

# *Half Yearly Report*

*Condensed Interim  
Financial Statements (Un-Audited)  
For the Half Year Ended  
March 31, 2013*

*Purity Redefined*



**AL-ABBAS SUGAR MILLS LIMITED**



**AL-ABBAS | SUGAR** Mills  
Limited





## Contents

Company Information	4
Directors' Review Report	5
Auditors' Report to the Members on Review of Condensed Interim Financial Information	8
Condensed Interim Balance Sheet (Un-audited)	9
Condensed Interim Profit and Loss Account (Un-audited)	10
Condensed Interim Statement of Comprehensive Income (Un-audited)	11
Condensed Interim Cash Flow Statement (Un-audited)	12
Condensed Interim Statement of Changes in Equity (Un-audited)	13
Notes to the Condensed Interim Financial Statements (Un-audited )	14



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive Officer
Ali Jehangir Siddiqui	Director
Asim Ghani	Director
Asma Aves Cochinwala	Director
Darakshan Ghani	Director
Duraid Qureshi	Director
Sayyed Rafay Akber Rashdi	Director
Suleman Lalani	Director

### COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Zuhair Abbas-ACA

### AUDIT COMMITTEE

Sayyed Rafay Akber Rashdi	Chairman
Darakshan Ghani	Member
Duraid Qureshi	Member
Safar Ali - ACA	Secretary

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Duraid Qureshi	Chairman
Asim Ghani	Member
Darakshan Ghani	Member
Sayyed Rafay Akber Rashdi	Member

### BANKERS

Allied Bank Limited  
Bank Alfalah Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Metro Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Pak Brunei Investment Company Limited  
Pak Oman Investment Company Limited  
Silkbank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

### STATUTORY AUDITORS

Hyder Bhimji & Co. Chartered Accountants

### COST AUDITORS

Haroon Zakaria & Co. Chartered Accountants

### REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,  
R.Y. 16, Old Queens Road, Karachi – 74000  
Tel: 92-21-111-111-224  
Fax: 92-21-32470090  
Website: www.aasml.com

### SHARE REGISTRAR OFFICE

CDC House-99B, Block 'B', S.M.C.H.S  
Main Shahra-e-Faisal, Karachi-74400

### FACTORIES LOCATIONS

- 1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
- 2) Main National Highway, Dhabeji, Sindh



## DIRECTORS' REVIEW REPORT

The directors are pleased to present the condensed interim financial statements for the six months ended March 31, 2013.

The financial results of the Company for the period under review compared with the corresponding period are summarized below:

	Six months ended March 31, 2013	Six months ended March 31, 2012
(Rupees in thousands)		
Operating profit	<b>381,949</b>	381,773
Other operating income	<b>31,029</b>	16,386
	<b>412,978</b>	398,159
Finance costs	<b>(122,198)</b>	(138,019)
Profit before taxation	<b>290,780</b>	260,140
Provision for taxation	<b>(21,533)</b>	(36,265)
Profit after taxation	<b>269,247</b>	223,875
Basic earnings per share (Rupees)	<b>15.51</b>	12.89

During the period under review, your Company has earned a profit after tax of Rs. 269.247 million as compared to the profit of Rs. 223.875 million of the corresponding period of last year. The main reasons for improved performance are highlighted below in segment wise results.

### OPERATING SEGMENT RESULTS

The division wise performance is presented below:

#### Sugar Division

The financial and operational performance of sugar division is given below:

#### Financial performance

	Six months ended March 31, 2013	Six months ended March 31, 2012
(Rupees in thousands)		
Sales - net off Sales Tax, FED and SED	<b>1,344,604</b>	1,521,492
Cost of sales	<b>(1,190,050)</b>	(1,296,235)
Gross profit	<b>154,554</b>	225,257
Distribution cost	<b>(48,218)</b>	(53,810)
Administrative expenses	<b>(36,493)</b>	(33,721)
Segment operating result	<b>69,843</b>	137,726

#### Operational performance

	2012-13	2011-12
Date of start of season	<b>November 28,</b> 2012	December 9, 2011
No. of days worked	<b>92</b>	93
Crushing (M. Tons)	<b>503,178</b>	402,317
Production from sugarcane (M. Tons)	<b>52,727</b>	39,479
Sales (M. Tons)	<b>26,117</b>	25,895
Recovery (%)	<b>10.48</b>	9.83



