



THE PREMIER SUGAR MILLS  
& DISTILLERY COMPANY LIMITED.  
MARDAN

QUARTERLY FINANCIAL STATEMENTS  
(UN-AUDITED)  
AS ON 30 JUNE, 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 Interim financial statements for the nine months ended 30 June, 2014 are being presented to the shareholders 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 Karachi and Islamabad Stock Exchanges.

**Sugarcane Season 2013-14**

The sugarcane crushing season 2013-14 commenced on 01 November, 2013, and continued till 21 March, 2014. The Mills crushed 117,589 tons (2013: 222,221 tons) of sugarcane to produce 10,402 tons (2013: 20,246 tons) of sugar.

**Financial performance**

During the past nine months, the Company has suffered loss of Rs. 20.088 million due to low sugar prices.

**Sugarbeet Operations**

The Company discontinued sugar productions from sugar beet as 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**

360,963 Gallons of Industrial Alcohol (2013: 399,590 Gallons) were produced during the period ended 30 June, 2014.

**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



**(ABBAS SARFARAZ KHAN)**  
CHIEF EXECUTIVE

**Mardan**  
22 July, 2014

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE ,2014 (UN-AUDITED)**

		June 30, 2014	Sep. 30, 2013
	Note	Un-audited (Rupees in thousand)	Audited and Re-stated
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	687,063	691,632
Investment property	7	32,773	33,889
Investments in related parties		170,006	170,006
Long term loan to Subsidiary Company		279,500	279,500
Security deposits		1,031	570
		<u>1,170,373</u>	<u>1,175,597</u>
<b>Current Assets</b>			
Stores and spares		112,637	132,195
Stock-in-trade		213,333	359,577
Trade debts		212,168	3,843
Loans and advances		30,508	16,990
Trade deposits and short term prepayments		1,098	1,703
Accrued profit		18,530	48
Other receivables		90,646	11,094
Sales tax refundable		6,993	0
Income tax refundable, advance income tax and tax deducted at source		56,490	43,792
Bank balances	8	94,475	92,062
		<u>836,878</u>	<u>661,304</u>
<b>Total Assets</b>		<u>2,007,251</u>	<u>1,836,901</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		(211,206)	(164,983)
		<u>726,295</u>	<u>772,518</u>
<b>Surplus on revaluation of property, plant and equipment</b>		314,670	334,201
<b>Non-current Liabilities</b>			
Liabilities against assets subject to finance lease	9	4,873	697
Staff retirement benefits - gratuity		13,133	12,060
		<u>18,006</u>	<u>12,757</u>
<b>Current Liabilities</b>			
Trade and other payables		80,706	162,411
Accrued mark-up on short term borrowings		22,411	13,798
Short term borrowings		822,650	523,489
Current portion of liabilities against assets subject to finance lease		1,839	200
Taxation	10	20,674	17,527
		<u>948,280</u>	<u>717,425</u>
<b>Contingencies and Commitments</b>	11		
		<u>2,007,251</u>	<u>1,836,901</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 QUARTER AND NINE MONTHS ENDED 30 JUNE, 2014**

