



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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
31 MARCH, 2015**

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### COMPANY INFORMATION

#### **Board of Directors**

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

#### **Company Secretary**

Mr. Mujahid Bashir

#### **Chief Financial Officer**

Mr. Rizwan Ullah Khan

#### **Auditors**

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

#### **Cost Auditors**

M/s. Munawar Associates Chartered Accountants

#### **Tax Consultants**

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

#### **Legal Advisor**

Mr. Isaac Ali Qazi Advocate

#### **Bankers**

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

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### DIRECTORS' REVIEW REPORT

The Directors are pleased to present the financial statements for the half year ended 31 March, 2015 to the shareholders of the Company in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting", under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Stock Exchanges in Pakistan. The enclosed financial statements are un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

#### **Sugarcane Season 2014-15**

The sugarcane crushing season 2014-15 commenced on 12 November, 2014, and continued intermittently till 01 April, 2015. The Mills crushed 95,526 tons of sugarcane to produce 9,019 tons of sugar at an Average recovery of 9.49%. The Gur rates remained high throughout the crushing season and most of the sugarcane was diverted towards tax free Gur making.

#### **Sugar Price**

The Government allowed the export 650,000 M. Tons out of the surplus sugar production with Rs. 10/- per Kg subsidy that improved the domestic sugar prices enabling mills to absorb a portion of increased sugarcane support price and minimum wages.

#### **Distillery**

The management has decided to temporarily close down the distillery operations, for effluent treatment solution.

#### **Reply to Auditors' observation (Note No. 8.2)**

We have filed a writ petition in the Lahore High Court, Lahore to recover the deposits.

#### **Consolidated Financial Results**

Consolidated financial statements are annexed with these financial statements as required under Section 237 of the Companies Ordinance, 1984.

#### **Accounting Policies**

The accounting policies adopted in the preparation of these quarterly financial statements are the same as applied in the preparation of the preceding annual financial statements of the Company.

#### **Acknowledgement**

The Directors appreciate the spirit of good work done by the Company's staff at all levels.

ON BEHALF OF THE BOARD



CHIEF EXECUTIVE

Mardan:  
28 May, 2015

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED**  
**INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company) as at March 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended March 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2015.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

Provision against deposits with a non-bank financial institutions aggregating Rs. 39 million has not been made in this interim financial information as the matter is pending adjudication before the Court as fully detailed in note 8.2.

**Qualified Conclusion**

Based on our review, except for the matter referred to in the aforementioned paragraph and the extent to which this may effect the annexed interim financial information, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Hameed Chaudhri & Co.*

LAHORE:  
29 May, 2015

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

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2015**

		Unaudited March 31, 2015	Audited Sep. 30, 2014
	Note	(Rupees in thousand)	
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	1,065,518	1,118,284
Investment property		31,721	32,402
Long term investments		170,006	170,006
Long term loan to Subsidiary Company		279,500	279,500
Security deposits		1,030	1,030
		<u>1,547,775</u>	<u>1,601,222</u>
<b>Current Assets</b>			
Stores and spares		122,704	120,582
Stock-in-trade	7	709,197	176,694
Trade debts		36,026	33,846
Advances		59,864	36,758
Trade deposits and short term prepayments		1,698	911
Accrued profit and mark-up		6,391	16,447
Other receivables		15,324	14,989
Sales tax refundable		11,290	7,397
Income tax refundable, advance tax and tax deducted at source		40,675	38,526
Bank balances	8	52,734	57,717
		<u>1,055,903</u>	<u>503,867</u>
<b>Total Assets</b>		<u>2,603,678</u>	<u>2,105,089</u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		900,001	900,001
Accumulated loss		(166,909)	(216,303)
<b>Shareholders' Equity</b>		<u>770,592</u>	<u>721,198</u>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		581,247	606,281
<b>Non-current Liabilities</b>			
Long term finances		200,000	200,000
Liabilities against assets subject to finance lease		3,458	4,405
Deferred taxation		60,194	76,581
Staff retirement benefits - gratuity		9,711	9,175
		<u>273,363</u>	<u>290,161</u>
<b>Current Liabilities</b>			
Trade and other payables		50,601	62,246
Accrued mark-up		23,954	17,380
Short term borrowings		902,041	405,971
Current portion of liabilities against assets subject to finance lease		1,880	1,852
		<u>978,476</u>	<u>487,449</u>
<b>Total Liabilities</b>		<u>1,251,839</u>	<u>777,610</u>
<b>Total Equity and Liabilities</b>		<u>2,603,678</u>	<u>2,105,089</u>
<b>Contingencies and Commitments</b>	9		