The Crushing operations for 2012-13 season commenced from November 28, 2012 with better availability of quality sugarcane in the region. However, increase of sugarcane support price by 12% to Rs. 172 per maund, heavy competition in the vicinity, suppressed sugar sales prices both locally and internationally resulted in the shrinkage in financial performance. The timely decision to allow export of sugar without quota and procurement by Trading Corporation of Pakistan (TCP) for maintaining strategic stock bode positively for the division.

The operational performance on the other hand improved significantly. The plant operated for 92 days ending on February 27, 2013 as against 93 days of preceding season. The Sugarcane crushed during the current season was 503,178 M.Tons with average sucrose recovery of 10.48% and sugar production of 52,727 M.Tons as compared with crushing of 402,317 M.Tons with average sucrose recovery of 9.83% and sugar production of 39,479 M.Tons of same period of last year.

#### Ethanol Division

The financial and operational performance of ethanol division is given below:

#### Financial Performance

	Six months ended March 31, 2013	Six months ended March 31, 2012
	(Rupees in thousands)	
Sales - net off Sales Tax, FED and SED	<b>1,868,064</b>	1,278,510
Cost of sales	<b>(1,413,770)</b>	(904,471)
Gross profit	<b>454,294</b>	374,039
Distribution cost	<b>(53,961)</b>	(41,105)
Administrative expenses	<b>(24,329)</b>	(22,480)
Segment operating result	<b><u>376,004</u></b>	<u>310,454</u>

The operational data is given below:

Operational performance	2012-13	2011-12
Production (M.Tons) - Unit I and II	<b>18,347</b>	18,591
Sales (M.Tons)	<b>23,899</b>	15,128

During the period under review, this division produced 18,347 M.Tons ethanol as compared to corresponding period of 18,591 M.Tons showing a slight decrease. The timely dispatch of ethanol due to better availability of vessels and stable ethanol prices resulted in improved operating profit to Rs. 376.004 million as compared to the profit of Rs. 310.454 million in the same period of last year. The Company also achieved the storage capacity utilization of approx. 75% at Tank Terminal - Kemari.

#### Power, Chemical and Alloys Division

The operations for the chemical division remained suspended during the period under review and the division has incurred operating segment loss of Rs. 14.645 million as compared to loss of Rs. 31.084 million for the same period last year, comprising mainly of non-cash fixed charge of depreciation expense of Rs. 9.464 million and provision against trade debts of Rs. 7.469 million.



The operations for the power division remained suspended during the period under review and the division has incurred operating segment loss of Rs. 6.512 million as compared to the segment loss of Rs. 7.692 million in corresponding period, comprising mainly of non-cash fixed charge of depreciation expense of Rs. 6.328 million.

#### **Comments on Auditor's Report**

As fully explained in note 8.1.2 to these financial statements, during the period, a Suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi by Mr. Suleman Lalani, (non-executive and minority Director) against the Company and 9 others alleging mismanagement in the Company's affairs. The Company and its management have denied all allegations of the plaintiff and are of the view that no inference is likely to materialize in the Suit and there is no financial exposure of the Company in the matter.

#### **FUTURE PROSPECTS**

The future outlook of our sugar segment entirely depends on local selling prices. The arrival of Holy month of Ramadan in upcoming quarter will surge sugar demand and may result in fetching higher prices. Furthermore, the Government incentive scheme to reduce Federal Excise Duty rate for local sales quantity against the export of sugar may bring positive result for the Company.

The expected ethanol shipment and achieving full operations of tank terminal in the upcoming quarters will improve the financial performance of the ethanol division and the overall profitability of the Company.

The Pak-rupee depreciation, stability in discount rate, scheduled repayment of long term loan and saving of precious finance cost may add to the bottom line of the Company.

As a whole, your Company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the productivity in all its divisions and overall profitability of the Company.

#### **ACKNOWLEDGEMENT**

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every staff member of the Company for significant contribution in delivering such a strong performance. We would also like to express our thanks to the customers for their trust in our products and look forward for their continued patronage. We also thank our shareholders, banks and financial institution for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming periods. May Allah bless us in our efforts. A'meen!

