

**AL-ABBAS SUGAR** Mills  
Limited



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive Officer
Asim Ghani	Executive Director
Ali Jehangir Siddiqui	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

### AUDIT COMMITTEE

Sayyed Rafay Akber Rashdi	Chairman
Darakshan Ghani	Member
Duraid Qureshi	Member
Tariq Iqbal - ACA	Secretary

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

### STATUTORY AUDITORS

Haroon Zakaria & Co.	Chartered Accountants
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### COST AUDITORS

Haroon Zakaria & Co.	Chartered Accountants
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### BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Burj Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Metropolitan 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  
United Bank Limited

### 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
- 3) Oil Installation Area, Kemari, Karachi, Sindh



## DIRECTORS' REVIEW REPORT

The directors are pleased to present the condensed interim financial statements for the six months ended March 31, 2014.

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

	Six months ended March 31, 2014	Six months ended March 31, 2013
	(Rupees in thousand)	
Operating profit	260,526	392,518
Other operating income	68,685	20,460
	<u>329,211</u>	<u>412,978</u>
Finance costs	(118,510)	(122,198)
Profit before taxation	<u>210,701</u>	<u>290,780</u>
Taxation	(56,684)	(21,533)
Profit after taxation	<u>154,017</u>	<u>269,247</u>
Basic earnings per share (Rupees)	<u>8.87</u>	<u>15.51</u>

During the period under review, your Company has earned a profit after tax of Rs. 154.017 million as compared to the profit of Rs. 269.247 million of the corresponding period of last year. The main reasons for variances 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, 2014	Six months ended March 31, 2013
	(Rupees in thousand)	
Sales	1,015,731	1,344,604
Cost of sales	(904,618)	(1,190,050)
Gross profit	<u>111,113</u>	<u>154,554</u>
Distribution cost	(23,418)	(48,218)
Administrative expenses	(35,875)	(36,493)
Segment operating result	<u>51,820</u>	<u>69,843</u>

Operational performance	2013-14	2012-13
Date of start of season	November 01, 2013	November 28, 2012
No. of days worked	124	92
Crushing (M.Tons)	621,679	503,178
Production from sugarcane (M.Tons)	63,650	52,727
Sales (M.Tons)	21,338	26,117
Recovery (%)	10.23	10.48

The Crushing operations for 2013-14 season commenced from November 01, 2013 however due to delay in harvesting of sugarcane on account of Diwali and Ashora Muharram holidays the mills stop on November 2, 2013. Thereafter the mill started crushing again on November 20, 2013. The sugarcane support price was remains unchanged, however the financial performance of this segment is affected due to oversupply of sugar in the world as well as in local market which reduces the sugar prices both locally and internationally.



The operational performance on the other hand improved significantly. The plant operated for 124 days ending on March 4, 2014 as against 92 days of preceding season. The Sugarcane crushed during the current season was 621,679 M.Tons with average sucrose recovery of 10.23% and sugar production of 63,650 M.Tons as compared with crushing of 503,178 M.Tons with average sucrose recovery of 10.48% and sugar production of 63,650 M.Tons as compared to 52,727 M.Tons of same period last year.

#### Ethanol Division

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

	Six months ended March 31, 2014	Six months ended March 31, 2013
	(Rupees in thousand)	
Sales	1,136,937	1,868,064
Cost of sales	<u>(853,919)</u>	<u>(1,413,770)</u>
Gross profit	283,018	454,294
Distribution cost	(34,286)	(53,961)
Administrative expenses	<u>(23,916)</u>	<u>(24,329)</u>
Segment operating result	<u>224,816</u>	<u>376,004</u>

The operational data is given below:

#### Operational data

Operational performance	2013-14	2012-13
Production (M.Tons) - Unit I and II	14,220	18,347
Sales (M.Tons)	13,538	23,899

During the period under review, this division produced 14,220 M.Tons ethanol as compared to corresponding period of 18,347 M.Tons. The operating result of this segment is reduced by Rs 151.188 million due to lower shipment, devaluation of Dollar against Pak rupees and increased cost of Molasses as compared to corresponding year.

