

KHAIRPUR SUGAR MILLS LTD.



KHAIRPUR
SUGAR MILLS LIMITED

**FINANCIAL
STATEMENTS**

**For The
Half Year Ended
March 31, 2014**

(UN-AUDITED)

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COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Muhammad Mubeen Jumani (Chief Executive) Mr. Faraz Mubeen Jumani (Managing Director) Mr. Fahad Mubeen Jumani Mrs. Qamar Mubeen Jumani Miss. Arisha Mubeen Jumani Mr. Ahmed Ali Jumani Mr. Muhammad Bux Jumani
COMPANY SECRETARY	Mr. Abdul Wahid Naviwala
BANKERS	National Bank of Pakistan United Bank Limited Allied Bank Limited MCB Bank Limited Askari Bank Limited Bank Al Falah Limited
STATUTORY AUDITORS	M/S. Haroon Zakaria & Company Chartered Accountants Room 211, 2nd Floor, Progressive Plaza, Plot No. 5 CL - 10, Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi - 75530 PAKISTAN.
COST AUDITORS	M/S. Siddiqi & Company Cost & Management Accountants Suite # 147, First Floor, Haroom Shopping Emporium, Sector 15-A-1, North Karachi, Karachi-75850
AUDIT COMMITTEE	Mr. Muhammad Bux Jumani Chairman Mr. Ahmed Ali Jumani Member Mrs. Qamar Mubeen Jumani Member
HR AND REMUNERATION COMMITTEE	Mr. Fahad Mubeen Jumani Chairman Miss. Arisha Mubeen Jumani Member Mr. Muhammad Mubeen Jumani Member
LEGAL ADVISOR	Mr. Mirza Ghulam Dastagir (Advocate) Falak Numa Building, Abdullah Haroon Road, Karachi.
SHARES REGISTERAR	404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi.
REGISTERED OFFICE	3rd Floor, Plot No. 15-C, 9th Commercial Lane, Zamzama, D.H.A, Karachi.
FACTORY	Naroo Dhoro, Taluka Kot Diji, Khairpur.

DIRECTORS' REPORT

Dear Members
Assalam-o-Alaikum

On behalf of the Board of Directors, it is my privilege to present before you, the half yearly condensed un-audited accounts for the period ended 31st March, 2014.

FINANCIAL RESULTS

	31-03-2014	31-03-2013
Profit/(Loss) before Taxation	56,892,000	(210,574,697)
Taxation	23,477,000	3,059,680
Profit/(Loss) after Taxation	33,415,000	(213,634,377)
Earning/(Loss) per Share	2.09	(13.34)

PERFORMANCE REVIEW

The operating results for the crushing season is mentioned here under:

	SEASON 2013-2014	SEASON 2012-2013
Season Started	01-11-2013	06-11-2012
Season Ended	04-04-2014	28-03-2013
Number of days worked	155	143
Sugarcane Crushing (MT)	819,718.97	556,436.73
Recovery (%) Sugar	10.30	8.47
Recovery (%) Molasses	4.32	4.21
Production – Sugar (MT)	84,430	47,130
Production – Molasses (MT)	36,332.78	23,421

Above operating results for crushing season 2013-2014 are evident as your mill performed a historical achievement in crushing capacity as well as recovery of sugar. For crushing season 2013-2014 support price of sugarcane remained unchanged i.e. Rs.172 per 40 kg by Government of Sindh.

Despite the facts, sugar prices in domestic and international market remained depressed. Government has allowed export of 500,000 M.Tons for the year (2013-14). By the Grace of Almighty Allah, your company successfully exported 19,586 M.Tons sugar and also participated in the tenders floated by the Trading Corporation of Pakistan for procurement of sugar and has been awarded a quantity of 2,826 M.Tons sugar.

Abstracts under section 218 of the companies ordinance, 1984:

The abstracts under section 218(2) of the companies' ordinance, 1984 is annexed.

Observations in the audit Report

Provision of Gratuity was not carried out on actuarial basis as the Management is of the view that the values determined by Actuarial valuation method would not be materially different from the values provided in the financial statements. However, in view of IAS requirements, Management would like to consider actuarial valuation method before end of current financial period.

As regard the matter of going concern, current year's performance of the company, as stated above, proof a healthy signal as company is going to profitability. After completion of BMR, now we have succeeded to achieve maximum level of capacity as well as resolve the problems of low sugar recovery. The current improvement would be helpful to minimize house losses resultantly the profitability of the project will further improve.