On behalf of Board of Directors

**Shunaid Qureshi**  
Chief Executive Officer

Karachi: **May 31, 2013**





## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **INTRODUCTION:**

We have reviewed the accompanying condensed interim balance sheet of **AL-ABBAS SUGAR MILLS LIMITED** as of March 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for quarters ended March 31, 2013 and March 31, 2012 have not been reviewed, as we were required to review only the cumulative figures for the half year ended March 31, 2013.

### **SCOPE OF REVIEW:**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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.

### **CONCLUSION:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended on March 31, 2013, is not prepared, in all material respects, in accordance with approved Accounting Standards as applicable in Pakistan.

### **EMPHASIS OF MATTER:**

We draw attention to Note 8.1.2 of the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Company and others by a non-executive Director of the Company and no consequential impact has been accounted for in the financial statements. Our opinion is not qualified in respect of this matter.

**HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Shaikh M. Tanvir

Karachi: **May 31, 2013**



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2013**

	Note	March 31, 2013 Un-audited	September 30, 2012 Audited	September 30, 2011 Audited
(Rupees in thousand)				
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	6	2,034,260	2,050,515	1,998,595
Investment property		495	521	579
Intangible assets		1	1	613
Long term loans and advances		3,643	3,816	3,404
Long term deposits		9,814	9,557	11,127
Long term investments		23,624	20,979	9,114
Deferred tax asset	7	31,288	27,135	14,586
		<u>2,103,125</u>	<u>2,112,524</u>	<u>2,038,018</u>
<b>CURRENT ASSETS</b>				
Stores and spares		162,992	130,512	153,152
Stock-in-trade		2,602,913	1,471,452	2,430,743
Trade debts		541,940	305,336	487,536
Loans and advances		504,351	618,764	170,399
Trade deposits and short term prepayments		26,423	45,935	1,012
Other receivables		36,552	30,122	19,600
Short term investments		21,625	30,115	10,000
Accrued income		482	956	416
Cash and bank balances		185,232	6,973	18,179
		<u>4,082,510</u>	<u>2,640,165</u>	<u>3,291,037</u>
<b>Total assets</b>		<u><b>6,185,635</b></u>	<u><b>4,752,689</b></u>	<u><b>5,329,055</b></u>
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized capital 17,500,000 Ordinary shares of Rs. 10 each		<u>175,000</u>	<u>175,000</u>	<u>175,000</u>
Issued, subscribed and paid-up capital		<u>173,623</u>	<u>173,623</u>	<u>173,623</u>
Reserves		<u>1,756,534</u>	<u>1,554,091</u>	<u>1,207,941</u>
<b>Shareholders' equity</b>		<u><b>1,930,157</b></u>	<u><b>1,727,714</b></u>	<u><b>1,381,564</b></u>
<b>NON-CURRENT LIABILITIES</b>				
Long term financing		<u>104,545</u>	<u>214,094</u>	<u>433,791</u>
Deferred liability		<u>56,646</u>	<u>51,614</u>	<u>47,591</u>
		<u>161,191</u>	<u>265,708</u>	<u>481,382</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		<u>927,153</u>	<u>977,229</u>	<u>1,588,808</u>
Accrued mark-up		<u>64,369</u>	<u>41,480</u>	<u>84,026</u>
Short term borrowings		<u>2,870,522</u>	<u>1,508,015</u>	<u>1,548,977</u>
Current maturity of non-current liabilities		<u>219,397</u>	<u>219,697</u>	<u>219,697</u>
Provision for taxation		<u>12,846</u>	<u>12,846</u>	<u>24,601</u>
		<u>4,094,287</u>	<u>2,759,267</u>	<u>3,466,109</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8			
<b>Total equity and liabilities</b>		<u><b>6,185,635</b></u>	<u><b>4,752,689</b></u>	<u><b>5,329,055</b></u>