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

*[Signature]*  
**CHIEF EXECUTIVE**

*[Signature]*  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

	Note	Quarter ended		Half-year ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		----- Rupees in thousand -----			
Sales - local		2,869	235,348	36,736	446,328
- export		0	6,949	0	225,115
		<u>2,869</u>	<u>242,297</u>	<u>36,736</u>	<u>671,443</u>
Less : Sales Tax		(394)	(5,648)	(2,932)	(21,959)
Sales - net		<u>2,475</u>	<u>236,649</u>	<u>33,804</u>	<u>649,484</u>
Cost of Sales		(9,937)	(319,760)	(30,443)	(731,243)
Gross (Loss) / Profit		<u>(7,462)</u>	<u>(83,111)</u>	<u>3,361</u>	<u>(81,759)</u>
Distribution Cost		(285)	4,166	(526)	(1,782)
Administrative Expenses		(16,459)	(10,513)	(31,407)	(23,385)
Other Income	10	69,650	77,850	79,013	97,058
Other Expenses		(423)	(5,132)	(423)	(5,132)
Profit / (Loss) from Operations		<u>45,021</u>	<u>(16,740)</u>	<u>50,018</u>	<u>(15,000)</u>
Finance Cost		(21,872)	(17,456)	(42,045)	(28,311)
Profit / (Loss) before Taxation		<u>23,149</u>	<u>(34,196)</u>	<u>7,973</u>	<u>(43,311)</u>
Taxation					
- Current	11	0	1,312	0	(2,354)
- Deferred		18,320	0	16,387	0
		<u>18,320</u>	<u>1,312</u>	<u>16,387</u>	<u>(2,354)</u>
Profit / (Loss) after Taxation		<u>41,469</u>	<u>(32,884)</u>	<u>24,360</u>	<u>(45,665)</u>
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income / (Loss)		<u>41,469</u>	<u>(32,884)</u>	<u>24,360</u>	<u>(45,665)</u>
		----- Rupees -----			
Earnings / (Loss) per Share		<u>11.06</u>	<u>(8.77)</u>	<u>6.50</u>	<u>(12.18)</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

	Half year ended	
	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit / (loss) for the period - before taxation	7,973	(43,311)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	52,110	26,698
Depreciation on investment property	681	744
Gain on sale of vehicle	(35)	0
Uncollectible receivable balances written-off	3	22
Unclaimed payable balances written-back	(63)	(153)
Mark-up on loan to Subsidiary Company and profit on bank deposits	(16,250)	(16,839)
Staff retirement benefits - gratuity (net)	536	591
Finance cost	41,138	27,222
<b>Profit / (loss) before working capital changes</b>	<u>86,093</u>	<u>(5,026)</u>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(2,122)	9,648
Stock-in-trade	(532,503)	90,306
Trade debts	(2,180)	(128,820)
Advances	(23,109)	1,722
Trade deposits and short term prepayments	(787)	153
Other receivables	(335)	(72,160)
Sales tax refundable	(3,893)	(4,910)
Decrease in trade and other payables	(11,582)	(84,245)
	<u>(576,511)</u>	<u>(188,306)</u>
<b>Cash used in operations</b>	<u>(490,418)</u>	<u>(193,332)</u>
Income tax paid	(2,149)	(8,038)
Security deposits	0	(461)
<b>Net cash used in operating activities</b>	<u>(492,567)</u>	<u>(201,831)</u>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(349)	(30,569)
Sale proceeds of vehicle	1,040	0
Mark-up / profit received on loan to Subsidiary Company and bank deposits	26,306	5,791
<b>Net cash generated from / (used in) investing activities</b>	<u>26,997</u>	<u>(24,778)</u>
<b>Cash flow from financing activities</b>		
Lease finances - net	(919)	6,266
Short term borrowings - net	496,070	286,116
Finance cost paid	(34,564)	(23,926)
<b>Net cash generated from financing activities</b>	<u>460,587</u>	<u>268,456</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(4,983)</u>	<u>41,847</u>
<b>Cash and cash equivalents - at beginning of the period</b>	<u>57,717</u>	<u>92,062</u>
<b>Cash and cash equivalents - at end of the period</b>	<u>52,734</u>	<u>133,909</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

	Share capital	Reserves			Accumulated loss	Total
		Capital	Revenue	Sub-total		
		Share redemption	General			
----- Rupees in thousand -----						
Balance as at September 30, 2013 (audited)	37,500	1	900,000	900,001	(162,629)	774,872
Effect of change in accounting policy	0	0	0	0	(2,354)	(2,354)
Balance as at September 30, 2013 (audited and re-stated)	37,500	1	900,000	900,001	(164,983)	772,518
Total comprehensive loss for the half-year ended March 31, 2014	0	0	0	0	(45,665)	(45,665)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	13,028	13,028
Balance as at March 31, 2014	37,500	1	900,000	900,001	(197,620)	739,881
Balance as at September 30, 2014 (audited)	37,500	1	900,000	900,001	(216,303)	721,198
Total comprehensive income for the half-year ended March 31, 2015	0	0	0	0	24,360	24,360
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	25,034	25,034
<b>Balance as at March 31, 2015</b>	<b>37,500</b>	<b>1</b>	<b>900,000</b>	<b>900,001</b>	<b>(166,909)</b>	<b>770,592</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

**1. CORPORATE INFORMATION**

The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

**2. BASIS OF PREPARATION**

This condensed interim financial information is unaudited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended March 31, 2015 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2014.

This condensed interim financial information is presented in Pakistan Rupees, which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended September 30, 2014.

**4. ACCOUNTING ESTIMATES AND JUDGEMENT**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended September 30, 2014.

**5. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on October 01, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

	Un-audited March 31, 2015	Audited Sep. 30, 2014
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Book value at beginning of the period	1,118,284	
Additions during the period:		
- plant and machinery	100	
- furniture, fittings & office equipment	249	
	349	
Book value of vehicle sold during the period	(1,005)	
Depreciation charge for the period	(52,110)	
Book value at end of the period	<u>1,065,518</u>	

6.1 There has been no change in the status of matter as reported in note 6.6 to the audited financial statements of the Company for the year ended September 30, 2014.

