



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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 MARCH, 2014

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan
Chairman
Mr. Abbas Sarfaraz Khan
Chief Executive
Begum Laila Sarfaraz
Ms. Zarmine Sarfaraz
Ms. Najda Sarafaraz
Ms. Mehnaz Saigol
Mr. Iskander M. Khan
Mr. Baber Ali Khan
Mr. Abdul Qadar Khattak

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Auditors

M/s. Hameed Chaudhri & Co., Chartered Accountants

Cost Auditors

M/s. Munawar Associates Chartered Accountants

Tax Consultants

M/s. Hameed Chaudhri & Co., Chartered Accountants

Legal Advisor

Mr. Isaac Ali Qazi Advocate

Share Registrar

Hameed Majeed Associates (Pvt) Limited, Lahore

Bankers

Bank Al-Habib Limited
The Bank of Khyber
MCB Bank Limited
United Bank Limited
Allied Bank Limited
The Bank of Punjab
Bank Al-Falah Limited
Habib Bank Limited
National Bank of Pakistan
Innovative Investment Bank Limited

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, 2014 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 2013-14

The sugarcane crushing season 2013-14 commenced on 01 November, 2013, and continued till 21 March, 2014. The Mills crushed 117,588.940 tons (2013: 222,121 tons) of sugarcane to produce 10,402 tons (2013: 20,246 tons) of sugar.

Sugar Price

This is the third consecutive year of excessive production and despite repeated appeals to the GOP to allow export quantities and subsidies, the GOP is not declaring any policy, this depressed sugar prices throughout the period and the prevailing prices do not cover the cost of production.

Sugarbeet Season 2014

Last year Company incurred heavy losses on the sugar produced from beet slicing, therefore, the management has decided to hold sugar beet seed distribution, until Govt. announces a clear policy to promote the sugar from beet slicing. It is important to highlight that the sugar produced from the beet slicing increase the cost of production because instead of bagasse to generate power, high priced gas is used to operate boilers.

Distillery

340,694 Gallons of Industrial Alcohol (2013: 399,590 Gallons) was produced during the period ended 31 March, 2014.

Reply to Auditors' observation (Note No. 9.2)

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.

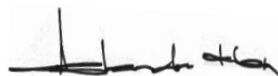
Accounting Policies

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.

ON BEHALF OF THE BOARD



Mardan:
27 May, 2014

CHIEF EXECUTIVE/DIRECTOR

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, 2014 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 "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended March 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2014.

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 deposit with a non-bank financial institution aggregating Rs. 39 million has not been made in this interim financial information as the matter is pending adjudication before the Court as fully detailed in note 9.2.

Qualified Conclusion

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



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

LAHORE:
28 May, 2014

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2014

		Unaudited March 31, 2014 (Rupees in thousand)	Audited and Re-stated Sep. 30, 2013
ASSETS			
Non-current Assets			
Property, plant and equipment	6	695,503	691,632
Investment property		33,145	33,889
Long term investments in related parties		170,006	170,006
Long term loan to Subsidiary Company		279,500	279,500
Security deposits		1,031	570
		<u>1,179,185</u>	<u>1,175,597</u>
Current Assets			
Stores and spares		122,547	132,195
Stock-in-trade		269,271	359,577
Trade debts		132,663	3,843
Loans and advances		15,246	16,990
Trade deposits and short term prepayments		1,550	1,703
Accrued profit	7	11,096	48
Other receivables	8	83,254	11,094
Sales tax refundable		4,910	0
Income tax refundable, advance tax and tax deducted at source		51,831	43,792
Bank balances	9	133,909	92,062
		<u>826,277</u>	<u>661,304</u>
TOTAL ASSETS		<u>2,005,462</u>	<u>1,836,901</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		900,001	900,001
Accumulated loss		(197,620)	(164,983)
Shareholders' equity		739,881	772,518
Surplus on Revaluation of Property, Plant and Equipment		321,173	334,201
Non-current Liabilities			
Liabilities against assets subject to finance lease	10	5,338	697
Staff retirement benefits - gratuity		12,651	12,060
		<u>17,989</u>	<u>12,757</u>
Current Liabilities			
Trade and other payables		78,013	162,411
Accrued mark-up on short term borrowings		17,094	13,798
Short term borrowings		809,605	523,489
Current portion of liabilities against assets subject to finance lease		1,825	200
Taxation	11	19,882	17,527
		<u>926,419</u>	<u>717,425</u>
Total Liabilities		944,408	730,182
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		<u>2,005,462</u>	<u>1,836,901</u>