#### Power, Chemical and Alloys Division

The operations for the chemical and power division were remained suspended during the period under review and the division has incurred operating segment loss of Rs. 18.499 million as compared to loss of Rs. 21.051 million for the same period last year. The loss mainly represents the fixed expenses.

#### Bulk Storage Terminal

During the period under review this division earned a profit of Rs. 19.459 million as against loss of Rs. (2.458) million of last year. The improved performance of this division is mainly due to full utilization of capacity.

#### FUTURE PROSPECTS

The future outlook of the sugar segment entirely depends on local and international selling prices. The arrival of Holy month of Ramadan in upcoming quarter usually surges sugar demand and may result in fetching higher prices. However, the increase in sugar production by 6.07% in current season and are above the domestic requirement of 4.5 million tons will lead to increase the carryover stock. This year will continue to be a challenging year for the sugar division

The prices of ethanol are expected to be on the same level, however, the expected shipment of ethanol in upcoming quarters will add some advantages to current situation.



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 30, 2014



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Al-Abbass Sugar Mills Limited ("the Company") as at March 31, 2014 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 [here-in-after referred to as "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 approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2014, and March 31, 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 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 March 31, 2014, is not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 12.1.3 of the condensed interim financial information 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. Our conclusion is not qualified in respect of this matter.

Other matter

The interim financial information of the Company for the half year ended March 31, 2013 were reviewed and financial statements for the year ended September 30, 2013 were audited by another firm of chartered accountants.

In their review and audit reports dated May 31, 2013 and January 06, 2014 respectively, the auditors expressed an un-qualified conclusion / opinion and included an emphasis of matter paragraph 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. The detail of law suit is the same as described in note 12.1.3 of the condensed financial information for the half year ended March 31, 2014.



Chartered Accountants  
Engagement Partner: Mohammad Iqbal

Place: Karachi  
Dated: May 30, 2014



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2014

	Note	March 31, 2014 Un-audited (Rupees in thousand)	September 30, 2013 Audited
<b>ASSETS</b>			
Non-Current Assets			
Property, plant and equipment	7	1,954,604	2,003,935
Investment property		446	469
Long term investments		207,072	183,085
Long term loans		2,472	3,002
Long term deposits		10,033	10,014
Deferred taxation - net	8	-	34,391
		<u>2,174,627</u>	<u>2,234,896</u>
Current Assets			
Stores and spares parts		148,490	144,200
Stock-in-trade	9	3,530,594	990,359
Trade debts		108,904	19,965
Loans and advances		207,135	377,747
Trade deposits and short term prepayments		39,904	16,856
Interest accrued		61	2,780
Other receivables		52,389	54,974
Income tax refund due from Government		76,027	63,695
Short term investments		180,780	125,831
Cash and bank balances		36,318	178,979
		<u>4,380,602</u>	<u>1,975,386</u>
Total Assets		<u>6,555,229</u>	<u>4,210,282</u>
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized capital	10	<u>400,000</u>	<u>175,000</u>
Issued, subscribed and paid-up capital		173,623	173,623
Reserves		<u>1,879,586</u>	<u>1,788,394</u>
Shareholders' equity		<u>2,053,209</u>	<u>1,962,017</u>
Non - Current Liabilities			
Long term financing		18,182	36,363
Deferred liability		62,862	56,646
		81,044	93,009
Current Liabilities			
Trade and other payables		773,753	559,532
Accrued mark-up		13,251	28,370
Short term borrowings	11	3,579,829	1,443,444
Current maturity of non-current liabilities		36,364	111,064
Provision for taxation		17,779	12,846
		<u>4,420,976</u>	<u>2,155,256</u>
Contingencies and Commitments	12		
Total Equity and Liabilities		<u>6,555,229</u>	<u>4,210,282</u>

The annexed notes from 1 to 19 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 HALF YEAR ENDED MARCH 31, 2014