#### 7. STOCK-IN-TRADE

	Un-audited March 31, 2015	Audited Sep. 30, 2014
Sugar-in-process	16,960	3,779
Finished goods:		
- sugar	688,705	166,975
- spirit	3,532	5,940
	692,237	172,915
	<u>709,197</u>	<u>176,694</u>

#### 8. BANK BALANCES

8.1 Period-end bank balances include deposits aggregating Rs.39 million lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits fell between July 29, 2009 to July 29, 2012.

8.2 The realisability of these deposits aggregating Rs.39 million is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

The Company has sizeable investment in IIBL by virtue of which it is entitled to be heard. The Company, therefore, has filed a petition before the LHC under Civil Procedure Code 1908 to be made party in the winding-up proceedings.

The Company has not accrued profit on these deposits during the current period as well as preceding financial years.

8.3 There has been no change in the status of matter as reported in note 16.5 to the audited financial statements of the Company for the year ended September 30, 2014.

#### 9. CONTINGENCIES AND COMMITMENTS

9.1 There has been no significant change in the status of contingencies as reported in the audited financial statements of the Company for the year ended September 30, 2014.

9.2 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Company outstanding as at March 31, 2015 were for Rs.20.863 million (September 30, 2014: Rs.10 million). These guarantees are valid upto May 26, 2015.

#### 10. OTHER INCOME

	Note	Un-audited Half-year ended March 31, 2015	March 31, 2014
<b>Income from financial assets:</b>			
Profit on bank deposits and saving accounts		371	1,026
Mark-up on loan to a Subsidiary Company		15,879	15,813
<b>Income from other than financial assets:</b>			
Sale of press mud		1,051	1,055
Un-claimed payable balances written-back		63	153
Profit from fertilizer sales		441	1,827
Gain on sale of vehicle		35	0
Rent		4	4
Sale of agricultural produce	10.1	55,907	2,859
Income from lease of land		3,500	0
Scrap sales		1,759	0
Sale of beet pulp		0	10,000
Excess recoveries of local clearing expenses incurred against export of sugar through Commission Agents		0	63,774
Miscellaneous		3	547
		<u>79,013</u>	<u>97,058</u>

10.1 Income for the current period includes sale of popular plants, a new plantation technique introduced by the Company, aggregating Rs. 12.700 million, sale of cane seed aggregating Rs. 39.910 million and sale of melon at Saro Shah Farm aggregating Rs. 3.297 million.

#### 11. TAXATION

The required provision for the current period has been fully adjusted against preceding year's tax credit for investment in plant and machinery available under section 65B of the Income Tax Ordinance, 2001.

## 12. TRANSACTIONS WITH RELATED PARTIES

12.1 The Company has related party relationship with its Subsidiary and Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Subsidiary and Associated Companies during the period were as follows:

	Un-audited Half-year ended	
	March 31, 2015	March 31, 2014
<b>Subsidiary Companies:</b>	(Rupees in thousand)	
- purchase of goods	3,590	2,404
- sale of goods	2,610	0
- mark-up earned on long term loan	15,879	15,813
<b>Associated Companies:</b>		
- purchase of goods	0	6,918

12.2 Advances as at March 31, 2015 include due from Subsidiary and Associated Companies aggregating Rs. 246 thousand (September 30, 2014: Rs. Nil) whereas mark-up receivable from Subsidiary Company as at March 31, 2015 amounted Rs. 6.195 million (September 30, 2014: Rs. 16.397 million).

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

## 13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements of the Company as at and for the year ended September 30, 2014.

## 14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on May 28, 2015 by the Board of Directors of the Company.

## 15. CORRESPONDING FIGURES

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

15.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

# 2015

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH, 2015



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

The directors are pleased to present the half yearly consolidated financial statements for the half year ended on 31 March, 2015 to the shareholders of the Company.

**General Review**

The Premier Sugar Mills & Distillery Company Limited's subsidiary company, Chashma Sugar Mills Limited has earned profit of Rs. 67,752 million and The Frontier Sugar Mills & Distillery Limited suffered loss of Rs.4,887 million due to non-availability of raw material to the mills.

**Review of Operations**

The Director's Review Reports on the respective financial statements of the Holding Company and the Subsidiary Companies fully cover all the important events that took place during the period under review.

**Reply to Auditors' Reservations**

Reply to the Auditors' reservations on the interim financial statements of the Frontier Sugar Mills & Distillery Limited (FSM):

1. The Auditors have raised doubts regarding the FSM's ability to continue business as a going concern because of the diversion of sugarcane towards tax free lucrative Gur production. This is a joint problem of the Peshawar valley sugar industry, we have taken up the matter with the Provincial and Federal governments to provide us level playing field with the commercial gur trade.
2. Auditors also made their reservations regarding impairment of stores and spares of FSM. The management is carrying out an exercise to identify obsolete/damaged stores and spares inventory, if any.
3. With regard to the common reservation of auditors regarding non-provision against deposits by PSM and FSM, we have filed a writ petition in the Lahore High Court, Lahore to recover the deposits.

**Customer's Support and Staff Relations**

We thank our valued customers for their continued feedback and recognize the roll they play in the success of the Group. We would also like to extend our appreciations to all the employees of the Group for their commitment and hard work.

**Accounting Policies**

The accounting policies adopted in the preparation of these quarterly financial statements are the same as applied in the preparation of the preceding annual financial statements of the Group Companies.