Note	For the 3rd Quarter		Cumulative	
	April - June 2014	April - June 2013	Oct. - June 2014	Oct. - June 2013
	----- Rupees in thousand -----			
<b>Turnover - local</b>	22,376	475,771	468,704	1,441,056
<b>- export</b>	75,276	109,189	300,391	131,532
	<u>97,652</u>	<u>584,960</u>	<u>769,095</u>	<u>1,572,588</u>
<b>Less : Sales Tax</b>	1,685	38,214	23,644	111,931
	<u>95,967</u>	<u>546,746</u>	<u>745,451</u>	<u>1,460,657</u>
<b>Cost of Sales</b>	103,120	495,185	834,363	1,430,440
<b>Gross (Loss) / profit</b>	(7,153)	51,561	(88,912)	30,217
<b>Distribution Cost</b>	1,778	2,167	3,560	6,259
<b>Administrative Expenses</b>	10,759	16,071	34,144	51,896
<b>Other Operating Expenses</b>	25	1,727	5,157	1,727
	<u>12,562</u>	<u>19,965</u>	<u>42,861</u>	<u>59,882</u>
	<u>(19,715)</u>	<u>31,596</u>	<u>(131,773)</u>	<u>(29,665)</u>
<b>Other Income</b>	25,198	62,237	122,256	121,989
<b>Profit / (loss) from Operations</b>	5,483	93,833	(9,517)	92,324
<b>Finance Cost</b>	24,777	17,744	53,088	59,503
<b>(Loss) / profit before Taxation</b>	(19,294)	76,089	(62,605)	32,821
<b>Taxation</b>				
- Current	794	14,490	3,148	15,125
- Deferred	0	(6,546)	0	(4,569)
	<u>794</u>	<u>7,944</u>	<u>3,148</u>	<u>10,556</u>
<b>(Loss) / profit after Taxation</b>	(20,088)	68,145	(65,753)	22,265
<b>Other Comprehensive Income</b>	0	0	0	0
<b>Total Comprehensive (Loss) / profit for the Period</b>	<u>(20,088)</u>	<u>68,145</u>	<u>(65,753)</u>	<u>22,265</u>
	----- Rupees -----			
<b>(Loss) / earning per Share</b>	(5.36)	18.17	(17.53)	5.94

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 PERIOD ENDED 30 JUNE, 2014**

	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
(Loss) / profit for the period - before taxation	(62,605)	32,821
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	40,110	43,424
Depreciation on investment property	1,116	1,217
Gain on sale of a vehicle	0	(423)
Gain on sale of free-hold land	0	(29,997)
Gain on sale of fixed assets	(14,505)	0
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	(25,372)	(29,086)
Staff retirement benefits - gratuity (net)	1,073	(17,108)
Finance cost	51,518	54,517
<b>(Loss) / profit before working capital changes</b>	<b>(8,796)</b>	<b>55,365</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	19,558	(8,221)
Stock-in-trade	146,244	(148,092)
Trade debts	(208,325)	(2,616)
Loans and advances	(13,540)	(17,477)
Trade deposits and short term prepayments	605	1,618
Other receivables	(79,552)	2,642
Sales tax -net	(6,993)	25,797
(Decrease) / increase in trade and other payables	(81,536)	416,546
	<u>(223,539)</u>	<u>270,197</u>
<b>Cash (used in) / generated from operations</b>	<b>(232,335)</b>	<b>325,562</b>
Income tax paid	(12,699)	(6,438)
Security deposits	(461)	0
<b>Net cash (used in) / generated from operating activities</b>	<b>(245,495)</b>	<b>319,124</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(35,597)	(92,024)
Sale proceeds of a vehicle	0	450
Sale proceeds of free-hold land	0	30,000
Sale proceeds of fixed assets	14,561	0
Mark-up on loan to a Subsidiary Company and profit / mark-up on bank deposits received	6,890	20,731
Balance of long term loan received-back from Subsidiary Company	0	23,000
Short term investments redeemed	0	65,749
<b>Net cash (used in) / generated from investing activities</b>	<b>(14,146)</b>	<b>47,906</b>
<b>Cash flow from financing activities</b>		
Short term borrowings - net	299,161	(256,771)
Finance cost paid	(42,905)	(65,775)
Dividends paid	(17)	(14)
Lease finances - net	5,815	0
<b>Net cash generated from / (used in) financing activities</b>	<b>262,054</b>	<b>(322,560)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,413</b>	<b>44,470</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>92,062</b>	<b>83,000</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>94,475</b>	<b>127,470</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE, 2014**