	Note	Half Year Ended		Quarter Ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Rupees in thousand)					
Sales	13	2,152,668	3,212,668	1,090,002	2,160,206
Cost of sales		(1,758,537)	(2,603,820)	(791,342)	(1,701,591)
Gross profit		394,131	608,848	298,660	458,615
Net profit / (loss) from storage tank terminal		19,459	(2,458)	13,376	2,826
Net loss from chemical, alloys and power segment and fixed expenses due to suspension		(18,499)	(21,051)	(10,580)	(12,393)
		395,091	585,339	301,456	449,048
Distribution cost		(57,704)	(102,179)	(29,707)	(66,947)
Administrative expenses		(59,791)	(60,822)	(31,079)	(32,517)
Other operating expenses		(17,070)	(29,820)	(14,532)	(21,420)
		(134,565)	(192,821)	(75,318)	(120,884)
Operating profit		260,526	392,518	226,138	328,164
Other income		68,685	20,460	30,231	15,128
		329,211	412,978	256,369	343,292
Finance cost		(118,510)	(122,198)	(79,896)	(76,691)
Profit before taxation		210,701	290,780	176,473	266,601
Taxation		(56,684)	(21,533)	(44,813)	(15,182)
Profit after taxation		154,017	269,247	131,660	251,419
Earnings per share - Basic and diluted		8.87	15.51	7.58	14.48

The annexed notes from 1 to 19 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 HALF YEAR ENDED MARCH 31, 2014

Half Year Ended		Quarter Ended	
March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013

(Rupees in thousand)

Profit after taxation	154,017	269,247	131,660	251,419
Other comprehensive income for the period				
Items to be classified to profit and loss account in subsequent period				
Unrealized gain on re-measurement of available for sale investments	23,987	2,645	16,740	1,152
Total comprehensive income for the period	<u>178,004</u>	<u>271,892</u>	<u>148,400</u>	<u>252,571</u>

The annexed notes from 1 to 19 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 HALF YEAR ENDED MARCH 31, 2014

Note	Half Year Ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Cash flows from operating activities		
Cash used in operations	14 (1,928,709)	(807,483)
Finance cost paid	(133,629)	(99,309)
Income tax paid	(29,692)	(45,034)
Long term loans recovered	530	173
Long term deposits paid	(19)	(257)
	<u>(162,810)</u>	<u>(144,427)</u>
Net cash used in operating activities	<u>(2,091,519)</u>	<u>(951,910)</u>
Cash flows from investing activities		
Capital expenditure on property, plant and equipment	(20,357)	(55,715)
Proceeds from disposal of property, plant and equipment	2,500	974
Interest/markup received	2,935	1,701
Dividend received	6,271	-
Net cash used in investing activities	<u>(8,651)</u>	<u>(53,040)</u>
Cash flows from financing activities		
Repayment of long term financing	(92,881)	(109,849)
Dividend paid	(85,995)	(69,449)
Proceeds from short term borrowings	2,136,385	1,362,507
Net cash generated from financing activities	<u>1,957,509</u>	<u>1,183,209</u>
Net (decrease) / increase in cash and cash equivalents	(142,661)	178,259
Cash and cash equivalents at beginning of the period	178,979	6,973
Cash and cash equivalents at the end of the period	<u>36,318</u>	<u>185,232</u>

The annexed notes from 1 to 19 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 HALF YEAR ENDED MARCH 31, 2014

	RESERVES					Total Shareholder's Equity
	Issued, subscribed and paid-up capital	Revenue reserves		Unrealised gain/(loss) on remeasurement of available for sale investment	Total Reserves	
		General reserve	Unappropriated profit			
	(Rupees in thousand)					
Balance as at October 1, 2012	173,623	458,000	1,111,477	(15,386)	1,554,091	1,727,714
Profit for the period	-	-	269,247	-	269,247	269,247
Other comprehensive income for the period	-	-	-	2,645	2,645	2,645
Total comprehensive income for the period	-	-	269,247	2,645	271,892	271,892
Transfer to general reserve	-	1,000,000	(1,000,000)	-	-	-
Transactions with owners	-	-	(69,449)	-	(69,449)	(69,449)
Final Dividend 2012: Rs. 4 per share	-	-	-	-	-	-
Balance as at March 31, 2013	173,623	1,458,000	311,275	(12,741)	1,756,534	1,930,157
Balance as at October 1, 2013	173,623	1,458,000	329,573	821	1,788,394	1,962,017
Profit for the period	-	-	154,017	-	154,017	154,017
Other comprehensive income for the period	-	-	-	23,987	23,987	23,987
Total comprehensive income for the period	-	-	154,017	23,987	178,004	178,004
Transactions with owners	-	-	-	-	-	-
Final Dividend 2013: Rs. 5 per share	-	-	(86,812)	-	(86,812)	(86,812)
Balance as at March 31, 2014	173,623	1,458,000	396,778	24,808	1,879,586	2,053,209