ON BEHALF OF THE BOARD



**Mardan  
28 May, 2015**

**CHIEF EXECUTIVE**



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

**CONDENSED INTERIM CONSOLIDATED  
BALANCE SHEET AS AT 31 MARCH, 2015**

		Unaudited March 31, 2015	Audited and Sep. 30, 2014
		(Rupees in thousand)	
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current Assets</b>			
Property, plant and equipment	6	7,796,161	7,584,238
Intangible assets		1,258	233
Investment property		31,721	32,402
Long term investments	7	87,384	82,115
Security deposits		5,250	5,250
		<u>7,921,774</u>	<u>7,704,238</u>
<b>Current Assets</b>			
Stores and spares	8	452,181	447,552
Stock-in-trade	9	7,129,426	1,879,883
Trade debts	10	359,002	211,702
Loans and advances		163,085	222,044
Trade deposits, short term prepayments and other receivables	11	328,956	168,330
Accrued profit and mark-up		196	50
Sales tax refundable		271,587	200,657
Income tax refundable, advance tax and tax deducted at source		177,165	147,199
Short term investments	12	54,943	27,487
Bank balances	13	342,827	246,643
		<u>9,279,368</u>	<u>3,551,547</u>
<b>TOTAL ASSETS</b>		<u>17,201,142</u>	<u>11,255,785</u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		1,030,960	1,026,560
Unappropriated profit / (accumulated loss)		62,855	(56,318)
<b>Equity Attributable to Equity Holders of the Parent Company</b>		1,131,315	1,007,742
<b>Non-controlling Interest</b>		400,985	325,462
		<u>1,532,300</u>	<u>1,333,204</u>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		2,419,621	2,526,224
<b>Non-current Liabilities</b>			
Long term finances	14	2,217,553	2,227,408
Loans from Associated Companies		157,500	157,500
Liabilities against assets subject to finance lease		18,388	21,459
Deferred taxation		752,114	818,791
Staff retirement benefits - gratuity		12,036	11,496
		<u>3,157,591</u>	<u>3,236,654</u>
<b>Current Liabilities</b>			
Trade and other payables	15	3,179,670	426,082
Advances against sale of land	16	40,834	30,881
Accrued mark-up		222,115	205,351
Short term borrowings		6,401,906	3,336,694
Current portion of non-current liabilities	17	243,259	156,849
Dividends payable to non-controlling interest		3,846	3,846
		<u>10,091,630</u>	<u>4,159,703</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,201,142</u>	<u>11,255,785</u>
<b>Contingencies and Commitments</b>	18		

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

  
CHIEF EXECUTIVE

  
DIRECTOR

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

**CONDENSED INTERIM CONSOLIDATED  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

Note	Quarter ended		Half year ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees in thousand -----			
Sales (local and export)	1,327,662	2,493,162	2,302,230	4,785,284
Less: Sales Tax	(3,747)	(13,970)	(10,883)	(38,407)
Sales - net	<u>1,323,915</u>	<u>2,479,192</u>	<u>2,291,347</u>	<u>4,746,877</u>
Cost of Sales	(1,378,220)	(2,635,487)	(2,148,140)	(4,828,850)
Gross (Loss) / Profit	<u>(54,305)</u>	<u>(156,295)</u>	<u>143,207</u>	<u>(81,973)</u>
Distribution Cost	(16,666)	(22,830)	(21,521)	(48,072)
Administrative Expenses	(69,193)	(61,367)	(130,609)	(119,961)
Other Income	19	214,119	123,364	237,585
Other Expenses	(1,389)	(5,139)	(1,407)	(5,157)
Profit / (Loss) from Operations	<u>72,566</u>	<u>(122,267)</u>	<u>227,255</u>	<u>(104,205)</u>
Finance Cost	(113,705)	(60,803)	(206,708)	(126,221)
	<u>(41,139)</u>	<u>(183,070)</u>	<u>20,547</u>	<u>(230,426)</u>
Share of (Loss) / Profit from Associated Companies	(47)	59	(213)	59
(Loss) / Profit before Taxation	<u>(41,186)</u>	<u>(183,011)</u>	<u>20,334</u>	<u>(230,367)</u>
<b>Taxation</b>				
Group				
- Current	20	0	(20,450)	(42,147)
- Deferred		75,975	22,829	45,657
		<u>75,975</u>	<u>66,677</u>	<u>3,510</u>
Associated Companies		(16)	(1)	(1)
		<u>75,959</u>	<u>66,657</u>	<u>3,509</u>
Profit / (Loss) after Taxation	<u>34,773</u>	<u>(180,633)</u>	<u>86,991</u>	<u>(226,858)</u>
<b>Other Comprehensive (Loss) / Income</b>				
Fair value (loss) / gain on available-for-sale investments	(5,964)	13,967	5,334	13,967
Share of other comprehensive income from Associated Companies	15	10	10	10
<b>Total Comprehensive Income / (Loss)</b>	<u>28,824</u>	<u>(166,656)</u>	<u>92,335</u>	<u>(212,881)</u>
<b>Attributable to:</b>				
- Equity holders of the Parent Company	32,498	(74,040)	58,361	(126,530)
- Non-controlling interest	(3,674)	(92,616)	33,974	(86,351)
	<u>28,824</u>	<u>(166,656)</u>	<u>92,335</u>	<u>(212,881)</u>
	----- Rupees -----			
<b>Combined Earnings / (Loss) per Share</b>	<u>7.49</u>	<u>(22.82)</u>	<u>14.39</u>	<u>(36.82)</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