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2014

	Note	Quarter ended		Half year ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		----- Rupees in thousand -----			
Sales					
-local		235,348	184,624	446,328	965,285
-export		6,949	15,905	225,115	22,343
		<u>242,297</u>	<u>200,529</u>	<u>671,443</u>	<u>987,628</u>
Less : Sales Tax		(5,648)	(15,733)	(21,959)	(73,717)
Sales - net		<u>236,649</u>	<u>184,796</u>	<u>649,484</u>	<u>913,911</u>
Cost of Sales		(319,760)	(270,447)	(731,243)	(935,255)
Gross Loss		<u>(83,111)</u>	<u>(85,651)</u>	<u>(81,759)</u>	<u>(21,344)</u>
Distribution Cost		4,166	(2,077)	(1,782)	(4,092)
Administrative Expenses		(10,513)	(14,829)	(23,385)	(35,825)
Other Income	13	77,850	36,430	97,058	59,752
Other Expenses	14	(5,132)	2,133	(5,132)	0
Loss from Operations		<u>(16,740)</u>	<u>(63,994)</u>	<u>(15,000)</u>	<u>(1,509)</u>
Finance Cost		(17,456)	(19,797)	(28,311)	(41,759)
Loss before Taxation		<u>(34,196)</u>	<u>(83,791)</u>	<u>(43,311)</u>	<u>(43,268)</u>
Taxation					
- Current	11.1	1,312	6,661	(2,354)	(635)
- Deferred		0	6,751	0	(1,977)
		<u>1,312</u>	<u>13,412</u>	<u>(2,354)</u>	<u>(2,612)</u>
Loss after Taxation		<u>(32,884)</u>	<u>(70,379)</u>	<u>(45,665)</u>	<u>(45,880)</u>
Other Comprehensive Income		0	0	0	0
Total Comprehensive Loss		<u>(32,884)</u>	<u>(70,379)</u>	<u>(45,665)</u>	<u>(45,880)</u>
		----- Rupees -----			
Loss per Share		<u>(8.77)</u>	<u>(18.77)</u>	<u>(12.18)</u>	<u>(12.23)</u>

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

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DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2014

	Half year ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
Loss for the period - before taxation	(43,311)	(43,268)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	26,698	28,982
Depreciation on investment property	744	812
Loss on sale of a vehicle	0	(423)
Uncollectible receivable balances written-off	22	0
Unclaimed payable balances written-back	(153)	0
Mark-up on loan to Subsidiary Company and profit / mark-up on bank deposits	(16,839)	(20,723)
Staff retirement benefits - gratuity (net)	591	(15,622)
Finance cost	27,222	36,972
Loss before working capital changes	(5,026)	(13,270)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	9,648	(47,137)
Stock-in-trade	90,306	(269,197)
Trade debts	(128,820)	91,691
Loans and advances	1,722	6,338
Trade deposits and short term prepayments	153	1,635
Other receivables	(72,160)	2,802
Sales tax refundable	(4,910)	8,594
Increase / (decrease) in current liabilities:		
Trade and other payables	(84,245)	419,068
Sales tax payable	0	1,704
	(188,306)	215,498
Cash generated from operations	(193,332)	202,228
Income tax paid	(8,038)	(3,459)
Security deposits	(461)	0
Net cash (used in) / generated from operating activities	(201,831)	198,769
Cash flow from investing activities		
Additions to property, plant and equipment	(30,569)	(79,787)
Sale proceeds of a vehicle	0	450
Mark-up on loan to a Subsidiary Company and profit / mark-up on bank deposits received	5,791	20,136
Balance of long term loan received-back from Subsidiary Company	0	13,000
Short term investments redeemed	0	65,749
Net cash (used in) / generated from investing activities	(24,778)	19,548
Cash flow from financing activities		
Lease finances - net	6,266	0
Short term borrowings - net	286,116	(87,705)
Finance cost paid	(23,926)	(44,771)
Net cash generated from / (used in) financing activities	268,456	(132,476)
Net increase in cash and cash equivalents	41,847	85,841
Cash and cash equivalents - at beginning of the period	92,062	83,000
Cash and cash equivalents - at end of the period	133,909	168,841

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2014

	Share capital	Reserves		Sub-total	Accumulated loss	Total
		Capital	Revenue			
	Share redemption	General				
----- Rupees in thousand -----						
Balance as at September 30, 2012 - audited	37,500	1	900,000	900,001	(150,672)	786,829
Effect of change in accounting policy (note 4)	0	0	0	0	(2,023)	(2,023)
Balance as at September 30, 2012 - audited and re-stated	37,500	1	900,000	900,001	(152,695)	784,806
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
Balance as at March 31, 2013 - un-audited and re-stated	37,500	1	900,000	900,001	(184,389)	753,112
Balance as at September 30, 2013 - audited	37,500	1	900,000	900,001	(162,629)	774,872
Effect of change in accounting policy (note 4)	0	0	0	0	(2,354)	(2,354)
Balance as at September 30, 2013 - audited and re-stated	37,500	1	900,000	900,001	(164,983)	772,518
Total comprehensive loss for the half-year ended March 31, 2014	0	0	0	0	(45,665)	(45,665)
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	13,028	13,028
Balance as at March 31, 2014	37,500	1	900,000	900,001	(197,620)	739,881

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


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, 2014

1. CORPORATE INFORMATION

The Premier Sugar Mills & Distillery Company Ltd. (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. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half-year ended March 31, 2014 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended September 30, 2013 except for the adoption of a new accounting policy as referred to in note 4.

4. AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN THE CURRENT PERIOD

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on October 01, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information except for IAS 19 (Amendment), 'Employee Benefits'. The impact of this amendment on the condensed interim financial information is as follows:

IAS 19 (revised) has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefits - gratuity by adjusting the opening balance of accumulated loss and retirement benefits for the prior period presented. No actuarial assessment has been carried-out for the preparation of this condensed interim financial information.

Effects of change in accounting policy are as follows:

	Staff retirement benefits - gratuity	Deferred taxation	Accumulated loss
	----- (Rupees in thousand) -----		
Balance as at September 30, 2012 - as previously reported	26,776	4,569	(150,672)
Recognition of unrecognised actuarial loss	3,113	(1,090)	(2,023)
Balance as at September 30, 2012 - as restated	<u>29,889</u>	<u>3,479</u>	<u>(152,695)</u>
Balance as at September 30, 2013 - as previously reported	9,706	0	(162,629)
Recognition of unrecognised actuarial loss / (gain)			
- for the year ended September 30, 2012	3,113	(1,090)	(2,023)
- for the year ended September 30, 2013	(759)	258	501
- resultant adjustment due to reduction in tax rate	0	31	(31)
	2,354	(801)	(1,553)
Deductible temporary difference arisen in respect of available unused tax losses	0	801	(801)
	<u>12,060</u>	<u>0</u>	<u>(164,983)</u>

5. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

5.1 The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions. The management, however, believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

5.2 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 financial statements as at and for the year ended September 30, 2013.

5.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2013.

6. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2014	Audited September 30, 2013
Note	(Rupees in thousand)	
Operating fixed assets	6.1 556,311	573,857
Capital work-in-progress	6.2 139,192	117,775
	<u>695,503</u>	<u>691,632</u>

6.1 Operating fixed assets

Book value at the beginning of the period	573,857
Additions during the period :	
- plant and machinery	1,430
- furniture, fittings & office equipment	181
- leased plant and machinery	5,700
- leased vehicles	1,841
	9,152
Depreciation charge for the period	(26,698)
Book value at the end of the period	<u>556,311</u>

6.2 Capital work-in-progress

	Unaudited March 31, 2014 (Rupees in thousand)	Audited September 30, 2013
- buildings on freehold land	1,429	
- plant and machinery	125,518	
- furniture, fittings & office equipment	12,245	
	<u>139,192</u>	

6.3 There has been no change in the status of matter as reported in note 7.5 to the preceding published financial statements of the Company for the year ended September 30, 2013.

7. ACCRUED PROFIT

Profit accrued on :

- long term loan advanced to Subsidiary Company	10,530	0
- bank deposits	566	48
	<u>11,096</u>	<u>48</u>

8. OTHER RECEIVABLES

Export subsidy	2,991	2,991
Export refinance charges	1,478	7,465
Local clearing expenses receivable from Commission Agents against export of sugar	70,272	0
Advance made to Arbitrator	6,000	0
Gas Infrastructure Development Cess paid under protest -refundable	1,618	0
Others	895	638
	<u>83,254</u>	<u>11,094</u>

9. BANK BALANCES

9.1 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.

9.2 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 current period as well as preceding financial years.

9.3 There has been no change in the status of matter as reported in note 18.5 to the preceding published financial statements of the Company for the year ended September 30, 2013.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

The Company has entered into lease agreements with Bank Al-Habib Ltd. and MCB Bank Ltd. for lease of vehicles and a diesel generator respectively. The liabilities under the lease agreements are payable in monthly instalments by December, 2017. The Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These facilities are secured against title of the leased assets in the name of lessors.

11. TAXATION

11.1 Provision made during the period mainly represents tax on profit on bank deposits and export proceeds 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 as the Company has incurred gross loss before set-off of depreciation and other inadmissible expenses under the Ordinance.

11.3 As at March 31, 2014, deferred tax asset amounting Rs.44.343 million on unused tax losses has not been recognised in this condensed interim financial information on the grounds of prudence. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2014.

12. CONTINGENCIES AND COMMITMENTS

12.1 There has been no significant change in the status of contingencies as reported in the preceding financial statements of the Company for the year ended September 30, 2013.

12.2 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Company outstanding as at March 31, 2014 were for Rs.75.040 million (September 30, 2013: Rs.10 million). These guarantees are valid upto May 26, 2014.

12.3 Bank Al-Habib Ltd., on behalf of the Company, has issued guarantees aggregating Rs.9.747 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contracts for supply of 3,871 metric tons of sugar. These guarantees will expire on various dates by October 29, 2014.

13. OTHER INCOME

	Unaudited	
	Half year ended March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Income from financial assets:		
Profit on bank deposit and saving accounts	1,026	4,113
Mark-up on loan to a Subsidiary Company	15,813	16,610
Gain on redemption of short term investments	0	804
Exchange fluctuation gain on translation of export debtors	0	633
Income from other than financial assets:		
Sale of press mud	1,055	1,462
Un-claimed payable balances written-back	153	0
Profit from fertilizer sales	1,827	181
Gain on sale of a vehicle	0	423
Rent	4	4
Sale of agricultural produce	2,859	20,049
Subsidy claims on export of sugar	0	2,991
Scrap sales	0	2,304
Sale of beet pulp	10,000	0
Excess recoveries of local clearing expenses incurred against export of sugar through Commission Agents	64,321	178
Others:		
Provision for gratuity benefits written-back	0	10,000
	<u>97,058</u>	<u>59,752</u>

14. OTHER EXPENSES

Expenses for the current period include exchange fluctuation loss on translation of export debtors amounting Rs.2.113 million and loss on sale of beet seeds amounting Rs.2.998 million.