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

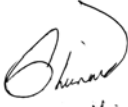
  
Shunaid Qureshi  
Chief Executive

  
Asim Ghani  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2013**

	Six months period ended		Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
(Rupees in thousand)				
Sales - net off Sales				
Tax, FED and SED	<b>3,212,668</b>	2,810,229	<b>2,160,206</b>	1,362,730
Cost of sales	<b>(2,627,971)</b>	(2,249,709)	<b>(1,714,084)</b>	(922,894)
<b>Gross profit</b>	<b>584,697</b>	560,520	<b>446,122</b>	439,836
Distribution cost	<b>(102,179)</b>	(94,915)	<b>(66,947)</b>	(74,405)
Administrative expenses	<b>(60,822)</b>	(56,201)	<b>(32,517)</b>	(29,072)
Other operating expenses and loss from terminal operations	<b>(39,747)</b>	(27,631)	<b>(26,063)</b>	(20,674)
	<b>(202,748)</b>	(178,747)	<b>(125,527)</b>	(124,151)
<b>Operating profit</b>	<b>381,949</b>	381,773	<b>320,595</b>	315,685
Finance cost	<b>(122,198)</b>	(138,019)	<b>(76,691)</b>	(67,983)
Other operating income	<b>31,029</b>	16,386	<b>22,697</b>	13,722
<b>Profit before taxation</b>	<b>290,780</b>	260,140	<b>266,601</b>	261,424
Taxation	<b>(21,533)</b>	(36,265)	<b>(15,182)</b>	(17,772)
<b>Profit after taxation</b>	<b>269,247</b>	223,875	<b>251,419</b>	243,652
<b>Earning per share -</b>	<b>(Rupees)</b>			
<b>For the period ended -</b>				
<b>Basic and diluted</b>	<b>15.51</b>	12.89	<b>14.48</b>	14.03

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

  
Shunaid Qureshi  
Chief Executive

  
Asim Ghani  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2013

	Six months period ended		Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in thousand)			
Profit after taxation	<b>269,247</b>	223,875	<b>251,419</b>	243,652
<b>Other comprehensive income</b>				
Unrealised gain on re-measurement of available for sale investments	<b>2,645</b>	6,624	<b>1,152</b>	4,258
<b>Total comprehensive income for the period</b>	<b><u>271,892</u></b>	<u>230,499</u>	<b><u>252,571</u></b>	<u>247,910</u>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2013**

	Note	Six months period ended	
		March 31, 2013	March 31, 2012
		(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
Cash used in operations	9	(807,483)	(275,766)
Financial charges paid		(99,309)	(155,280)
Taxes paid		(45,034)	(44,770)
		<u>(144,343)</u>	<u>(200,050)</u>
Net cash used in operating activities		(951,826)	(475,816)
<b>Cash flows from investing activities</b>			
Capital expenditure on property, plant and equipment		(55,715)	(24,957)
Proceeds from disposal of property, plant and equipment		974	1,700
Proceeds from sales of non-current assets held for sale		-	19,308
Interest / markup received		1,701	1,279
Long term loans and advances		173	(880)
Long term deposits		(257)	(201)
Net cash used in investing activities		(53,124)	(3,751)
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(109,849)	(109,849)
Dividend paid		(69,449)	(86,812)
Short term borrowings - net		1,362,507	671,068
Net cash generated from financing activities		<u>1,183,209</u>	<u>474,407</u>
Net increase / (decrease) in cash and cash equivalents		178,259	(5,160)
Cash and cash equivalents at beginning of the period		6,973	18,179
Cash and cash equivalents at the end of the period		<u>185,232</u>	<u>13,019</u>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director