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

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

**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

	Half year ended	
	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit / (loss) for the period - before taxation	20,334	(230,367)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	230,291	223,379
Depreciation on investment property	681	744
Amortisation of intangible assets	275	0
Loss / (profit) from Associated Companies - net	213	(59)
Mark-up / profit on bank deposits and saving accounts	(4,794)	(3,370)
Staff retirement benefits - gratuity (net)	540	701
Un-claimed payable balances written-back	(63)	(153)
Gain on sale of vehicles -net	(456)	(261)
Gain on redemption of short term investments	0	(124)
Gain on re-measurement of short term investments to fair value	(1,456)	(1,023)
Uncollectible receivable balances written-off	3	22
Finance cost	206,708	126,221
<b>Profit before working capital changes</b>	<b>452,276</b>	<b>115,710</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(4,629)	126,027
Stock-in-trade	(5,249,543)	(1,611,457)
Trade debts	(147,300)	(593,049)
Loans and advances	58,956	10,792
Trade deposits, short term prepayments and other receivables	(160,626)	(136,645)
Sales tax refundable -net	(70,930)	(134,948)
<b>Increase in current liabilities</b>		
Trade and other payables	2,753,651	1,343,082
Advances against sale of land	9,953	0
	(2,810,468)	(996,198)
<b>Cash used in operations</b>	<b>(2,358,192)</b>	<b>(880,488)</b>
Income tax paid	(29,966)	(77,921)
Security deposits	0	(561)
<b>Net cash used in operating activities</b>	<b>(2,388,158)</b>	<b>(958,970)</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(443,223)	(1,068,516)
Sale proceeds of vehicles	1,465	2,861
Intangible assets acquired	(1,300)	(350)
Short term investments -net	(26,000)	5,799
Mark-up /profit received on bank deposits and saving accounts	4,648	2,852
<b>Net cash used in investing activities</b>	<b>(464,410)</b>	<b>(1,057,354)</b>
<b>Cash flow from financing activities</b>		
Long term finances - net	76,671	856,625
Lease finances - net	(3,187)	21,820
Short term borrowings - net	3,065,212	1,438,291
Finance cost paid	(189,944)	(130,454)
Dividend paid	0	(1)
<b>Net cash generated from financing activities</b>	<b>2,948,752</b>	<b>2,186,281</b>
<b>Net increase in cash and cash equivalents</b>	<b>96,184</b>	<b>169,957</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>246,643</b>	<b>159,548</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>342,827</b>	<b>329,505</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

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

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

**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

	Attributable to equity holders of the Parent Company								Non-controlling interest	Total equity
	Share capital	Share redemption	Reserves		Sub-total	(Accumulated Loss) / Unappropriated Profit	Total			
			Capital	Revenue						
		General	Fair value reserve on available-for-sale investments							
Rupees in thousand										
September 30, 2013 - re-stated	37,500	1	1,010,537	10,870	1,021,408	(25,952)	1,032,956	300,344	1,333,300	
<b>Revenue income / (loss):</b>										
for the half year ended March 31, 2014	0	0	0	0	0	(140,507)	(140,507)	(86,351)	(226,858)	
<b>Revenue income</b>	0	0	0	11,522	11,522	10	11,532	2,445	13,977	
	0	0	0	11,522	11,522	(140,497)	(128,975)	(83,906)	(212,881)	
Surplus directly credited in Associated Companies	0	0	0	0	0	129	129	0	129	
Surplus on revaluation of plant and equipment on account of additional depreciation for the half year ended March 31, 2014	0	0	0	0	0	57,861	57,861	44,456	102,317	
<b>September 30, 2014</b>	<b>37,500</b>	<b>1</b>	<b>1,010,537</b>	<b>22,392</b>	<b>1,032,930</b>	<b>(108,459)</b>	<b>961,971</b>	<b>260,894</b>	<b>1,222,865</b>	
September 30, 2014 - audited	37,500	1	1,010,537	16,022	1,026,560	(56,318)	1,007,742	325,462	1,333,204	
<b>Revenue income:</b>										
for the half year ended March 31, 2015	0	0	0	0	0	53,017	53,017	33,974	86,991	
<b>Revenue income</b>	0	0	0	4,400	4,400	10	4,410	934	5,344	
	0	0	0	4,400	4,400	53,027	57,427	34,908	92,335	
Surplus directly credited in Associated Companies	0	0	0	0	0	158	158	0	158	
Surplus on revaluation of plant and equipment on account of additional depreciation for the half year ended March 31, 2015	0	0	0	0	0	65,988	65,988	40,615	106,603	
<b>March 31, 2015</b>	<b>37,500</b>	<b>1</b>	<b>1,010,537</b>	<b>20,422</b>	<b>1,030,960</b>	<b>62,855</b>	<b>1,131,315</b>	<b>400,985</b>	<b>1,532,300</b>	

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

  
CHIEF EXECUTIVE

  
DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED**  
**INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 MARCH, 2015**

**1. THE GROUP AND ITS OPERATIONS**

**1.1 The Premier Sugar Mills & Distillery Company Ltd.** (the Parent Company)

The Parent Company was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Parent Company is principally engaged in manufacture and sale of white sugar and spirit. The Parent Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

**1.2 Subsidiary Companies**

**(a) Chashma Sugar Mills Ltd.** (CSM)

(i) CSM was incorporated on May 05, 1988 as a Public Company and it commenced commercial production from October 01, 1992. CSM is principally engaged in manufacture and sale of white sugar and its shares are quoted on all the Stock Exchanges of Pakistan. The Head Office of CSM is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and the Mills are located at Dera Ismail Khan.