The Directors are hopeful for a better future & I would like to place on record the sincere efforts and hard work put up by our workers, staff and officers of the company.

For and on behalf of the Board

Karachi
May 30, 2014

Muhammad Mubeen Jumani
Chairman/Chief Executive

Compliance with Section 218(2) of the Companies Ordinance, 1984

The shareholders are notified that the boards of directors have passed the following resolutions for the fixation of remuneration of directors in their meeting held on May 30, 2014.

I. Fixation of remuneration of Mr. Muhammad Mubeen Jumani:

Resolved that the board hereby approve and authorize payment of remuneration to Director/Chief Executive, Mr. Muhammad Mubeen Jumani not exceeding Rs. 10,000,000 per annum, inclusive of perquisites and benefits but exclusive of medical expenses and. The above remuneration shall be subject to such increases, adjustment and restructuring within approved limit including bonus/profit share as may be granted at any time and from time to time by the Company in accordance with the company policies.

Further resolved that Mr. Muhammad Mubeen Jumani be and is hereby authorized for free use of company maintained transport for official and private purpose and reimbursement of travelling expenses incurred for the purpose of company's objectives.

Mr. Muhammad Mubeen Jumani being interested did not participate in the resolution.

II. Fixation of remuneration of Mr. Faraz Mubeen Jumani:

Resolved that the board hereby approve and authorize payment of remuneration to Managing Director, Mr. Faraz Mubeen Jumani not exceeding Rs. 5,000,000 per annum, inclusive of perquisites and benefits but exclusive of medical expenses and. The above remuneration shall be subject to such increases, adjustment and restructuring within approved limit including bonus/profit share as may be granted at any time and from time to time by the Company in accordance with the company policies.

Further resolved that Mr. Faraz Mubeen Jumani be and is hereby authorized for free use of company maintained transport for official and private purpose and reimbursement of travelling expenses incurred for the purpose of company's objectives.

Mr. Faraz Mubeen Jumani being interested did not participate in the resolution.

III. Fixation of remuneration of Mr. Fahad Mubeen Jumani:

Resolved that the board hereby approve and authorize payment of remuneration to director, Mr. Fahad Mubeen Jumani not exceeding Rs. 2,500,000 per annum, inclusive of perquisites and benefits but exclusive of medical expenses and. The above remuneration shall be subject to such increases, adjustment and restructuring within approved limit including bonus/profit share as may be granted

at any time and from time to time by the Company in accordance with the company policies.

Further resolved that Mr. Fahad Mubeen Jumani be and is hereby authorized for free use of company maintained transport for official and private purpose and reimbursement of travelling expenses incurred for the purpose of company's objectives.

Mr. Fahad Mubeen Jumani being interested did not participate in the resolution.

IV. Fixation of remuneration of Miss. Arisha Mubeen Jumani:

Resolved that the board hereby approve and authorize payment of remuneration to director, Miss. Arisha Mubeen Jumani not exceeding Rs. 2,500,000 per annum, inclusive of perquisites and benefits but exclusive of medical expenses and. The above remuneration shall be subject to such increases, adjustment and restructuring within approved limit including bonus/profit share as may be granted at any time and from time to time by the Company in accordance with the company policies.

Further resolved that Miss. Arisha Mubeen Jumani be and is hereby authorized for free use of company maintained transport for official and private purpose and reimbursement of travelling expenses incurred for the purpose of company's objectives.

Miss. Arisha Mubeen Jumani being interested did not participate in the resolution.

V. Fixation of remuneration of Mrs. Qamar Mubeen Jumani:

Resolved that the board hereby approve and authorize payment of remuneration to director, Mrs. Qamar Mubeen Jumani not exceeding Rs. 2,500,000 per annum, inclusive of perquisites and benefits but exclusive of medical expenses and. The above remuneration shall be subject to such increases, adjustment and restructuring within approved limit including bonus/profit share as may be granted at any time and from time to time by the Company in accordance with the company policies.

Further resolved that Mrs. Qamar Mubeen Jumani be and is hereby authorized for free use of company maintained transport for official and private purpose and reimbursement of travelling expenses incurred for the purpose of company's objectives.

Mrs. Qamar Mubeen Jumani being interested did not participate in the resolution.