15. TRANSACTIONS WITH RELATED PARTIES

15.1 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:

	Unaudited	
	Half year ended	
	March 31,	March 31,
Subsidiary Companies:	(Rupees in thousand)	
- purchase of goods	2,404	4,898
- mark-up earned on long term loan	15,813	16,610
Associated Companies:		
- purchase of goods	6,918	13,757

15.2 Trade and other payables include due to an Associated Company amounting Rs.1.918 million (September 30, 2013: Rs. Nil) whereas loans and advances include due from a Subsidiary Company amounting Rs.10 thousand (September 30, 2013: Rs. Nil).

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

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on May 27, 2014 by the Board of Directors of the Company.

17. CORRESPONDING FIGURES

17.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year whereas the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

17.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except for re-statement made in accordance with IAS 19 (revised) as reflected in note 4 to this condensed interim financial information.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

2014

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH, 2014

**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, 2014 to the shareholders of the Company.

General Review

The Premier Sugar Mills & Distillery Company Limited's subsidiary company, Chashma Sugar Mills Limited has suffered loss of Rs. 175.459 million and The Frontier Sugar Mills & Distillery Limited earned profit of Rs. 8.177 million during the half year ended 31 March 2014.

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 2013-14

The total of 1,412,024 tons (2013: 1,549,026 tons) of sugarcane was crushed by the Sugar Mills of the Group Companies during the current season.

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.

ON BEHALF OF THE BOARD



**Mardan
27 May, 2014**

CHIEF EXECUTIVE/DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

		Unaudited March 31, 2014	Audited and Re-stated Sep. 30, 2013
ASSETS	Note	(Rupees in thousand)	
Non-current Assets			
Property, plant and equipment	5	6,644,252	5,801,657
Intangible assets		292	0
Investment property		33,145	33,889
Long term investments	6	86,840	72,676
Security deposits		5,227	4,666
		<u>6,769,756</u>	<u>5,912,888</u>
Current Assets			
Stores and spares	7	499,908	625,935
Stock-in-trade	8	3,289,702	1,678,245
Trade debts	9	916,409	323,360
Loans and advances		160,724	171,538
Trade deposits, short term prepayments and other receivables	10	238,053	101,408
Accrued profit / mark-up on bank deposits		1,539	1,021
Sales tax refundable		160,209	25,261
Income tax refundable, advance income tax and tax deducted at source		203,891	126,050
Short term investments	11	26,373	31,025
Cash and bank balances	12	329,505	159,548
		<u>5,826,313</u>	<u>3,243,391</u>
TOTAL ASSETS		<u>12,596,069</u>	<u>9,156,279</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		1,032,960	1,021,438
Accumulated loss		(108,459)	(25,952)
Equity Attributable to Equity Holders of the Parent Company		<u>962,001</u>	<u>1,032,986</u>
Non-controlling Interest		<u>260,864</u>	<u>300,314</u>
		<u>1,222,865</u>	<u>1,333,300</u>
Surplus on Revaluation of Property, Plant and Equipment		<u>2,306,234</u>	<u>2,408,551</u>
Non-current Liabilities			
Long term finances	13	1,828,470	911,845
Loans from Associated Companies		157,500	157,500
Liabilities against assets subject to finance lease		25,828	9,667
Deferred taxation		867,468	913,125
Staff retirement benefits - gratuity		15,097	14,396
		<u>2,894,363</u>	<u>2,006,533</u>
Current Liabilities			
Trade and other payables	14	1,777,539	434,610
Accrued mark-up		129,800	134,034
Short term borrowings		3,961,248	2,522,957
Current portion of non-current liabilities	15	171,434	225,775
Dividends payable to non-controlling interest		3,848	3,848
Taxation	16	128,738	86,671
		<u>6,172,607</u>	<u>3,407,895</u>
Contingencies and Commitments			
TOTAL EQUITY AND LIABILITIES		<u>12,596,069</u>	<u>9,156,279</u>

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

The Chief Executive of the Parent Company is out of Pakistan and in his absence this condensed interim consolidated financial information has been signed by two Directors of the Parent Company as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2014