(ii) The Parent Company directly and indirectly controls / beneficially owns more than fifty percent of the CSM's paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSM has been treated a Subsidiary with effect from the financial year ended September 30, 2010.

**(b) The Frontier Sugar Mills and Distillery Ltd.** (FSM)

(i) FSM was incorporated on March 31, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan; FSM was delisted from the Stock Exchanges as detailed in note (iii). The principal activity of FSM is manufacturing and sale of white sugar and its Mills and Registered Office are located at Takht-i-Bhai, Mardan (Khyber Pakhtunkhwa).

(ii) FSM has been suffering losses over the years and during the current period and prior years had not carried-out manufacturing operations due to non-availability of raw materials.

**(iii) Delisting of FSM**

The Parent Company, the majority shareholder of FSM, had decided to purchase all the ordinary and preference shares of FSM held by Others. The shareholders of FSM had passed a special resolution for de-listing from the Stock Exchanges at the annual general meeting held on January 30, 2010. The shareholders had also passed a special resolution for purchase of 263,134 ordinary shares at a price of Rs.190.20 per share and 26,970 preference shares at a price of Rs.18.60 per share by the Parent Company in the extra ordinary general meeting held on June 10, 2010.

The purchase agent of the Parent Company (Invest Capital Investment Bank Ltd.) had completed the buying of 36,209 ordinary shares and 150 preference shares within the initial period of 60 days and after the submission of an undertaking to the Stock Exchanges to purchase the remaining shares upto August 26, 2011, FSM was de-listed from all the Stock Exchanges with effect from October 25, 2010. The purchase agent, during the financial year ended September 30, 2011, had further purchased 19,884 ordinary shares and 20,014 preference shares.

**2. BASIS OF PREPARATION**

This condensed interim consolidated financial information is unaudited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim consolidated financial information does not include all the information required for annual consolidated financial statements and, therefore, should be read in conjunction with the consolidated financial statements of the Group for the year ended September 30, 2014.

This condensed interim consolidated financial information is presented in Pakistan Rupees, which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of annual consolidated financial statements of the Group as at and for the year ended September 30, 2014.

**4. ACCOUNTING ESTIMATES AND JUDGEMENT**

The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended September 30, 2014.

**5. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on October 01, 2014 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed interim consolidated financial information.

**6. PROPERTY, PLANT AND EQUIPMENT**

Note	Unaudited March 31, 2015 (Rupees in thousand)	Audited September 30, 2014
Operating fixed assets - tangible	<b>6.1 4,758,685</b>	4,980,853
Capital work-in-progress	<b>6.2 3,035,765</b>	2,601,473
Stores held for capital expenditure	1,711	1,912
	<b><u>7,796,161</u></b>	<b><u>7,584,238</u></b>

	Note	Unaudited March 31, 2015 (Rupees in thousand)
<b>6.1 Operating fixed assets - tangible</b>		
Opening book value		4,980,853
Additions during the period:		
- plant and machinery		100
- electric installations		1,174
- furniture, fittings and office equipment		3,321
- vehicles:		
owned		188
leased		4,349
		9,132
Book value of vehicles disposed-off during the period		(1,009)
Depreciation charge for the period		(230,291)
Closing book value		<u>4,758,685</u>
<b>6.2 Capital work-in-progress</b>		
Buildings on freehold land		435,627
Plant and machinery	6.3	2,232,719
Electric installations		188,997
Vehicle		1,039
Un-allocated capital expenditure - net	6.4	68,231
Advance payments:		
-freehold land		421
-buildings on freehold land		8,104
-plant and machinery		100,515
- electric installations		112
		109,152
		<u>3,035,765</u>
<b>6.3</b>		This balance includes mark-up aggregating Rs. 284.983 million on long term finances.
<b>6.4 Un-allocated capital expenditure</b>		
Salaries and benefits		56,071
Fee for soil testing		750
Consultancy fee for Ethanol Fuel Plant and other charges		7,383
Damages to buildings, plant & machinery and stores due to riots - net of insurance claims amounting Rs.30 million		17,623
Compensation paid to affectees		29,003
Mark-up on short term borrowings		61,963
Penalty imposed by the State Bank of Pakistan due to non-export of spirit - net		38,817
Ethanol export sale expenses		18,088
Other expenses		51,697
		281,395
Less: sale of spirit during trial run operations		213,164
		<u>68,231</u>

6.5 There has been no change in the status of matter as reported in note 7.4 to the consolidated financial statements of the Group for the year ended September 30, 2014.

	Note	Unaudited March 31, 2015 (Rupees in thousand)	Audited September 30, 2014 (Rupees in thousand)
<b>7. LONG TERM INVESTMENTS</b>			
Related parties	7.1	56,841	56,906
Others	7.2	30,543	25,209
		<u>87,384</u>	<u>82,115</u>
<b>7.1 Investments in equity instruments of Associated Companies</b>			
Balance at beginning of the period - cost		5,638	
Add: post acquisition profit brought forward		51,268	
		<u>56,906</u>	
Add: share for the period:			
- loss		(213)	
- other comprehensive income		10	
- items directly credited in equity		158	
Less: taxation		(20)	
		(65)	
Balance at end of the period		<u>56,841</u>	
<b>7.2 Others (available-for-sale)</b>			
Ibrahim Fibres Ltd. 405,670 ordinary shares of Rs.10 each		5,680	
Add: adjustment arising from re-measurement to fair value		24,863	
		<u>30,543</u>	
<b>8. STORES AND SPARES</b>			
FSM has not carried-out manufacturing operations during the current period and prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the period-end stores and spares inventory valuing Rs.32.581 million have not been adjusted for any potential impairment loss.			
<b>9. STOCK-IN-TRADE</b>			
Sugar-in-process		83,006	16,020
Finished goods:			
- sugar		5,747,863	1,267,052
- spirit		3,532	5,940
- molasses		1,295,025	590,871
		7,046,420	1,863,863
		<u>7,129,426</u>	<u>1,879,883</u>