	Reserves			Accumul- ated loss	Total
	Capital	Revenue			
Share capital	Share redemption	General	Sub-total		
----- 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	(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
<b>Total comprehensive income for the period</b>					
Income after taxation for the nine months ended June 30, 2013	0	0	0	0	22,265
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	21,278
Balance as at June 30, 2013 (un-audited and re-stated)	37,500	1 900,000	900,001	(109,152)	828,349
<b>Total comprehensive loss for the period</b>					
Loss for the period from 1st July to September 30, 2013	0	0	0	0	(62,593)
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	7,093
Effect of change in accounting policy (note 4)	0	0	0	0	(331)
Balance as at September 30, 2013 (audited and re-stated)	37,500	1 900,000	900,001	(164,983)	772,518
<b>Total comprehensive loss for the period</b>					
Loss after taxation for the nine months ended June 30, 2014	0	0	0	0	(65,753)
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	19,530
Balance as at June 30, 2014	37,500	1 900,000	900,001	(211,206)	726,295

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE, 2014**

**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, 2013.

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**

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, 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 unappropriated profit 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	Accumul- ated 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			
- 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 differences in respect of available unused tax losses	0	801	(801)
	<u>12,060</u>	<u>0</u>	<u>(164,983)</u>

**5. ACCOUNTING ESTIMATES AND JUDGEMENT**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended September 31, 2013.

**6. PROPERTY, PLANT AND EQUIPMENT**

	Un-audited Half-year ended March 31, 2014	Audited Year ended Sep. 30, 2013
Note	(Rupees in thousand)	
Operating fixed assets	<b>6.1</b> 543,003	573,857
Capital work-in-progress	<b>6.2</b> 144,060	117,775
	<u><b>687,063</b></u>	<u>691,632</u>

**6.1 Operating fixed assets**

	Un-audited Period ended June 30, 2014 (Rupees in thousand)	Audited Year ended Sep. 30, 2013
Book value at the beginning of the period / year	573,857	619,135
Additions during the period / year :		
- buildings on freehold land	0	2,224
- plant and machinery	1,430	1,255
- furniture, fittings & office equipment	341	3,136
- railway rolling stock and vehicles	0	5,297
- leased plant and machinery	5,700	0
- leased vehicles	1,841	1,060
	9,312	12,972
Book value of assets disposed-off during the period /year	(56)	(30)
Depreciation charge for the period / year	(40,110)	(58,220)
Book value at the end of the period / year	<u>543,003</u>	<u>573,857</u>

**6.2 Capital work-in-progress**

Buildings on freehold land	1,429	1,393
Plant and machinery	129,580	105,407
Furniture, fittings & office equipment	13,051	10,975
	<u>144,060</u>	<u>117,775</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. INVESTMENT PROPERTY**

Opening book value	33,889	35,298
Addition during the period / year	0	215
Depreciation charge for the period / year	1,116	1,624
Closing book value	<u>32,773</u>	<u>33,889</u>

**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 18.5 to the preceding published financial statements of the Company for the year ended September 30, 2013.

**9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured**

The Company has entered into lease agreements with Bank Al-Habib Limited and MCB Bank Limited for lease of vehicle and 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 lease terms. The lease finance facilities are secured against title of the leased vehicle in the name of lessors, lien over generator and demand promisory note.

**10. TAXATION**

10.1 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.

10.2 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. CONTINGENCIES AND COMMITMENTS**

11.1 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, 2013.

11.2 Guarantees given to Sui Northern Gas Pipelines Ltd. by various commercial banks on behalf of the Company outstanding as at June 30, 2014 were for Rs.10 million (September 30, 2013: Rs.10 million). These guarantees are valid upto May 26, 2015.

11.3 Bank Al-Habib Ltd., on behalf of the Company, has issued a guarantee for Rs.9.747 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contract for supply of 3,871 metric tons of sugar. This guarantee will expire on October 29, (revised) as reflected in note 4 to this condensed interim financial information.

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on July 22, 2014 by the Board of Directors of the Company.

**13. GENERAL**

13.1 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 except for re-statement made in accordance with IAS 19 (revised) as reflected in note 4 to this condensed interim financial information.