		Quarter ended		Half year ended	
Note	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	
----- Rupees in thousand -----					
Sales (local and export)	2,493,162	2,877,186	4,785,284	4,657,176	
Less: Sales Tax	(13,970)	(161,138)	(38,407)	(264,554)	
Sales - net	<u>2,479,192</u>	<u>2,716,048</u>	<u>4,746,877</u>	<u>4,392,622</u>	
Cost of Sales	(2,635,487)	(2,676,567)	(4,828,850)	(4,115,701)	
Gross (Loss) / Profit	(156,295)	39,481	(81,973)	276,921	
Distribution Cost	(22,830)	(24,177)	(48,072)	(37,928)	
Administrative Expenses	(61,367)	(64,353)	(119,961)	(128,189)	
Other Income	18 123,364	56,776	150,958	88,287	
Other Expenses	(5,139)	6,840	(5,157)	(1,712)	
(Loss) / Profit from Operations	(122,267)	14,567	(104,205)	197,379	
Finance Cost	(60,803)	(111,224)	(126,221)	(209,868)	
	<u>(183,070)</u>	<u>(96,657)</u>	<u>(230,426)</u>	<u>(12,489)</u>	
Share of Profit from Associated Companies	59	905	59	905	
Loss before Taxation	(183,011)	(95,752)	(230,367)	(11,584)	
Taxation					
Group					
- Current	16 (20,450)	(11,747)	(42,147)	(25,624)	
- Deferred	22,829	18,199	45,657	20,920	
	<u>2,379</u>	<u>6,452</u>	<u>3,510</u>	<u>(4,704)</u>	
Associated Companies	(1)	(1,541)	(1)	(1,541)	
	<u>2,378</u>	<u>4,911</u>	<u>3,509</u>	<u>(6,245)</u>	
Loss after Taxation	(180,633)	(90,841)	(226,858)	(17,829)	
Other Comprehensive Income / (Loss)					
Fair value gain / (loss) on available-for-sale investments	13,967	(860)	13,967	(860)	
Share of other comprehensive income from Associated Companies	10	23	10	23	
Total Comprehensive Loss	(166,656)	(91,678)	(212,881)	(18,666)	
Attributable to:					
- Equity holders of the Parent Company	(74,040)	(82,498)	(126,530)	(34,222)	
- Non-controlling interest	(92,616)	(9,180)	(86,351)	15,556	
	<u>(166,656)</u>	<u>(91,678)</u>	<u>(212,881)</u>	<u>(18,666)</u>	
----- Rupees -----					
Combined Loss per Share	(22.82)	(21.82)	(36.82)	(8.94)	

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

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DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2014

	Half year ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
Loss for the period - before taxation	(230,367)	(11,584)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	223,379	160,675
Depreciation on investment property	744	812
Amortisation of intangible assets	0	50
Profit from Associated Companies - net	(59)	(905)
Profit on bank deposits and saving accounts	(3,370)	(6,346)
Staff retirement benefits - gratuity (net)	701	(15,669)
Un-claimed payable balances written-back	(153)	0
Gain on sale of vehicles -net	(261)	(787)
Gain on redemption of short term investments	(124)	(2,615)
Gain on re-measurement of short term investments to fair value	(1,023)	(8,090)
Uncollectible receivable balances written-off	22	0
Finance cost	126,221	209,868
Profit before working capital changes	115,710	325,409
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	126,027	(20,817)
Stock-in-trade	(1,611,457)	(2,960,567)
Trade debts	(593,049)	(426,509)
Loans and advances	10,792	56,883
Trade deposits, short term prepayments and other receivables	(136,645)	(23,754)
Sales tax -net	(134,948)	48,985
Decrease in trade and other payables	1,343,082	2,209,707
	(996,198)	(1,116,072)
Cash used in operations	(880,488)	(790,663)
Income tax paid	(77,921)	(19,083)
Security deposits	(561)	0
Net cash used in operating activities	(958,970)	(809,746)
Cash flow from investing activities		
Additions to property, plant and equipment	(1,068,516)	(268,909)
Sale proceeds / insurance claims of vehicles	2,861	2,489
Intangible assets	(350)	0
Short term investments -net	5,799	71,525
Profit on bank deposits and saving accounts	2,852	5,759
Net cash used in investing activities	(1,057,354)	(189,136)
Cash flow from financing activities		
Long term finances - net	856,625	(91,665)
Instalments of loans obtained from Associated Companies repaid	0	(1,858)
Lease finances - net	21,820	(934)
Short term borrowings - net	1,438,291	1,549,495
Finance cost paid	(130,454)	(225,601)
Dividend paid	(1)	(4)
Net cash generated from financing activities	2,186,281	1,229,433
Net increase in cash and cash equivalents	169,957	230,551
Cash and cash equivalents - at beginning of the period	159,548	192,128
Cash and cash equivalents - at end of the period	329,505	422,679