**10. TRADE DEBTS** - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.22.300 million (September 30, 2014 Rs. 32.300 million); to secure this debt, CSM has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to CSM if he fails to meet his commitment. The debtor, during the current period, has paid amounts aggregating Rs. 10 million to CSM.

**11. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES**

	Unaudited March 31, 2015 (Rupees in thousand)	Audited September 30, 2014
Sugar export subsidy receivable	311,681	149,880
Prepayments	1,921	3,250
Excise duty deposits	136	136
Export refinance charges refundable	2,444	2,444
Advance made to Arbitrator	6,000	6,000
Gas infrastructure development cess paid under protest - refundable	3,018	3,018
Other receivables	3,756	3,602
	<u>328,956</u>	<u>168,330</u>

**12. SHORT TERM INVESTMENTS**

- At fair value through profit or loss

MCB Cash Management Optimizer

515,823 Units (September 30, 2014: 269,230 Units)

Add: adjustment on re-measurement to fair value

53,487	25,350
1,456	2,137
<u>54,943</u>	<u>27,487</u>

**13. BANK BALANCES**

**13.1** Period-end bank balances include deposits aggregating Rs.78 million lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits fell between July 29, 2009 to July 29, 2012.

The realisibility of these deposits aggregating Rs.78 million is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificates from IIBL were also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

The Group has sizeable investments in IIBL by virtue of which it is entitled to be heard. The Group, therefore, has filed petitions before the LHC under Civil Procedure Code 1908 to be made party in the winding-up proceedings.

**13.2** The Group has not accrued profit on these deposits during the current period as well as preceding financial years.

**13.3** There has been no change in the status of matter as reported in note 18.5 to the consolidated financial statements of the Group for the year ended September 30, 2014.

**14. LONG TERM FINANCES** - Secured  
From banking companies

	Note	Unaudited March 31, 2015 (Rupees in thousand)	Audited September 30, 2014
<b>The Parent Company</b>			
<b>Soneri Bank Ltd. - Term finance</b>		200,000	200,000
<b>CSM</b>			
<b>Bank Alfalah Ltd. - Term finance - III</b>		225,000	250,000
<b>Bank Al-Habib Ltd.</b>			
- Fixed loan		113,204	113,204
- Long term finance [(LTFF) - SBP]		364,810	364,810
		478,014	478,014
<b>Faysal Bank Ltd. - Term finance</b>		499,964	499,964
<b>Soneri Bank Ltd.</b>			
- Term finance		141,139	130,674
- LTFF (ERF)		345,580	240,595
		486,719	371,269
<b>The Bank of Khyber - Demand finance</b>		110,234	124,013
<b>The Bank of Punjab</b>			
- Demand finance		92,472	92,472
- LTFF		356,644	356,644
		449,116	449,116
		<u>2,449,047</u>	<u>2,372,376</u>
Less: current maturity grouped under current liabilities		231,494	144,968
		<u>2,217,553</u>	<u>2,227,408</u>
<b>15. TRADE AND OTHER PAYABLES</b>			
Creditors		2,804,698	277,295
Due to Associated Companies	15.1	41,008	27,082
Accrued expenses		80,183	51,842
Retention money		23,171	21,616
Security deposits - interest free repayable on demand		4,380	2,675
Advances from customers		191,254	14,015
Income tax deducted at source		1,068	1,025
Sales tax payable		17	143
Gratuity payable to ex-employees		2,084	2,084
Workers' (profit) participation fund		4,993	3,439
Workers' welfare fund		11,633	11,633
Unclaimed dividends		6,980	6,980
Due to employees		7,707	6,126
Others		494	127
		<u>3,179,670</u>	<u>426,082</u>
<b>15.1</b> This represents amounts due to:			
- Phipson & Co. Pakistan (Pvt.) Ltd.		185	185
- Syntronics Ltd.		40,823	26,897
		<u>41,008</u>	<u>27,082</u>



## 16. ADVANCES AGAINST SALE OF LAND

These represent advances received from four (September 30, 2014: three) parties against proposed sale of the FSM's freehold land; formal land sale agreements, however, have not been executed till March 31, 2015.

		Unaudited March 31, 2015	Audited September 30, 2014
<b>17. CURRENT PORTION OF LONG TERM LIABILITIES</b>	Note	(Rupees in thousand)	
Long term finances	14	231,494	144,968
Liabilities against assets subject to finance lease		11,765	11,881
		<u>243,259</u>	<u>156,849</u>

## 18. CONTINGENCIES AND COMMITMENTS

18.1 There has been no significant change in the status of contingencies as reported in notes 32.1 to 32.5 to the consolidated financial statements of the Group for the year ended September 30, 2014.