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

INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of **KHAIRPUR 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, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "Interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2014 and 2013 have not been reviewed as we are required to review only the cumulative figures for the six months period ended March 31, 2014.

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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

The Company has not carried out actuarial valuation of defined benefit plan (staff retirement gratuity) for determination of the liability in accordance with the Projected Unit Credit Method as prescribed by the International Accounting Standard – 19 "Employee Benefits" (IAS – 19). In the absence of actuarial valuation, we are unable to identify the amount of any adjustment to the liability in respect of staff retirement benefits of the Company;

QUALIFIED CONCLUSION

Based on our review, except as discussed in paragraph above, nothing has come to our attention that causes us to believe that the annexed interim financial information are not

presented fairly, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan.

EMPHASIS OF MATTER

We draw attention to the Note 1.1 to the interim financial information. As stated in the note, as at March 31, 2014 the Company has accumulated losses of Rs. 679.863 million resulting in negative equity of Rs. 519.688 million. Further the current liabilities of the Company exceed its current assets by Rs. 656.797 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. However, this financial information is prepared on going concern basis due to the reasons stated in the note. Our opinion is not qualified in respect of this matter.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: May 30, 2014

Engagement Partner:
Zakaria

**CONDENSED INTERIM BALANCE SHEET
(UNAUDITED)
AS AT MARCH 31, 2014**

	<u>Note</u>	March 31, 2014 (Unaudited) Rupees	September 30, 2013 (Audited) Rupees
<i>(Rupees in thousand)</i>			
ASSETS			
Non-Current Assets			
Property, plant and equipments	5	1,499,189	1,520,745
Long term loans and advances		695	695
Long term deposits		219	219
Current Assets			
Stores, spares and loose tools		75,376	83,754
Stock in trade	6	1,908,302	300,047
Trade debts		-	-
Loans and advances - Considered good		134,821	156,531
Tax refunds due from Government		43,676	29,569
Cash and bank balances		31,774	119,438
		<u>2,208,022</u>	<u>696,161</u>
Total Assets		<u>3,708,125</u>	<u>2,217,820</u>
EQUITY AND LIABILITIES			
20,000,000 Ordinary shares of Rs. 10 each		200,000	200,000
Issued, subscribed and paid up share capital		<u>160,175</u>	<u>160,175</u>
Issued, subscribed and paid up capital		(679,863)	(721,555)
Accumulated Loss		<u>(519,688)</u>	<u>(561,380)</u>
Shareholders' Equity			
Surplus on revaluation of fixed assets	7	333,460	341,737
Non-Current Liabilities			
Long term financing		987,499	988,672
Deferred liability		42,035	38,515
Current Liabilities			
Current portion of long term loans		-	-
Short term borrowing	8	1,044,283	426,804
Trade and other payables		1,782,787	972,899
Accrued Markup		14,272	10,573
		<u>2,864,819</u>	<u>1,410,276</u>
Contingencies	9		
Total Equity and Liabilities		<u>3,708,125</u>	<u>2,217,820</u>

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

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi:
May 30, 2014

**CONDENSED INTERIM PROFIT AND LOSS STATEMENT
(UNAUDITED)
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 →			
Sales - net	2,347,700	611,936	1,339,719	273,407
Cost of sales	2,151,397	752,270	1,126,513	418,454
Gross profit / (loss)	196,303	(140,334)	213,206	(145,047)
Administrative expenses	62,712	47,535	35,376	23,100
Distribution expenses	56,117	8,668	52,152	8,383
	118,829	56,204	87,528	31,483
Other charges / Income	77,474	(196,538)	125,678	(176,530)
Operating profit/(loss)	(4,139)	28	(4,140)	13
	73,335	(196,510)	121,538	(176,517)
Financial charges	(16,443)	(14,065)	(15,612)	(12,366)
Profit / (Loss) before taxation	56,892	(210,574)	105,926	(188,883)
Taxation	(23,477)	(3,060)	(18,437)	(1,367)
Profit after taxation/(Loss)	33,415	(213,634)	87,489	(190,250)
Earnings / (Loss) per share - basic and diluted	2.09	(13.34)	5.46	(11.88)

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

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi:
May 30, 2014

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
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 →			
Profit / (Loss) for the period	33,415	(213,634)	87,489	(190,250)
Other comprehensive income				
Incremental depreciation transferred from surplus on revaluation of fixed assets- net of deferred tax	8,277	8,050	4,139	3,291
Total comprehensive income / (loss)	<u>41,692</u>	<u>(205,584)</u>	<u>91,628</u>	<u>(186,959)</u>