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

  
CHIEF EXECUTIVE

  
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED  
QUARTERLY FINANCIAL STATEMENTS  
(UN-AUDITED)  
AS ON 30 JUNE, 2014**

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

The directors are pleased to present the nine months consolidated financial statements for the period ended on 30 June, 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. 128.564 million and The Frontier Sugar Mills & Distillery Limited suffered loss of Rs. 8.053 million.

**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. The Frontier Sugar Mills & Distillery Limited could not operate and remained closed during the season due to the diversion of sugarcane towards tax free gur industry.

**Customer's Support and Staff Relations**

We thank our valued customers for their continued feedback and recognize the role 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

  
**(ABBAS SARFARAZ KHAN)**  
CHIEF EXECUTIVE

**Mardan**  
22 July, 2014

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
**AS AT 30 JUNE ,2014**

	Unaudited June 30, 2014	Audited and Re-stated Sep 30, 2013
	Note	(Rupees in thousand)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	6,745,058	5,801,657
Intangible assets	263	0
Investment property	32,773	33,889
Long term investments	83,158	72,676
Security deposits	5,227	4,666
	<u>6,866,479</u>	<u>5,912,888</u>
<b>Current Assets</b>		
Stores and spares	427,609	625,935
Stock-in-trade	2,955,167	1,678,245
Trade debts	816,556	323,360
Loans and advances	389,992	171,538
Trade deposits, short term prepayments and other receivables	240,357	101,408
Accrued profit / mark-up on bank deposits	1,167	1,021
Sales tax refundable	174,437	25,261
Income tax refundable, advance income tax and tax deducted at source	224,396	126,050
Short term investments	26,923	31,025
Cash and bank balances	359,818	159,548
	<u>5,616,422</u>	<u>3,243,391</u>
<b>TOTAL ASSETS</b>	<u>12,482,901</u>	<u>9,156,279</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	1,029,900	1,021,438
Accumulated loss	(75,587)	(25,952)
<b>Equity Attributable to Equity Holders of the Parent Company</b>	991,813	1,032,986
<b>Non-controlling Interest</b>	303,067	300,314
	<u>1,294,880</u>	<u>1,333,300</u>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	2,255,083	2,408,551
<b>Non-current Liabilities</b>		
Long term finances	1,994,049	911,845
Loans from Associated Companies	157,500	157,500
Liabilities against assets subject to finance lease	22,911	9,667
Deferred taxation	844,640	913,125
Staff retirement benefits - gratuity	15,635	14,396
	<u>3,034,735</u>	<u>2,006,533</u>
<b>Current Liabilities</b>		
Trade and other payables	558,255	434,610
Accrued mark-up	196,177	134,034
Short term borrowings	4,868,412	2,522,957
Current portion of non-current liabilities	136,659	225,775
Dividends payable to non-controlling interest	3,848	3,848
Taxation	134,852	86,671
	<u>5,898,203</u>	<u>3,407,895</u>
<b>Contingencies and Commitments</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>12,482,901</u>	<u>9,156,279</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE, 2014**