18.2 In case of CSM, commitments in respect of :

- foreign letters of credit for purchase of plant and machinery	<u>120,000</u>	<u>0,000</u>
- in land letters of credit for capital expenditure	<u>0,000</u>	<u>100,755</u>
- capital expenditure other than for letters of credit	<u>48,441</u>	<u>97,612</u>

18.3 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Parent Company outstanding as at March 31, 2015 were for Rs.20.863 million (September 30, 2014: Rs.10 million). These guarantees are valid upto May 26, 2015.

18.4 Also refer contents of taxation notes.

## 19. OTHER INCOME

### Income from financial assets:

Profit on bank deposits and saving accounts	4,794	3,370
Gain on redemption of short term investments	0	124
Fair value gain on re-measurement of short term investments	1,456	1,023
Dividend	0	811

### Income from other than financial assets:

Sale of press mud	3,444	2,880
Sale of beet pulp	0	10,000
Un-claimed payable balances written-back	63	153
Gain on sale of vehicles	456	261
Profit from fertilizer sales	441	1,827
Rent	4	4
Sale of seeds and agricultural produce	19.1 59,753	5,822
Sale of scrap	1,759	569
Subsidy claims on export of sugar	161,800	59,793
Excess recoveries of local clearing expenses incurred against export of sugar through Commission Agents	0	63,774
Income from lease of land	3,500	0
Miscellaneous	115	547
	<u>237,585</u>	<u>150,958</u>

19.1 Income for the current period includes sale of popular plants, a new plantation technique introduced by the Parent Company, aggregating Rs. 12.700 million, sale of cane seed aggregating Rs. 39.910 million and sale of melon at Saro Shah Farm aggregating Rs. 3.297 million.

## 20. TAXATION

### The Parent Company

20.1 The required provision for the current period has been fully adjusted against preceding year's tax credit for investment in plant and machinery available under section 65B of the Income Tax Ordinance, 2001 (the Ordinance).

### CSM

20.2 Except for the matters detailed in notes 20.4 and 20.5, there has been no significant change in the status of taxation matters as reported in notes 31.3 to 31.10 to the consolidated financial statements of the Group for the year ended September 30, 2014.

20.3 Provision made during the current period aggregating Rs 25.457 million represents tax due under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Ordinance. The required provision for the current period has been fully adjusted against preceding year's tax credit for investment in plant & machinery available under section 65B of the Ordinance.

20.4 The Peshawar High Court (PHC), during the preceding year, had accepted the CSM's appeal and the Department was restrained from tax audit under section 177 of the Ordinance for tax year 2009. The Department, however, has filed a petition before the Supreme Court of Pakistan against the judgment of PHC.

20.5 The Department for the tax year 2012 has passed order for recovery of workers' welfare fund demand of Rs. 3.310 million. The appeal was unsuccessful at Commissioner Inland Revenue - Appeals {CIR(A)} forum. CSM against the CIR(A)'s order has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which has accepted the said appeal.

20.6 CSM has filed a sales tax appeal before the CIR(A) against order passed by the Officer Inland Revenue for claiming input tax adjustment of Rs. 36.842 million. The appeal was partially succeeded and a liability of Rs. 8.779 million was vacated. For rest of the amount of Rs. 28.063 million, an appeal is being filed before the ATIR, Peshawar.

20.7 As at March 31, 2015, deferred tax asset amounting Rs.168.434 million on unused tax losses and Rs.38.253 million on minimum tax recoverable against normal tax charge in future years has not been recognised in the condensed interim consolidated financial information on the ground of prudence. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2015. Deferred tax liability as at March 31, 2015 represents deferred tax on surplus on revaluation of property, plant and equipment and on tax credit available under section 65B of the Ordinance.

### FSM

20.8 There has been no significant change in the status of taxation matters as reported in note 31.11 to the consolidated financial statements of the Group for the year ended September 30, 2014.

## 21. TRANSACTIONS WITH RELATED PARTIES

21.1 The Group has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Associated Companies during the period were as follows:

**Unaudited  
Half year ended**  
**March 31, 2015**      **March 31, 2014**  
**(Rupees in thousand)**

- purchase of goods	<b>67,926</b>	83,815
- mark-up expensed	<b>8,502</b>	8,795

**21.2** Advances as at March 31, 2015 include due from Associated Companies aggregating Rs. 994 thousand (September 30, 2014: Rs. 19 thousand) whereas mark-up payable to Associated Companies as at March 31, 2015 aggregated Rs. 27.624 million (September 30, 2014: Rs. 22.619 million).

**21.3 (a)** Mark-up on loans obtained from Associated Companies, during the period, was charged at the rates ranging from 9.76% to 11.62% (September 30, 2014: 10.44% to 11.63%) per annum.

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

**22. EVENT AFTER THE REPORTING PERIOD**

The Government of Khyber Pakhtunkhwa, on April 21, 2015, has granted to CSM D-2 license to manufacture rectified spirit, denatured spirit, B-grade spirit, CO2, fuel oil, fuel ethanol and all distillery products at Ramak on provisional basis for a period of one year with requisite conditions.

**23. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in its consolidated financial statements as at and for the year ended September 30, 2014.

**24. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim consolidated financial information was authorised for issue on May 28, 2015 by the Board of Directors of Parent Company.

**25. CORRESPONDING FIGURES**

**25.1** In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim consolidated balance sheet has been compared with the balances of consolidated financial statements of the Group for the year ended September 30, 2014, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

**25.2** Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim consolidated financial information.



**CHIEF EXECUTIVE**



**DIRECTOR**