**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2013

	Issued, subscribed and paid-up capital	Revenue reserves		Fair value reserve on remeasurement of available for sale investment	Total reserves	Total shareholder's equity
		General reserve	Unappropriated profit			
<b>Balance as at October 01, 2011</b>	173,623	458,000	777,192	(27,251)	1,207,941	1,381,564
<b>Total comprehensive income for the period</b>	-	-	223,875	-	223,875	223,875
Profit for the Period	-	-	6,624	-	6,624	6,624
Other comprehensive income	-	-	223,875	6,624	230,499	230,499
<b>Transactions with owners</b>	-	-	(86,812)	-	(86,812)	(86,812)
Final Dividend 2011: Rs. 5 per share	-	-	(86,812)	-	(86,812)	(86,812)
<b>Balance as at March 31, 2012</b>	<b>173,623</b>	<b>458,000</b>	<b>914,255</b>	<b>(20,627)</b>	<b>1,351,628</b>	<b>1,525,251</b>
<b>Balance as at October 01, 2012</b>	173,623	458,000	1,111,477	(15,386)	1,554,091	1,727,714
<b>Transfer to general reserve</b>	-	1,000,000	(1,000,000)	-	-	-
<b>Total comprehensive income for the period</b>	-	-	269,247	-	269,247	269,247
Profit for the Period	-	-	-	2,645	2,645	2,645
Other comprehensive income	-	-	269,247	-	269,247	269,247
<b>Transactions with owners</b>	-	-	(69,449)	-	(69,449)	(69,449)
Final Dividend 2012: Rs. 4 per share	-	-	(69,449)	-	(69,449)	(69,449)
<b>Balance as at March 31, 2013</b>	<b>173,623</b>	<b>1,458,000</b>	<b>311,275</b>	<b>(12,741)</b>	<b>1,756,534</b>	<b>1,930,157</b>

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

  
Shunaid Qureshi  
Chief Executive

  
Asim Ghani  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2013****1 THE COMPANY AND ITS OPERATIONS**

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi Stock Exchange. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16. Old Queens Road, Karachi, Pakistan. The principal activities of the Company under following business segments / divisions comprises of :

S.NO	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Power, chemical and alloys Division	Manufacturing and sales of Calcium Carbide, Ferro alloys, *Generation and sales of electricity	Dhabeji, Thatta.	November 1, 2006 *April 06, 2010"
4	Tank Terminal	Providing bulk storage facility	Oil industrial area, Kemari, Karachi.	October 15, 2012

5 The Company has also entered into agreement for supply of CO2 gas and rent out its former office premises and one of its chemical plant. The same is not a reportable segment as per criteria defined in IFRS 8.

**2 BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and is submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the published annual financial statements for the year ended September 30, 2012.

2.1 This condensed interim financial statements comprises of the condensed interim balance sheet as at March 31, 2013 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended which have been subjected to review and are not audited. This also includes the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended March 31, 2013. The comparative balance sheet presented in these condensed interim financial statements has been extracted from audited financial statements of the Company for the year ended September 30, 2012 and September 30, 2011, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity figures have been extracted from the financial information for the half year ended March 31, 2012.

2.2 The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended March 31, 2013 and 2012 are not subject to review.



### 3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended September 30, 2012 and in respect of Investment Property, The Company adopted cost model as described in IAS 40 "Investment Property". Depreciation is charged on reducing balance method, the depreciation methods reflects the pattern in which the asset's economic benefits are consumed by the Company.

### 4 INCOME TAX, WORKERS' PROFIT PARTICIPATION FUND AND WORKERS' WELFARE FUND

Provision in respect of income tax, workers' profit participation fund and workers welfare fund are estimated only and final liabilities will be determined on the basis of annual results.

### 5 SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and cost incurred / accrued up to the reporting date have been accounted for. Accordingly, the cost incurred / accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

	Un-audited March 31, 2013	Audited September 30, 2012
	(Rupees in thousand)	
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Additions</b>		
Furniture, fixture and others	-	48
Vehicles	1,714	11,663
Office equipment	566	1,105
Computers	316	2,055
<b>Transferred from CWIP to</b>		
Lease-hold land	(22,694)	
Non-factory building	(44,454)	-
Plant and machinery	(256,045)	(38,441)
<b>Additions to CWIP</b>		
Tank Terminal	-	59,531
Storage Tanks	28,399	85,239
Digester	15,188	-
Godown	9,532	10,123
<b>Transferred to property, plant and equipment from CWIP</b>		
Lease-hold land	22,694	-
Non-factory building	44,454	-
Plant and machinery	256,045	38,441
<b>Disposal</b>		
Vehicle - at cost	555	4,742

### 7 DEFERRED TAX ASSET

As it is improbable that in current / ensuing years, available tax losses would be fully adjusted against taxable income, hence the deferred taxation has been arrived at accordingly.