	For the 3rd Quarter		Cumulative	
	April - June 2014	April - June 2013	Oct - June 2014	Oct - June 2013
	----- Rupees in thousand -----			
<b>Sales</b> (local and export)	705,199	2,306,573	5,490,483	6,963,749
<b>Less: Sales Tax</b>	(12,310)	(85,961)	(50,717)	(350,515)
<b>Sales - net</b>	<u>692,889</u>	<u>2,220,612</u>	<u>5,439,766</u>	<u>6,613,234</u>
<b>Cost of Sales</b>	(494,993)	(1,981,407)	(5,323,843)	(6,097,108)
<b>Gross Profit</b>	<u>197,896</u>	<u>239,205</u>	<u>115,923</u>	<u>516,126</u>
<b>Distribution Cost</b>	(9,916)	(33,243)	(57,988)	(71,171)
<b>Administrative Expenses</b>	(52,895)	(46,988)	(172,856)	(175,177)
<b>Other Income</b>	19,870	70,356	170,828	158,643
<b>Other Expenses</b>	(1,030)	(2,478)	(6,187)	(4,190)
<b>Profit from Operations</b>	<u>153,925</u>	<u>226,852</u>	<u>49,720</u>	<u>424,231</u>
<b>Finance Cost</b>	(146,091)	(142,123)	(272,312)	(351,991)
	<u>7,834</u>	<u>84,729</u>	<u>(222,592)</u>	<u>72,240</u>
<b>Share of Profit from Associated Companies</b>	153	183	212	1,088
<b>Profit / (loss) before Taxation</b>	<u>7,987</u>	<u>84,912</u>	<u>(222,380)</u>	<u>73,328</u>
<b>Taxation</b>				
Group				
- Current	(6,116)	(39,900)	(48,263)	(65,524)
- Deferred	22,828	17,994	68,485	38,914
	<u>16,712</u>	<u>(21,906)</u>	<u>20,222</u>	<u>(26,610)</u>
Associated Companies	(6)	(19)	(7)	(1,560)
	<u>16,706</u>	<u>(21,925)</u>	<u>20,215</u>	<u>(28,170)</u>
<b>Profit / (loss) after Taxation</b>	<u>24,693</u>	<u>62,987</u>	<u>(202,165)</u>	<u>45,158</u>
<b>Other Comprehensive Income / (Loss)</b>				
Fair value (loss) / gain on available-for-sale investments	(3,708)	2,029	10,259	1,169
Share of other comprehensive income from Associated Companies	6	0	16	23
<b>Total Comprehensive Income / (Loss)</b>	<u>20,991</u>	<u>65,016</u>	<u>(191,890)</u>	<u>46,350</u>
<b>Attributable to:</b>				
- Equity holders of the Parent Company	(1,428)	66,431	(127,958)	32,209
- Non-controlling interest	22,419	(1,415)	(63,932)	14,141
	<u>20,991</u>	<u>65,016</u>	<u>(191,890)</u>	<u>46,350</u>
	----- Rupees -----			
<b>Combined Earning / (loss) per Share</b>	<u>0.61</u>	<u>17.17</u>	<u>(36.38)</u>	<u>8.27</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**

**CONDENSED INTERIM CONSOLIDATED  
CASH FLOW STATEMENT (UN-AUDITED)**

**FOR THE PERIOD ENDED 30 JUNE, 2014**

	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
(Loss) / profit for the period - before taxation	(222,380)	73,328
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	335,450	241,421
Depreciation on investment property	1,116	1,002
Amortisation of intangible assets	87	75
Profit from Associated Companies - net	(212)	(1,088)
Profit on bank deposits and saving accounts	(1,521)	(8,976)
Staff retirement benefits - gratuity (net)	1,239	(17,292)
Un-claimed payable balances written-back	(153)	0
Gain on sale of operating fixed assets -net	(15,073)	(787)
Gain on sale of free-hold land	0	(29,997)
Gain on redemption of short term investments	(124)	(1,698)
Gain on re-measurement of short term investments to fair value	(1,573)	(10,949)
Uncollectible receivable balances written-off	22	0
Dividend income	(811)	(1,826)
Finance cost	272,312	351,991
<b>Profit before working capital changes</b>	<b>368,379</b>	<b>595,204</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Stores and spares	198,326	22,746
Stock-in-trade	(1,276,922)	(1,520,567)
Trade debts	(493,218)	(419,190)
Loans and advances	(218,454)	(365)
Trade deposits, short term prepayments and other receivables	(138,949)	(24,109)
Sales tax -net	(149,176)	(7,805)
<b>Increase in trade and other payables</b>	<b>123,816</b>	<b>362,219</b>
	(1,954,577)	(1,587,071)
<b>Cash used in operations</b>	<b>(1,586,198)</b>	<b>(991,867)</b>
Income tax paid	(98,428)	(37,905)
Security deposits	(561)	0
<b>Net cash used in operating activities</b>	<b>(1,685,187)</b>	<b>(1,029,772)</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(1,281,526)	(558,176)
Sale proceeds / insurance claims of vehicles	17,748	2,489
Sale proceeds of fee-hold land	0	30,000
Intangible assets	(350)	0
Short term investments -net	5,799	71,722
Dividends received	811	1,826
Profit on bank deposits and saving accounts	1,375	621
<b>Net cash used in investing activities</b>	<b>(1,256,143)</b>	<b>(451,518)</b>
<b>Cash flow from financing activities</b>		
Long term finances - net	987,204	77,067
Installments of loans obtained from Associated Companies repaid	0	(2,358)
Lease finances - net	19,128	237
Short term borrowings - net	2,345,455	1,735,224
Finance cost paid	(210,169)	(313,682)
Dividend paid	(18)	(18)
<b>Net cash generated from financing activities</b>	<b>3,141,600</b>	<b>1,496,470</b>
<b>Net increase in cash and cash equivalents</b>	<b>200,270</b>	<b>15,180</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>159,548</b>	<b>192,128</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>359,818</b>	<b>207,308</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 PERIOD ENDED 30 JUNE, 2014**