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

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi:
May 30, 2014

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2014**

DESCRIPTION	Share Capital	Accumulated Losses	TOTAL
	----- (Rupees in thousand) -----		
Balance as at September 30, 2012	160,175	(403,644)	(243,469)
Total Comprehensive Income			
Recognized loss for the six months October 2012 to March 2013	-	(213,634)	(213,634)
Other Comprehensive Income			
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of differed tax	-	8,050	8,050
Total Comprehensive loss for the period		(205,584)	
Balance as at March 31, 2013	160,175	(609,228)	(449,053)
Balance as at September 30, 2013	160,175	(721,555)	(561,380)
Total Comprehensive Income			
Recognized profit for the six months October 2013 to March 2014	-	33,415	33,415
Other Comprehensive Income			
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of differed tax	-	8,277	8,277
Total Comprehensive income for the period		41,692	
Balance as at March 31, 2014	160,175	(679,863)	(519,688)

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

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi:
May 30, 2014

**CONDENSED INTERIM CASH FLOW STATEMENT
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2014**

	March 31, 2014 (Unaudited) Rupees	March 31, 2013 (Unaudited) Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
	<i>(Rupees in thousand)</i>	
Net profit before taxation	56,892	(210,575)
Adjustments for:		
Financial cost	16,443	(14,065)
Depreciation	38,504	887
Gratuity	3,521	5,161
	115,360	(218,592)
Working capital changes		
(Increase)/ decrease in current assets		
Stores, spares and loose tools	8,378	(82,141)
Stock in trade	(1,608,255)	(1,803,127)
Trade debts	-	37,044
Loans and advances - Considered good	21,710	38,038
Deposits, prepayments and other receivables	(7,252)	1,445
	(1,585,419)	(1,808,741)
Increase in current liabilities		
Trade and other payables	809,888	1,492,702
Net cash used in operating activities	(660,171)	(534,631)
Taxes paid - net	(14,107)	(14,702)
Financial charges paid	(12,744)	16,495
Net cash used in operating activities	(687,022)	(532,838)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(16,948)	(1,193)
Net cash used in investing activities	(16,948)	(1,193)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayments) from long term loans	(1,173)	87,954
Proceeds from short term borrowing	617,479	445,000
Net cash generated from financing activities	616,306	532,954
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(87,664)	(1,077)
Cash and cash equivalent at beginning of the period	119,438	8,358
Cash and cash equivalent at end of the period	31,774	7,281

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

Karachi:
May 30, 2014

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2014**

1. NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on August 23, 1989 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on the Karachi Stock Exchange. The registered office of the Company is situated at 3rd floor, Plot No.15C, 9th commercial lane, Zamzama, D.H.A Karachi . The principal activity of the Company is the production and sale of white sugar.

1.1 The accumulated losses of the company stood at Rs.679,863 (September 30, 2013 : Rs.721,555) million resulting in negative shareholders' equity of Rs.519,668 (September 30, 2013 : Rs.561,380) million. The amount of current liabilities of the Company as at above date exceeds its current assets by Rs.656,797 (September, 30, 2013 : Rs.714,116) million and the amount of borrowings from financial institutions as at above date stood at Rs.799,857 million (September 30, 2013: Rs.238,097) million. The ability of the Company to continue as a going concern depends on the market prices of sugar and seasonal factors. These conditions indicate the existence of a material uncertainty about the Company's ability to continue as a going concern and company may not be able to realize its assets and discharge the liabilities at stated. However, during the six months, the Company has produce 82,597 metric ton of sugar as compared to last year of 47,130 metric tons. This is mainly due to efforts made by management to procure higher quantity of sugar with premium recovery percentage. Further, the Company has earned net profit during the half year of Rs. 33,415 million despite depressed sugar prices. The Company has sufficient resources to settle its bank borrowings and its directors and sponsors are committed to ensure continuity of going concern. Owing to these facts, these financial information are prepared on going concern basis.

2. BASIS OF PREPARATION

Statement of Compliance

This condensed interim financial report of the company for the six months period ended March 31, 2014 has 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. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report is unaudited but subject to limited scope review by auditors. This condensed interim financial report do not include all of the information

and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended September 30, 2013.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards 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. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources 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.