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

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DIRECTOR


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, 2014

	----- Attributable to equity holders of the Parent Company -----						Non-controlling interest	Total equity	
	Share capital	Reserves			Sub-total	Accumulated Loss			Total
		Share redemption	General	Fair value reserve on available-for-sale investments					
	Rupees in thousand								
Balance as at September 30, 2012 - audited	37,500	1	1,010,537	11,753	1,022,291	(67,444)	992,347	242,360	1,234,707
Effect of change in accounting policy (note 4)	0	0	0	0	0	(1,249)	(1,249)	164	(1,085)
Balance as at September 30, 2012 - audited and re-stated	37,500	1	1,010,537	11,753	1,022,291	(68,693)	991,098	242,524	1,233,622
Total comprehensive income / (loss)									
Loss / (income) for the half year ended March 31, 2013	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 half year -net of deferred taxation	0	0	0	0	0	36,033	36,033	21,402	57,435
Balance as at March 31, 2013 - unaudited and re-stated	37,500	1	1,010,537	11,044	1,021,582	(66,069)	993,013	279,482	1,272,495
Balance as at September 30, 2013 - audited	37,500	1	1,010,537	10,900	1,021,438	(24,372)	1,034,566	300,150	1,334,716
Effect of change in accounting policy (note 4)	0	0	0	0	0	(1,580)	(1,580)	164	(1,416)
Balance as at September 30, 2013 - audited and re-stated	37,500	1	1,010,537	10,900	1,021,438	(25,952)	1,032,986	300,314	1,333,300
Total comprehensive income / (loss)									
Loss for the half year ended March 31, 2014	0	0	0	0	0	(140,507)	(140,507)	(86,351)	(226,858)
Other comprehensive income	0	0	0	11,522	11,522	10	11,532	2,445	13,977
	0	0	0	11,522	11,522	(140,497)	(128,975)	(83,906)	(212,881)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	129	129	0	129
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year -net of deferred tax	0	0	0	0	0	57,861	57,861	44,456	102,317
Balance as at March 31, 2014	37,500	1	1,010,537	22,422	1,032,960	(108,459)	962,001	260,864	1,222,865

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

The Chief Executive of the Parent Company is out of Pakistan and in his absence this condensed interim consolidated financial information has been signed by two Directors of the Parent Company as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


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, 2014

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 extra ordinary 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 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.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information is unaudited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim consolidated financial information does not include all the information required for annual consolidated financial statements and, therefore, should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of preceding annual consolidated financial statements for the year ended September 30, 2013 except for the adoption of a new accounting policy as referred to in note 4.

4. AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN THE CURRENT PERIOD

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on October 01, 2013 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed interim consolidated financial information except for IAS 19 (Amendment), 'Employee Benefits'. The impact of this amendment on the condensed interim consolidated financial information is as follows:

IAS 19 (revised) has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Group has applied this change in accounting policy retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefits - gratuity by adjusting the opening balance of accumulated loss and retirement benefits for the prior period presented. No actuarial assessments have been carried-out for the preparation of this condensed interim consolidated financial information.

Effects of change in accounting policy are as follows:

	Staff retirement benefits - gratuity	Deferred taxation	Accumul- ated loss
	----- (Rupees in thousand) -----		
Balance as at September 30, 2012 - as previously reported	30,148	462,512	(67,444)
Recognition of unrecognised actuarial loss -net	2,175	(1,090)	(1,085)
	<u>32,323</u>	<u>461,422</u>	<u>(68,529)</u>
Balance as at September 30, 2012 - as restated	12,980	913,125	(24,372)
Balance as at September 30, 2013 - as previously reported			
Recognition of unrecognised actuarial loss / (gain)			
- for the year ended September 30, 2012	2,175	(1,090)	(1,085)
- for the year ended September 30, 2013	(759)	258	501
- resultant adjustment due to reduction in tax rate	0	31	(31)
	1,416	(801)	(615)
Deductible temporary difference arisen in respect of available unused tax losses	0	801	(801)
	<u>14,396</u>	<u>913,125</u>	<u>(25,788)</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2014 (Rupees in thousand)	Audited September 30, 2013
Operating fixed assets - tangible	5.1 4,610,927	4,785,716
Capital work-in-progress	5.2 2,031,280	1,013,896
Stores held for capital expenditure	2,045	2,045
	<u>6,644,252</u>	<u>5,801,657</u>
5.1 Operating fixed assets - tangible		
Opening book value	4,785,716	
Additions during the period:		
- freehold land	110	
- plant and machinery owned	8,262	
leased	5,700	
- furniture, fittings and office equipment	7,165	
- vehicles:		
owned	690	
leased	29,263	
	51,190	
Book value of vehicles disposed-off during the period	(2,600)	
Depreciation charge for the period	(223,379)	
Closing book value	<u>4,610,927</u>	
5.2 Capital work-in-progress		
Freehold land - advance payments	421	421
Buildings on freehold land	312,736	175,729
Plant and machinery	1,401,452	748,670
Electric installations	165,966	43,440
Furniture, fittings and office equipment	12,245	11,383
Vehicles	0	1,014
Un-allocated capital expenditure	5.3 138,460	33,239
	<u>2,031,280</u>	<u>1,013,896</u>
5.3 Un-allocated capital expenditure		
Salaries and benefits	21,231	7,134
Fee for soil testing	750	750
Consultancy fee for Ethanol Fuel Plant and other charges	6,016	5,229
Mark-up on long term financing	90,923	15,157
Others	19,540	4,969
	<u>138,460</u>	<u>33,239</u>

5.4 There has been no change in the status of matter as reported in note 8.4 to the preceding consolidated financial statements for the year ended September 30, 2013.