### 8 CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2012 except as follows:





8.1.1 The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) Challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-2009. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 04, 2012, the said petition filed in the Honourable High Court of Sindh has allowed in favour of the Company. Furthermore, the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. Full provision of Rs. 1.384 million as a matter of prudence, has been made.

8.1.2 During the period, a suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi by Mr. Suleman Lalani, (non-executive and minority Director) against the Company, its Chief Executive and eight others, alleging mismanagement in the Company's affairs including siphoning off and divergence of Company's funds by the Chief Executive and others. The prayer sought in the suit comprises of Rs. 236.716 million retrieval of the Company's funds along-with costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive.

In response to the aforementioned, the Company and its management deny all allegations of the plaintiff. The suit is at the stage of filing of the written statement and counter affidavits to the Civil Miscellaneous Application before the Honourable High Court of Sindh at Karachi. The Company's legal counsel have stated that there is no financial exposure of the Company in the matter and in the given circumstances and the vagaries of litigation, no definite prediction can be made regarding the outcome of the case at this stage. However, in view of the Company's management, no inference is likely to materialize in the suit. The case is fixed for hearing on August 19, 2013.

**8.2 Commitments**

Commitments in respect of open letter of credit is amounting to Rs. 10.582 million (September 30, 2012: Rs. 12.375 million) and capital commitments in respect of digester Rs. 30.915 million (September 30, 2012 Rs. Nil). Bank guarantees of Rs. 54.6 million (September 30, 2012: Rs. 109.1 million) have been issued in favour of customers and suppliers.

	March 31, 2013	March 31, 2012
<b>9 CASH USED IN OPERATIONS</b>	<b>(Rupees in thousand)</b>	
Profit before taxation	290,780	260,140
Adjustments for:		
Depreciation - Property, plant and equipment	71,670	59,002
- Investment property	26	29
Gain on disposal of property, plant and equipment	(674)	(1,148)
Amortization of intangible assets	-	306
Unrealized gain on remeasurement of investment	(5,100)	(4,050)
Mark-up on loan to growers	(538)	(387)
Income on term deposit receipts	(689)	(579)
Finance cost	122,198	138,019
Increase in deferred liability	5,032	4,023
	<u>191,925</u>	<u>195,215</u>
Operating profit before working capital changes	482,705	455,355
(Increase) / decrease in current assets		
Stores and spares	(32,480)	(4,092)
Stock-in-trade	(1,131,461)	(601,159)
Trade debts	(236,604)	286,892
Loans and advances	121,064	(363,069)
Short term investments	13,590	(14,090)
Trade deposits and short term prepayments	19,512	(39,866)
Other receivables	6,267	(16,353)
	<u>(1,240,112)</u>	<u>(751,737)</u>
(Decrease) / increase in trade and other payables	<u>(50,076)</u>	<u>20,616</u>
	<u><u>(807,483)</u></u>	<u><u>(275,766)</u></u>



10 SEGMENT REPORTING

(Rupees in thousand)

	Six Months Ended March 31						
	2013		2012		2011		
	2013	2012	2013	2012	2011	2010	
	<b>Sugar</b>		<b>Ethanol</b>		<b>Power, Chemical, Alloys and Others</b>		<b>Total</b>
Sales - net off Sales Tax, FED and SED	1,344,604	1,521,492	1,868,064	1,278,510	-	10,227	3,212,668
Cost of sales	(1,190,050)	(1,296,235)	(1,413,770)	(904,471)	(24,151)	(49,003)	(2,249,709)
Gross profit	154,554	225,257	454,294	374,039	(24,151)	(38,776)	584,697
Distribution cost	(48,218)	(53,810)	(53,961)	(41,105)	-	-	(102,179)
Administrative expenses	(36,493)	(33,721)	(24,329)	(22,480)	-	-	(60,822)
Operating segment results	69,843	137,726	376,004	310,454	(24,151)	(38,776)	421,696
Other operating expenses and loss from terminal operations							(39,747)
Finance cost							(122,198)
Other operating income							31,029
Taxation							(21,533)
Net profit for the period							269,247
							223,875



(Rupees in thousand)