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.

March 31 2014 (Unaudited)	September 30 2013 (Audited)
<i>(Rupees in thousand)</i>	

5. PROPERTY, PLANT AND EQUIPMENTS

Opening written down value	1,520,745	1,446,454
Additions during the period	16,948	23,965
Disposal during the year	-	(26)
Depreciation charge for the period	(38,504)	(75,401)
Revaluation surplus	-	125,753
Closing written down value	1,499,189	1,520,745

March 31 **September 30**
2014 **2013**
(Unaudited) **(Audited)**
(Rupees in thousand)

The additions were made during the period are given below: -

Plant and machinery	-	17,031
Factory building	1,252	5,695
Furniture and fixture	72	-
Capital work in process	9,186	-
Vehicles	6,438	1,239
Sub total	<u>16,948</u>	<u>23,965</u>

The disposal were made during the period are given below: -

Vehicles	<u>-</u>	<u>26</u>
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6. STOCK IN TRADE

Manufactured sugar

- Work in process	31,339	726
- Finished goods	1,649,075	299,321

Molasses	<u>227,888</u>	<u>-</u>
	<u>1,908,302</u>	<u>300,047</u>

6.1 The finished goods are pledged with banks against cash finance limit of RS. 800 million

6.2 The cost of inventory recognised as an expense include Rs.58.862 million in respect of write-down of inventory to net realizable value. (March 31, 2013 : Rs.269.380 million)

7. SURPLUS ON REVALUATION OF FIXED ASSETS

Opening balance	518,119	415,711
Surplus arises during the period	-	125,753

Transferred to equity in respect of incremental depreciation - net of deferred tax	(8,277)	(15,206)
Related deferred tax liability of incremental depreciation	(4,410)	(8,139)
	<u>(12,687)</u>	<u>(23,345)</u>
	505,432	518,119

	March 31 2014 (Unaudited)	September 30 2013 (Audited)
	<i>(Rupees in thousand)</i>	
Less:	176,382	141,765
Related deferred tax liability at beginning of the year	-	42,756
Deferred tax liability arises during the period	(4,410)	(8,139)
On incremental depreciation for the year	171,972	176,382
	333,460	341,737

7.1 The Company has carried out revaluation of freehold land, factory building and plant & machinery by independent valuer M/s. Consultancy Support & Services (Management Consultants) as at October 02, 2003, December 11, 2007 and March 29, 2013 which resulted in revaluation surplus amounting to Rs.445,173,438, Rs.201,386,714 and Rs.125,753,015 respectively. The basis of valuation is at assessed / evaluated present value.

8. SHORT TERM BORROWING

- From banking company Secured

Cash finance	8.1	799,857	238,097
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- From related party Unsecured

Directors	211,301	151,985
Other related party	33,125	36,722
	244,426	188,707
	1,044,283	426,804

8.1 The company has obtained cash finance facility from banking companies at three months KIBOR + 2.5 % with the sanctioned limit of Rs.800 million. The facility is secured against finished goods and personal properties and guarantees of the directors of the Company.

9. CONTINGENCIES

9.1 There were no changes in the contingencies since the last audited financial statements except as stated in note 9.2.

9.2 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 paisa per 40 Kg for each 0.1%(including fraction thereof to be calculated prorata)

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 Lahore 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 favor 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.161.516 million.

10. SEASONALITY OF OPERATIONS

The Sugar Industry are operating on seasonal basis normally from November to April. Therefore all major production cost other than fixed cost, for example cost of goods manufactured, stock and short term finances being reflected to be high on this period.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, associates, directors and key management personnel.

During the period, following transactions with related parties are carried out: -

	HALF YEAR ENDED		QUARTER ENDED	
	March 31 2014	March 31 2013	March 31 2014	March 31 2013
	←————— Rupees —————→			
Loan from director - receipts	99,020	143,300	14,100	57,700
Loan from director - repayments	44,475	55,346	33,965	20,832
Others payable - repayments	52,936	59,847	33,293	21,704
Remuneration and other benefits of Chief Executive and Directors	7,200	6,550	3,600	3,275

12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30-05-2014 by the Board of Directors of the Company.

13. GENERAL

Figures have been rounded off to the nearest rupee.

Karachi: Muhammad Mubeen Jumani
May 30, 2014 Chief Executive

Faraz Mubeen Jumani
Managing Director