6. LONG TERM INVESTMENTS

	Unaudited March 31, 2014 (Rupees in thousand)	Audited September 30, 2013
Related parties	6.1 53,980	53,783
Others	6.2 32,860	18,893
	<u>86,840</u>	<u>72,676</u>
6.1 Investments in equity instruments of Associated Companies		
Balance at beginning of the period - cost	5,638	
Add: post acquisition profit brought forward	48,145	
	53,783	
Add: share for the period:		
- profit	59	
- other comprehensive income	10	
- items directly credited in equity	129	
Less: taxation	(1)	
	197	
Balance at end of the period	<u>53,980</u>	
6.2 Others (available-for-sale)		
Ibrahim Fibres Ltd. 405,670 ordinary shares of Rs.10 each	5,680	
Add: adjustment arising from re-measurement to fair value	27,180	
	<u>32,860</u>	
7. 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.		
8. STOCK-IN-TRADE		
Sugar-in-process	15,471	9,091
Molasses	693,671	0
Finished goods:		
- sugar	2,529,378	1,669,131
- spirit	51,182	23
	<u>2,580,560</u>	<u>1,669,154</u>
	<u>3,289,702</u>	<u>1,678,245</u>

9. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.32.300 million, which is overdue since September 30, 2011. 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.

10. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited March 31, 2014 (Rupees in thousand)	Audited September 30, 2013
Sugar export subsidy receivable	147,617	87,824
Prepayments	2,463	4,434
Excise duty deposits	136	136
Export refinance charges refundable	1,478	7,465
Local clearing expenses receivable from Commission Agents against export of sugar	70,272	0
Advance made to Arbitrator	6,000	0
Insurance claim receivable	6,750	0
Gas Infrastructure Development Cess paid under protest - refundable	1,618	0
Other receivables	1,719	1,549
	<u>238,053</u>	<u>101,408</u>

11. SHORT TERM INVESTMENTS

- At fair value through profit or loss

MCB Cash Management Optimizer 263,548 (September 30, 2013: 310,018) Units	25,350	28,665
Add: adjustment arising from re-measurement to fair value	1,023	2,360
	<u>26,373</u>	<u>31,025</u>

12. CASH AND BANK BALANCES

12.1 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 realisability 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 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 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.

12.2 The Parent Company and FSM have not accrued profit on these deposits during the current period as well as preceding financial years.

12.3 There has been no change in the status of matter as reported in note 18.4 to the preceding consolidated financial statements for the year ended September 30, 2013.

13. LONG TERM FINANCING - Secured
From banking companies

	Unaudited March 31, 2014 (Rupees in thousand)	Audited September 30, 2013
Bank Alfalah Ltd.		
Term finance - II	20,000	40,000
Term finance - III	250,000	250,000
	<u>270,000</u>	<u>290,000</u>
Bank Al-Habib Ltd.		
Term finance - I	0	30,000
Term finance - II	35,000	70,000
Fixed loan	76,423	55,230
Long term finance [(LTFF) - SBP]	279,595	172,713
	<u>391,018</u>	<u>327,943</u>
Soneri Bank Ltd.		
Term finance	93,932	2,292
LTFF (ERF)	179,823	24,325
	<u>273,755</u>	<u>26,617</u>
The Bank of Punjab		
Demand finance	92,472	92,472
LTFF	356,644	215,800
	<u>449,116</u>	<u>308,272</u>
The Bank of Khyber		
Demand finance	151,572	179,130
Faysal Bank Ltd.		
Term finance	453,126	0
	<u>1,988,587</u>	<u>1,131,962</u>
Less: current portion grouped under current liabilities	160,117	220,117
	<u>1,828,470</u>	<u>911,845</u>

13.1 This finance facility amounting Rs. 500 million is available for setting-up ethanol plant. The facility tenor is five years including two years grace period on principal repayments from the date of first disbursement. The finance facility carries mark-up at 6-months KIBOR plus 1.50% per annum ; the effective mark-up rate charged by the bank during the period was 11.05% per annum. The finance facility is secured against joint pari passu registered hypothecation and mortgage charge of Rs. 667 million on all fixed assets of CSM.

14. TRADE AND OTHER PAYABLES

Note	Unaudited	Audited
	March 31, 2014	September 30, 2013
	(Rupees in thousand)	
Creditors	1,437,006	158,807
Due to Associated Companies	28,815	0
Accrued expenses	55,647	58,547
Retention money	18,299	9,034
Security deposits - interest free repayable on demand	3,510	3,047
Advances from customers	200,792	177,363
Income tax deducted at source	4,781	1,544
Gratuity payable to ex-employees	2,039	2,075
Workers' (profit) participation fund	3,046	3,046
Workers' welfare fund	11,633	11,633
Unclaimed dividends	6,997	6,997
Others	4,974	2,517
	<u>1,777,539</u>	<u>434,610</u>

15. CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing	13	160,117	220,117
Liabilities against assets subject to finance lease		11,317	5,658
		<u>171,434</u>	<u>225,775</u>

16. TAXATION

The Parent Company

- 16.1 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.
- 16.2 Provision for minimum tax payable under section 113 of 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.
- 16.3 As at March 31, 2014, deferred tax asset amounting Rs.44.343 million on unused tax losses has not been recognised on the grounds of prudence. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2014.