The annexed notes from 1 to 19 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 HALF YEAR ENDED MARCH 31, 2014

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 (note 1.1)	Processing and sale of industrial	Mirwah Gorchani, ethanol Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Chemical, alloys and **Power (note 1.2)	*Manufacturing and sales of calcium carbide and 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, Kamari, Karachi.	October 15, 2013

1.1 The Company has also entered into agreement for supply of CO2 gas at its ethanol division. The same is not a reportable segment as per criteria defined in IFRS-8.

1.2 The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions and the matter of its recommencement will be reviewed when these conditions are improved. However, a portion of chemical plant which was given on lease has been vacated by the lessee during the current period.

2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the half year ended March 31, 2014 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 The figures of condensed interim profit and loss account for the quarter ended March 31, 2014 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended March 31, 2014. This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2013.

2.3 These condensed interim financial information have been prepared under 'historical cost convention' except for investments classified as available for sale and at fair value through profit and loss account and financial assets and liabilities which are carried out at their fair values.

2.4 These condensed interim financial information are presented in Pakistani Rupees which is also the Company's functional currency.



2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended September 30, 2013, 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 have been extracted from the unaudited condensed interim financial information for the half year ended March 31, 2013.

### 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2013, except as disclosed in note 3.2.

3.2 IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurement" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurement" to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Amendments to IAS 19 'Employee Benefits' are applicable to the Company from September 30, 2013, however, the Company has decided to apply the amendments in the annual financial statements for the year ending September 30, 2014 as the impact of application is considered immaterial.

### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2013.

4.3 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.

### 5 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.

### 6 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, 2014	(Audited) September 30, 2013
	(Rupees in thousand)	
<b>7</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	
	Additions	
	Vehicles	6,153
	Office equipment	940
	Computers	603
	Transferred from CWIP to operating assets	
	Lease-hold land	(22,694)
	Non-factory building	(49,314)
	Plant and machinery	(257,044)
	Additions to CWIP	
	Plant and machinery	77,729
	Non-factory building	14,391
	Disposal	
	Vehicle - at cost	1,175
	Office equipment - at cost	143
	Computers - at cost	50

<b>8</b>	<b>DEFERRED TAXATION - NET</b>	
	Deferred tax liability arising in respect of :	
	Accelerated tax depreciation for tax purposes	
	(286,823)	(287,576)
	Less: Deferred tax asset arising in respect of:	
	Available Tax losses	286,098
	Provisions	35,869
	<u>340,832</u>	<u>321,967</u>
	<u>30,103</u>	<u>34,391</u>
	<u>370,935</u>	<u>34,391</u>
	84,112	-
	<u>(84,112)</u>	<u>34,391</u>
	-	34,391

Deferred tax asset as at March 31 2014 of Rs. 84.112 million (September 30,2013 : Rs. NIL) has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized. Accordingly deferred tax assets recognised as at September 30,2013 is also reversed.

	(Un-audited) March 31, 2014	(Audited) September 30, 2013
	(Rupees in thousand)	
<b>9</b>	<b>STOCK-IN-TRADE</b>	
	Raw materials	289,036
	Work-in-process	5,823
	Finished goods	695,500
	<u>993,536</u>	<u>990,359</u>
	<u>3,352</u>	<u>5,823</u>
	<u>2,533,706</u>	<u>695,500</u>
	<u>3,530,594</u>	<u>990,359</u>

9.1 Value of stock of sugar and molasses pledged as at March 31, 2014 amounting to Rs. 1,948.255 million (September 30, 2013 Rs. 208.055 million).

9.2 Finished goods include stock items valued at net realisable value (NRV) amounting to Rs. 13.588 (September 30,2013 Rs. 19.007) million as against their cost amounting to Rs. 26.621 (September 30,2013 Rs. 35.966) million respectively.