	----- Attributable to equity holders of the Parent Company -----							Non-controlling interest	Total equity
	Share capital	Reserves		Sub-total	Accumul-ated Loss	Total			
		Capital	Revenue						
	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
<b>Total comprehensive income / (loss)</b>									
Income for the period ended June 30, 2013	0	0	0	0	0	31,222	31,222	13,936	45,158
Other comprehensive income	0	0	0	964	964	23	987	205	1,192
	0	0	0	964	964	31,245	32,209	14,141	46,350
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	8	8	0	8
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	54,048	54,048	32,102	86,150
Balance as at June 30, 2013	37,500	1	1,010,537	12,717	1,023,255	16,608	1,077,363	288,767	1,366,130
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
<b>Total comprehensive income / (loss)</b>									
(Loss) / income for the period ended June 30, 2014	0	0	0	0	0	(136,434)	(136,434)	(65,731)	(202,165)
Other comprehensive income	0	0	0	8,462	8,462	16	8,478	1,799	10,277
	0	0	0	8,462	8,462	(136,418)	(127,956)	(63,932)	(191,888)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	2	2	0	2
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	86,781	86,781	66,685	153,466
Balance as at June 30, 2014	37,500	1	1,010,537	19,362	1,029,900	(75,587)	991,813	303,067	1,294,880

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 PERIOD ENDED 30 JUNE, 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	12,980	913,125	(24,372)
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. TAXATION

- 5.1 There has been no significant change in the status of taxation matters as reported in note 26 to the preceding published financial statements of the Company for the year ended September 30, 2013.
- 5.2 Provision for the current period represents minimum tax due under section 113 and tax payable on export sales under section 154 of the Income Tax Ordinance, 2001.

## 6. CONTINGENCIES AND COMMITMENTS

- 6.1 Commitments for irrevocable letters of credit outstanding as at June 30, 2014 were for Rs.104.613 million (September 30, 2013: Rs.543.482 million).
- 6.2 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.
- 6.3 Guarantees given to Sui Northern Gas Pipelines Ltd. by various commercial banks on behalf of the Company outstanding as at June 30, 2014 were for Rs.10 million (September 30, 2013: Rs.10 million). These guarantees are valid upto May 26, 2015.
- 6.4 Bank Al-Habib Ltd., on behalf of the Company, has issued a guarantee for Rs.9.747 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contract for supply of 3,871 metric tons of sugar. This guarantee will expire on October 29, 2014.
- 6.5 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.
- 6.6 During the current period, CSM received notice, for claiming input adjustment of Rs. 20.679 million in violation of SRO 490 (I)/2012, against which appeal is to be filed with CIR(A).

## 7. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorised for issue on July 22, 2014 by the Board of Directors of the Parent Company.

## 8. CORRESPONDING FIGURES

Figures in the financial statements have been rounded-off to the nearest Thousand Rupees except stated otherwise and corresponding figures have been re-arranged wherever necessary.



CHIEF EXECUTIVE



DIRECTOR