CSM

- 16.4 Except for the matter detailed in note 16.5, there has been no significant change in the status of taxation matters as reported in notes 30.3 to 30.10 to the preceding consolidated financial statements for the year ended September 30, 2013.
- 16.5 The Income Tax Department for the Tax Year 2012 has passed order for recovery of workers' welfare fund demand of Rs. 3.310 million. The appeal was unsuccessful at Commissioner Inland Revenue (Appeals) [CIR(A)] forum. CSM against the Commissioner's order has filed an appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication.
- 16.6 Provision made during the current period represents minimum tax due under section 113 and tax on export proceeds under section 154 of the Ordinance.
- 16.7 As at March 31, 2014, deferred tax asset amounting Rs. 201.818 million (September 30, 2013: Rs.176.020 million) on unused tax losses has not been recognised on the grounds of prudence. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2014. Deferred tax liability at the period-end / year-end represents deferred tax on surplus on revaluation of property, plant and equipment.

FSM

- 16.8 There has been no significant change in the status of taxation matters as reported in note 30.11 to the preceding consolidated financial statements for the year ended September 30, 2013.
- 16.9 Provision made during the current period represents tax on dividend income under section 5 of the Ordinance.

17. CONTINGENCIES AND COMMITMENTS

- 17.1 Commitments for irrevocable letters of credit outstanding as at March 31, 2014 were for Rs.104.613 million (September 30, 2013: Rs.543.482 million).
- 17.2 There has been no significant change in the status of contingencies as reported in the preceding consolidated financial statements for the year ended September 30, 2013.
- 17.3 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Parent Company outstanding as at March 31, 2014 were for Rs.75.040 million (September 30, 2013: Rs.10 million).These guarantees are valid upto May 26, 2014.
- 17.4 Bank Al-Habib Ltd., on behalf of the Parent Company, has issued guarantees aggregating Rs.9.747 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contracts for supply of 3,871 metric tons of sugar. These guarantees will expire on various dates by October 29, 2014.
- 17.5 One commercial bank (September 30, 2013: two commercial banks), on behalf of CSM, has issued guarantees aggregating Rs. 17.648 million (September 30, 2013: Rs.40.904 million) in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contracts for supply of 6,756 (September 30, 2013: 15,750) metric tons of sugar. These guarantees will expire on various dates by January 23, 2015.
- 17.6 CSM is contemplating to file an appeal before CIR(A) against the show cause notice dated February 28, 2014 for claiming input adjustment of Rs. 20.679 million in violation of SRO 490 (I)/2012.The Officer Inland Revenue, in response to CSM's appeal, has directed to pay Rs.1.550 million along with penalty and default surcharge.

18. OTHER INCOME

	Note	Unaudited Half year ended	
		March 31, 2014	March 31, 2013
Income from financial assets:			
Profit on bank deposits and saving accounts		3,370	6,346
Gain on redemption of short term investments		124	2,615
Fair value gain on re-measurement of short term investments		1,023	8,090
Exchange fluctuation gain on translation of export debtors		0	633
Dividend		811	1,826
Income from other than financial assets:			
Sale of press mud		2,880	3,178
Sale of beet pulp		10,000	0
Un-claimed payable balances written-back		153	0
Gain on sale of vehicles -net		261	787
Profit from fertilizer sales		1,827	181
Rent		4	4
Sale of seeds and agricultural produce		5,822	24,836
Sale of scrap		569	2,304
Subsidy claims on export of sugar		59,793	37,309
Excess recoveries of local clearing expenses incurred against export of sugar through Commission Agents		64,321	0
Miscellaneous		0	178
		150,958	88,287

19. TRANSACTIONS WITH RELATED PARTIES

19.1 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 half year were as follows:

- purchase of goods	83,815	53,456
- mark-up expensed	8,795	9,601

19.2 Trade and other payables include due to Associated Companies aggregating Rs. 28.815 million (September 30, 2013: Rs. Nil) whereas loans and advances include due from an Associated Company amounting Rs.19 thousand (September 30, 2013: Rs. 19 thousand).

19.3 (a) Mark-up on loans obtained from Associated Companies, during the period, was charged at the rates ranging from 10.44% to 11.63% (September 30, 2013: 10.26% to 11.68%) per annum.

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

20. EVENT AFTER THE REPORTING PERIOD

After one month of successful trial, CSM stopped operations of its Ethanol Fuel Plant; however, subsequent to this some persons drowned six kilometers away from the factory in the waste water drain. CSM, in order to resume its operation, is actively processing and contesting the matter at all forums.

21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on May 27, 2014 by the Board of Directors of the Parent Company.

22. CORRESPONDING FIGURES

22.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim consolidated balance sheet has been compared with the balances of annual audited consolidated financial statements of the preceding financial year whereas the condensed interim consolidated profit and loss account, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

22.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except for re-statement made in accordance with IAS 19 (revised) as reflected in note 4 to this condensed interim consolidated financial information.

The Chief Executive of the Parent Company is out of Pakistan and in his absence this condensed interim consolidated financial information has been signed by two Directors of the Parent Company as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR

DIRECTOR