## 10 AUTHORIZED CAPITAL

2014 (Number of Shares)	2013		2014 Rupees in '000'	2013
<u>40,000,00</u>	<u>17,500,000</u>	Ordinary shares of Rs. 10 each	<u>400,000</u>	<u>175,000</u>

10.1 During the period, the company has increased its authorized capital by 22,500,000 ordinary shares of Rs.10 each.

March 31, 2014      September 30, 2013

## 11 SHORT TERM BORROWINGS

(Rupees in thousand)

From banking companies - secured  
Under Mark up arrangements

Cash / Running finances	1,582,879	678,154
•Export refinance	<u>1,996,950</u>	<u>765,290</u>
	<u>3,579,829</u>	<u>1,443,444</u>

11.1 The available aggregate finance facilities (short term funded) amounting to Rs. 3.680 billion (September 30,2013: Rs. 3.580 billion) which have been arranged from various commercial banks out of which Rs. 2.270 billion (September 30,2013: 2.335 billion) is interchangeable with export refinance and FE 25. The terms and conditions relating to these finance facilities are same as disclosed in annual financial statements for the year ended September 30, 2013.

## 12 CONTINGENCIES AND COMMITMENTS

## 12.1 Contingencies

12.1.1 The Karachi Water and Sewerage Board has demanded Rs. 19.588 million for sewerage, fire and conservancy charges which the Company has challenged in Sindh High Court Karachi as no such facilities are being provided by the Board. The Court has stayed the operations of Demand Notice by the Karachi Water and Sewerage Board and hearings of the case are in process. The Management is confident that the case will be decided in favor of the Company, therefore, no provision has been made in these financial statement.

12.1.2 The Competition Commission of Pakistan has issued show cause notice to the Company alleging cartelization by industry. The Company has challenged this show cause in Sindh High Court in Karachi challenging the jurisdiction of Competition Commission of Pakistan. The high court has stayed the show cause notice and case hearings are in progress in Sindh High Court Karachi. There is no financial implications related to this matter at the moment.

12.1.3 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 mainly 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 denied 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 Honorable High Court of Sindh at Karachi.





The Company's legal counsel have stated that considering 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 adverse inference is likely to materialize in the suit.

However, recently Mr. Lalani also filed another Civil Miscellaneous Application No. 9973 of 2013, seeking to refrain the Board of Directors of the Company from specifically approving any investment in Javedan Corporation Limited ("JCL"), a separate and unrelated public limited company. The said CMA was argued before the Sindh High Court by both parties which the High Court restrained the defendant no to take any decision for investment in JCL until the final outcome of the suit and directed the Securities Exchange Commission of Pakistan ("SECP") to treat the plaint filed in this matter as a complaint under Section 263 of the Companies Ordinance, 1984 and accordingly investigate the affairs of the Company and submit a report on the same.

The said Order of the Court has been challenged by the Company before the Division Bench of the High Court of Sindh through appeal bearing No. HCA-124, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench, and as per view of the legal advisor, the Company has fair chance to succeed in the said case.

12.1.4 As per notification No. 4(142) S.O (Ext) 95-XXIII dated December 11, 2013, Government of Sindh has directed sugar factories in the province to pay quality premium to the cane growers in respect of crushing season 2013-14 @0.50 paise per 40 Kg for each 0.1% (including fraction thereof to be calculated prorate) of excess sucrose recovery of above 8.7% determined on overall sucrose recovery basis on each mill. However, as the matter is pending in Supreme Court of Pakistan and as per decisions of Federal Government Steering Committee meeting held on 16-07-2007, the quality premium shall remain suspended till decision of Supreme Court / Consensus on uniform formula is developed in Federal Government. In view of the given circumstances and as per the decision of the Punjab High Court in a similar case in which it was declared that the demand of quality premium is unlawful, the management of the company is confident that case will be decided in favour of sugar mills, therefore no provision has been made in this interim financial information for liability of quality premium in respect of crushing season 2013-14 amounting to Rs. 82.225 million.

12.1.5 Assessments proceedings under section 122 of Income Tax Ordinance 2001 for income tax years 2011 and 2012 are under way, however, the management is confident that no significant adverse outcome will arise.