	Quarter Ended March 31						Total	
	2013		2012		2013			
	Sugar	Ethanol	Power, Chemical, Alloys and Others	2012	2013	2012		
Sales - net off Sales Tax, FED and SED	493,655	612,979	1,666,551	743,501	-	6,250	2,160,206	1,362,730
Cost of sales	(403,438)	(379,120)	(1,298,153)	(519,463)	(12,493)	(24,311)	(1,714,084)	(922,894)
Gross profit	90,217	233,859	368,398	224,038	(12,493)	(18,061)	446,122	439,836
Distribution cost	(28,472)	(52,214)	(38,475)	(22,191)	-	-	(66,947)	(74,405)
Administrative expenses	(19,510)	(17,516)	(13,007)	(11,556)	-	-	(32,517)	(29,072)
Operating segment results	42,235	164,129	316,916	190,291	(12,493)	(18,061)	346,658	336,359
Other operating expenses and loss from terminal operations							(26,063)	(20,674)
Finance cost							(76,691)	(67,983)
Other operating income							22,697	13,722
Taxation							(15,182)	(17,772)
Net profit for the period							251,419	243,652



		(Rupees in thousand)					
March 31, 2013	September 30, 2012	March 31, 2013	September 30, 2012	March 31, 2013	September 30, 2012	March 31, 2013	September 30, 2012
Sugar		Ethanol		Power, Chemical, Alloys and Others		Total	
Segment assets							
Unallocated segment assets							
	1,630,106	2,449,536	2,247,556	667,986	692,261	5,842,122	4,569,923
	-	-	-	-	-	343,513	182,766
						6,185,635	4,752,689
Segment liabilities							
Unallocated segment liabilities							
	1,747,953	1,026,200	1,074,231	29,218	513	4,069,023	2,822,697
	-	-	-	-	-	186,455	202,278
						4,255,478	3,024,975
Capital expenditure							
Unallocated capital expenditure							
	10,123	43,587	144,770	-	-	53,119	154,893
	-	-	-	-	-	2,596	14,871
						55,715	169,764
		(Rupees in thousand)					
March 31, 2013	September 30, 2012	March 31, 2013	September 30, 2012	March 31, 2013	September 30, 2012	March 31, 2013	September 30, 2012
Sugar		Ethanol		Power, Chemical, Alloys and Others		Total	
Depreciation	52,134	30,119	28,250	15,792	35,905	71,696	116,289
Amortization	367	-	245	-	-	-	612
Non cash expenses other than depreciation	-	-	-	7,469	4,458	7,469	4,458



## 11 RELATED PARTY TRANSACTIONS

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the Comparable Uncontrolled Price Method.

	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
Dividend received	405	405
Contribution paid to employee Gratuity Fund	-	29,000
Rental Income received	1,365	-
Sale of ethanol and others	24,865	-

### Key management personnel

Remuneration of chief executive, directors and executives.	34,099	32,152
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Transactions with EFU General Insurance Limited for insurance premium, Bankislami Pakistan Limited and JS Bank Limited for finance cost in comparative period amounting to Rs. 18.978 million and Rs. 15.068 million respectively has been omitted since it is no more a related party.

## 12 CORRESPONDING FIGURES

12.1 During the period, the Company has rectified an error by restating an amount of Rs 0.579 million previously included in Property, Plant and Equipment into Investment Property in accordance with treatment specified in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The aforementioned restatement does not have any effect on the Profit and Loss account.

12.2 For better presentation comparative figure of interest/markup received classified under investing activities and interest on term deposits receipts classified under operating activities in cash flow statement of Rs. 1.279 million and Rs. (0.579 million) respectively which was previously classified in cash flow from operating activities under the head of accrued markup of Rs 0.7 million.

## 13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on May 31, 2013 by Board of Directors' of the Company.

## 14 GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director



**AL-ABBAS SUGAR MILLS LTD.**

Head Office:  
Pardesi House, Survey No. 2/1, R.Y. 16,  
Old Queens Road, Karachi - 74000  
Tel: 111-111-224 Fax: (9221) 32470090  
E-mail: [sugar@cyber.net.pk](mailto:sugar@cyber.net.pk)

[www.aasmil.com](http://www.aasmil.com)

CORPORATE