requirements of IFRSs, requirements of the Ordinance or directives issued by the SECP prevail.

The disclosures made in this condensed interim consolidated financial information have been limited based on the requirements of International Accounting Standard 34 (Interim Financial Reporting). This condensed interim consolidated financial information does not include all of the information and disclosures as required in a full set of consolidated financial statements and therefore should be read in conjunction with the annual published consolidated financial statements of the Group for the year ended September 30, 2012.

#### 3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of preceding published consolidated financial statements of the Group for the year ended September 30, 2012.

##### 3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The following amendment to existing standard has been published and is mandatory for the Group's accounting period beginning on or after October 01, 2012:

Amendment to IAS 1 (Presentation of Financial Statements; effective July 01, 2012), the main change resulting from this amendment is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The adoption of this amendment has only resulted in additional disclosures, which have been duly incorporated in this condensed interim consolidated financial information.

3.3 There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after October 01, 2013 but are considered not 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.

#### 4. PROPERTY, PLANT AND EQUIPMENT

Note	Un-audited	Audited
	Half-year ended March 31, 2013 (Rupees in thousand)	Year ended Sep. 30, 2012
Operating fixed assets - tangible	4.1 3,338,453	3,448,500
Capital work-in-progress	604,317	299,019
Stores held for capital expenditure	73,534	162,467
	<u>4,016,304</u>	<u>3,909,986</u>

#### 4.1 Operating fixed assets - tangible

	Un-audited Half-year ended March 31, 2013 (Rupees in thousand)	Audited Year ended Sep. 30, 2012
Book value at the beginning of the period	3,448,500	
Additions during the period:		
- freehold land	27,257	
- buildings on freehold land	2,224	
- electric and gas equipment	253	
- furniture, fittings and office equipment	4,900	
- vehicles:		
owned	16,642	
leased	1,054	
	52,330	
Book value of vehicles disposed-off during the period	(1,702)	
Depreciation charge for the period	(160,675)	
Book value at the end of the period	<u>3,338,453</u>	

4.2 There has been no change in the status of matter as reported in note 21.3 to the preceding published consolidated financial statements of the Group for the year ended September 30, 2012.

#### 5. INVESTMENTS

Related parties	5.1	49,839	50,348
Others	5.2	19,067	19,927
		<u>68,906</u>	<u>70,275</u>

#### 5.1 Investments in equity instruments of Associated Companies

Balance at the beginning of the period - cost	5,638	
Add: post acquisition profit brought forward	44,710	
	<u>50,348</u>	
Add: share for the period:		
- profit - net	905	
- other comprehensive income	23	
- items directly credited in equity	104	
Less: taxation - net	(1,541)	
	<u>(509)</u>	
Balance at the end of the period	<u>49,839</u>	

#### 5.2 Others (available-for-sale) - Quoted

Ibrahim Fibres Limited 405,670 (September 30, 2012: 405,670) ordinary shares of Rs.10 each	5,680	5,680
Add: adjustment arising from re-measurement to fair value	13,387	14,247
	<u>19,067</u>	<u>19,927</u>

#### 6. STORES AND SPARES

FSM has not carried-out manufacturing operations during the current period and 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.

#### 7. STOCK-IN-TRADE

	Un-audited Half-year ended March 31, 2013 (Rupees in thousand)	Audited Year ended Sep. 30, 2012
Sugar-in-process	7,127	18,706
Finished goods:		
- sugar	7.1 <u>4,755,647</u>	1,939,161
- spirit	<u>159,749</u>	4,089
	<u>4,915,396</u>	1,943,250
	<u>4,922,523</u>	<u>1,961,956</u>

7.1 Period-end finished sugar inventory of the Parent Company includes inventory costing Rs.896.538 million (September 30, 2012: Rs.658.062 million), which has been stated at net realisable value. The amount charged to consolidated profit and loss account in respect of inventory write-down to net realisable value amounted Rs.90.559 million (September 30, 2012: Rs.59.473 million).

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

Period-end balance of trade debts includes a CSM's debt amounting Rs.32.300 million, which was overdue as at September 30, 2012 and March 31, 2013. To secure this debt, CSM has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to CSM if he fails to meet his commitment.