12.1.6 The Federal Government notified reduced rate of FED @ 0.5% on local supply of sugar to the extent of sugar exported by sugar mills against export quota allocated by Economic Coordination Committee in meeting dated January 10, 2013, subject to terms and conditions prescribed in S.R.O 77(1)/2013 dated February 07, 2013. The company has availed the facility effective from 10th January 2013, however as per contention of the department the relief is applicable from the date of SRO, accordingly the demand amounting to Rs. 85.450 millions relating to period prior to date of SRO has been created. The same has been contested before Honorable High Court of Sindh Vide Constitution Petition No. 1927/2014. The management is confident that the case will be decided in the favour of the company.

## 12.2 Commitments

Commitments in respect of letter of credit amounts to Rs. 0.871 million (September 30, 2013: Rs. Nil) and capital commitments in respect of plant and machinery Rs. 6.545 million (September 30, 2013 Rs. 25.274 million).

Bank guarantees of Rs. 61.412 million (September 30, 2013: Rs. 54.6 million) have been issued in favour of customers and suppliers.



	March 31, 2014		March 31, 2013	
	..... Rupees in thousand .....			
	Half year ended		Quarter ended	
13 SALES				
Sales - gross	2,199,418	3,257,525	1,111,064	2,163,669
Federal excise duty/Sales tax	(46,750)	(44,857)	(21,062)	(3,463)
	<u>2,152,668</u>	<u>3,212,668</u>	<u>1,090,002</u>	<u>2,160,206</u>
14 CASH USED IN OPERATION			March 31, 2014	March 31, 2013
			(Rupees in thousand)	
Profit before taxation			210,701	290,780
Adjustments for non-cash charges and other items				
Depreciation on property, plant and equipment		68,387	71,670	
Depreciation on investment property		23	26	
Gain on disposal of property, plant and equipment - net		(1,199)	(674)	
Unrealized gain on remeasurement of investment		(48,138)	(5,100)	
Mark - up on loan to growers		-	(538)	
Dividend income		(4,396)	-	
Income on term deposit receipts		(216)	(689)	
Finance cost		118,510	122,198	
Increase in deferred liability - market fee		6,216	5,032	
		139,187	191,925	
Cash generated from operating activities		-	-	
Before working capital changes		349,888	482,705	
(Increase) / decrease in current assets				
Stores and spares		(4,290)	(32,480)	
Stock-in-trade		(2,540,235)	(1,131,461)	
Trade debts		(88,939)	(236,604)	
Loans and advances		170,612	121,064	
Trade deposits and short term prepayments		(23,048)	19,512	
Other receivables		710	6,267	
Short term investments		(6,811)	13,590	
		(2,492,001)	(1,240,112)	
Increase / (decrease) in current liabilities				
Increase / (decrease) in trade and other payables		213,404	(50,076)	
Net cash used in operations after working capital changes		<u>(1,928,709)</u>	<u>(807,483)</u>	



15 SEGMENT REPORTING

	(Rupees in thousand)					
	Six months period ended march 31					
	2014	2013	2014	2013	2014	2013
	Sugar		Ethanol		Total	
Sales	1,015,731	1,344,604	1,136,937	1,868,064	2,152,668	3,212,668
Cost of sales	(904,618)	(1,190,050)	(853,919)	(1,413,770)	(1,758,537)	(2,603,820)
Gross profit	111,113	154,554	283,018	454,294	394,131	608,848
Net profit / (loss) from storage tank terminal and fixed expenses due to suspension					19,459	(2,458)
					(18,499)	(21,051)
Distribution cost					395,091	585,339
Administrative expenses	(23,418)	(48,218)	(34,286)	(53,961)	(57,704)	(102,179)
Operating segment results	(35,875)	(36,493)	(23,916)	(24,329)	(59,791)	(60,822)
Other operating expenses	51,820	69,843	224,816	376,004	277,596	422,338
Other income					(17,070)	(29,820)
Finance cost					68,685	20,460
Taxation					(118,510)	(122,198)
Net profit for the period					(56,684)	(21,533)
					154,017	269,247



(Rupees in thousand)