#### 9. TRADE DEPOSITS AND PREPAYMENTS

Period-end balance includes subsidy receivable amounting Rs.37.309 million granted by the Government of Pakistan to facilitate export of sugar. This subsidy balance has been grouped under other operating income (note 17).

#### 10. SHORT TERM INVESTMENTS - At fair value through profit or loss

Pakistan Cash Management Fund - 2,444,032 Units (September 30, 2012: 2,353,449 Units)	117,679	112,711
Askari Sovereign Cash Fund - Nil Units (September 30, 2012: 1,448,767 Units)	0	133,117
MCB Cash Management Optimizer - 941,335 Units (September 30, 2012: 447,106 Units)	91,708	40,389
Faysal Money Market Fund - 298,508 Units	30,000	0
	<u>239,387</u>	<u>286,217</u>
Add: adjustment arising from re-measurement to fair value	8,091	22,081
	<u>247,478</u>	<u>308,298</u>

#### 11. CASH AND BANK BALANCES

11.1 Period-end bank balances include deposits aggregating Rs.78 million lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits fell between July 29, 2009 to July 29, 2012.

The realisibility of these deposits aggregating Rs.78 million is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificates from IIBL were also not received. 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 January 28, 2010. SECP had instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC). SECP had 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 before 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 period and preceding financial years.

11.2 There has been no change in the status of the matter as reported in note 31.4 to the preceding published consolidated financial statements of the Group for the year ended September 30, 2012.

**12. LONG TERM FINANCING - Secured**

	Un-audited Half-year ended March 31, 2013 (Rupees in thousand)	Audited Year ended Sep. 30, 2012
<b>Bank Alfalah Ltd.</b>		
- term finance - I	60,000	80,000
- term finance - II	250,000	242,939
	<u>310,000</u>	<u>322,939</u>
<b>Bank Al-Habib Ltd.</b>		
- term finance - I	60,000	120,000
- term finance - II	105,000	140,000
- term finance - III	40,224	0
	<u>205,224</u>	<u>260,000</u>
<b>Silkbank Ltd. - term finance</b>	0	30,000
<b>The Bank of Khyber - demand finance</b>	206,688	208,514
<b>The Bank of Punjab - term finance</b>	7,876	0
	<u>729,788</u>	<u>821,453</u>
Less: current portion grouped under current liabilities	225,117	276,875
	<u>504,671</u>	<u>544,578</u>

12.1 CSM has obtained this finance under the State Bank of Pakistan's long term finance facility scheme (SBP-LTFF) for financing its ethanol plant. The facility amount is Rs.500 million having a tenor of seven years with two years grace period from the date of first disbursement. The finance facility carries mark-up at SBP rate + 3% ; the effective mark-up rate during the period ranged from 10.95% to 11.40% per annum.

12.2 CSM has also obtained this finance under the SBP-LTFF scheme for financing its ethanol / distillery plant & machinery. The facility amount is Rs.500 million having a tenor of seven years with two years grace period. The finance facility carries mark-up at SBP rate + 3%; the effective mark-up rate during the period was 11.40% per annum.

**13. TRADE AND OTHER PAYABLES**

	Un-audited Half-year ended March 31, 2013 (Rupees in thousand)	Audited Year ended Sep. 30, 2012
Due to Associated Companies	53,207	15,121
Creditors	2,082,217	142,287
Accrued expenses	69,113	37,323
Retention money	4,662	4,948
Security deposits - interest free repayable on demand	4,831	2,477
Advance from customers	977,970	781,700
Income tax deducted at source	610	791
Gratuity payable to ex-employees	1,301	1,382
Workers' (profit) participation fund	1,687	2,026
Workers' welfare fund	10,475	10,475
Unclaimed dividends	7,009	7,011
Others	3,179	1,014
	<u>3,216,261</u>	<u>1,006,555</u>

**14. CURRENT PORTION OF LONG TERM LIABILITIES**

Long term financing	12	225,117	276,875
Loans from related parties		43,142	22,500
Liabilities against assets subject to finance lease		4,210	3,765
		<u>272,469</u>	<u>303,140</u>

**15. TAXATION**

**The Parent Company**

15.1 Provision for minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) has not been made during the 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 profit on bank deposits and export sales under sections 151 and 154 of the Ordinance respectively.

**CSM**

15.2 There has been no significant change in the status of taxation matters as reported in notes 19.3 to 19.7 to the preceding published consolidated financial statements for the year ended September 30, 2012.

15.3 In view of available unused tax losses, provision made during the period mainly represents minimum tax payable under section 113 and tax payable on export sales under section 154 of the Ordinance.

**FSM**

15.4 Provision made during the period represents tax payable on dividend income under section 5 of the Ordinance.

**16. CONTINGENCIES AND COMMITMENTS**

16.1 There has been no significant change in the status of contingencies as reported in notes 20.2 to 20.5 of the preceding published consolidated financial statements for the year ended September 30, 2012.

16.2 CSM, during the period from July, 2008 to September, 2010, had paid special excise duty (the duty) on sugar at value higher than the value fixed by the Federal Board of Revenue vide SRO. No. 564(I)/2006 dated June 05, 2006. This resulted in excess payment of duty amounting Rs.35,825 million. The refund application was submitted to the Deputy Commissioner (DC), who had rejected the application. The Company had filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) against the impugned order. The CIRA, during the period, has upheld the order of the DC. Presently, the CSM's appeal is pending before the Appellate Tribunal Inland Revenue, Peshawar Bench.

- 16.3 Various commercial banks, on behalf of the Group, have issued guarantees aggregating Rs.53.893 million (September 30, 2012: Rs.102.817 million) in favour of Trading Corporation of Pakistan (Pvt.) Ltd to ensure due performance of the contracts for supply of 20,670 (September 30, 2012: 44,010) metric tons of sugar. These guarantees will expire on various dates by January 21, 2014.
- 16.4 Guarantees given to Sui Northern Gas Pipelines Ltd. by various commercial banks on behalf of the Parent Company outstanding as at March 31, 2013 were for Rs.92.072 million (September 30, 2012: Rs.10 million). These guarantees are valid upto July 05, 2013.
- 16.5 Commitments for irrevocable letters of credit outstanding as at March 31, 2013 were for Rs.792.880 million (September 30, 2012: Rs.10.420 million).

**17. OTHER OPERATING INCOME**

	Note	Un-audited Half-year ended	
		March 31, 2013	March 31, 2012
		(Rupees in thousand)	
<b>Income from financial assets:</b>			
Interest / profit on bank deposits and saving accounts		6,346	3,813
Gain on redemption of short term investments		2,615	14,073
Fair value gain on re-measurement of short term investments		8,090	19,137
Exchange fluctuation gain on translation of export debtors		633	0
Dividend		1,826	1,315
<b>Income from other than financial assets:</b>			
Sale of press mud		3,178	3,383
Un-claimed payable balances written-back		0	534
Gain on disposal of vehicles - net		787	428
Profit from insecticide and fertilizer sales		181	369
Rent		4	3
Sale of agricultural produce		24,836	12,561
Reversal of provision for workers' welfare fund		0	581
Scrap sales		2,304	0
Subsidy claims on export of sugar		37,309	0
Miscellaneous		178	21
		<u>88,287</u>	<u>56,218</u>

**18. TRANSACTIONS WITH RELATED PARTIES**

- 18.1 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	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
- purchase of goods	53,456	71,952
- mark-up expensed	9,601	12,191
- dividend paid	0	5,361

- 18.2 (a) Mark-up on loans obtained from related parties, during the period, was charged at the rates ranging from 10.27% to 11.68% (September 30, 2012: 11.72% to 15.17%) per annum.
- (b) No return was charged on other balances of the Associated Companies as these have arisen due to normal trade dealings.

**19. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim consolidated financial information was authorised for issue on May 27, 2013 by the Board of Directors of the Parent Company.

**20. GENERAL**

- 20.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim consolidated financial information.
- 20.2 Figures in this condensed interim consolidated financial information have been rounded-off to the nearest thousand Rupees.

**CHIEF EXECUTIVE**

**DIRECTOR**