	Quarter ended March 31							
	2014		2013		2014		2013	
	Sugar	Ethanol	Sugar	Ethanol	Total	Total		
Sales	332,789	493,655	757,213	1,666,551	1,090,002	2,160,206		
Cost of sales	<u>(262,977)</u>	<u>(403,438)</u>	<u>(528,365)</u>	<u>(1,298,153)</u>	<u>(791,342)</u>	<u>(1,701,591)</u>		
Gross profit	69,812	90,217	228,848	368,398	298,660	458,615		
Net profit / (loss) from storage tank terminal and fixed expenses due to suspension					13,376	2,826		
Distribution cost					<u>(10,580)</u>	<u>(12,393)</u>		
Administrative expenses	(9,260)	(28,472)	(20,447)	(38,475)	301,456	449,048		
Operating segment results	<u>(18,478)</u>	<u>(19,510)</u>	<u>(12,601)</u>	<u>(13,007)</u>	<u>(31,079)</u>	<u>(66,947)</u>		
Other operating expenses		42,235	195,800	316,916	240,670	349,584		
Other income					(14,532)	(21,420)		
Finance cost					30,231	15,128		
Taxation					(79,896)	(76,691)		
Net profit for the period					<u>(44,813)</u>	<u>(15,182)</u>		
					<u>131,660</u>	<u>251,419</u>		



(Rupees in thousand)

March 31, 2014	September 30, 2013	March 31, 2014	September 30, 2013	March 31, 2014	September 30, 2013	March 31, 2014	September 30, 2013	March 31, 2014	September 30, 2013	Total
	Sugar		Ethanol		Chemical, alloys and power		Storage tank terminal			

Segment assets	3,242,104	1,548,013	1,927,873	1,241,413	549,530	566,386	214,856	208,814	5,934,363	3,564,626
Unallocated segment assets									620,866	645,656
									<u>6,555,229</u>	<u>4,210,282</u>
Segment liabilities	2,587,270	1,319,282	1,736,277	788,857	-	-	17,643	-	4,341,190	2,108,139
Unallocated segment liabilities									160,830	140,126
									<u>4,502,020</u>	<u>2,248,265</u>
Capital expenditure	-	14,391	7,381	74,731	-	-	10,330	2,998	17,711	92,120
Unallocated capital expenditure									2,646	7,696
									<u>20,357</u>	<u>99,816</u>

(Rupees in thousand)

March 31, 2014	September 30, 2013	March 31, 2014	September 30, 2012	March 31, 2014	September 30, 2012	March 31, 2014	September 30, 2012	March 31, 2014	September 30, 2012	Total
	Sugar		Ethanol		Chemical, alloys and power		Storage tank terminal			

Depreciation	25,115	52,566	18,687	40,443	14,903	32,049	9,682	20,789	68,387	145,847
Amortization	-	1	-	-	-	-	-	-	-	1
Non cash expenses other than depreciation	-	850	-	-	-	7,469	-	-	-	8,319



## 16 RELATED PARTY TRANSACTIONS

Related parties comprises associated companies, other related group companies, directors of the company, key management personnel and post employment benefit plan. 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, 2014	March 31, 2013
	(Rupees in thousand)	
Dividend received	4,131	405
Contribution paid to Employees Gratuity fund	9,054	-
Rental Income charged	662	540
Rental Income received	547	1,365

## Key management personnel

Remuneration of chief executive, directors and executives.	29,919	34,099
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During the period the company has paid dividends to directors and associated company amounting to Rs. 71.645 (March 31, 2013: Rs. 56.212).

## 17 CORRESPONDING FIGURES

Corresponding figures have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.


From	To	Amount in thousand
Income tax refundable net off provision	Income tax refund due from Government	50,997
Cost of Sales Chemical and Alloys	Net loss from chemical, alloys and power segment and fixed expenses due to suspension	(17,639)
Cost of Sales Power	Net loss from chemical, alloys and power segment and fixed expenses due to suspension	(6,512)
Other Operating Expense Chemical and Alloys	Net loss from chemical, alloys and power segment and fixed expenses due to suspension	(7,469)
Other Operating Income Chemical and Alloys	Net loss from chemical, alloys and power segment and fixed expenses due to suspension	10,569
Other Operating Expenses-Loss from storage tank terminal-net	Net profit / (loss) storage tank terminal	(2,458)

## 18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on May 30, 2014 by Board of Directors' of the Company.

## 19 GENERAL

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

  
 Shunaid Qureshi  
 Chief Executive

  
 Asim Ghani  
 Director