



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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 MARCH, 2016**

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. Zarmin Sarfaraz
Ms. Najda Sarafaraz
Ms. Mahnaz 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

Head of Internal Audit

Syed Naveed Ali

Auditors

ShineWing Hameed Chaudhri & Co., Chartered Accountants

Cost Auditors

M/s. Munawar Associates Chartered Accountants

Tax Consultants

ShineWing 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
Soneri Bank Limited

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, 2016 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 Pakistan Stock Exchange. 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 2015-16

The sugarcane crushing season 2015-16 commenced on 11 November, 2015 and continued intermittently till 03 April, 2016. The Mills crushed 178,273 tons (2015: 95,526 tons) of sugarcane and produced 17,677 tons (2015: 9,019 tons) of sugar at an average recovery of 9.94% (2015:9.49%). The Company suffered loss due to the high sugar cane cost compared with sugar industry operating throughout the country because of competition with the commercial gur manufacturers offering higher price as they do not pay road cess, sales tax and income tax.

Sugar Price

The sugar prices remained stable throughout the period.

Reply to Auditors' observation (Note No. 10.2)

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



Mardan:
27 May, 2016

CHIEF EXECUTIVE/DIRECTOR

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

Introduction

Whave reviewed the accompanying condensed interim balance sheet of **The Premier Sugar Mills & Distillery Company Limited** (the Company) as at March 31, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2016.

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 10.2.

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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

LAHORE:
28 May, 2016

Shinewing Hameed Chaudhri & Co.
SHINEWING 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, 2016

		Unaudited March 31, 2016	Audited Sep. 30, 2015
	Note	(Rupees in thousand)	
Assets			
Non-current Assets			
Property, plant and equipment	6	974,211	1,015,942
Investment property		30,418	31,041
Long term investments		170,006	170,006
Long term loan to Subsidiary Company	7	239,570	279,500
Security deposits		1,258	1,030
		1,415,463	1,497,519
Current Assets			
Stores and spares		102,804	109,853
Stock-in-trade	8	710,260	582,721
Current portion of long term loan to Subsidiary Company	7	39,930	0
Trade debts		66,726	27,396
Advances		19,168	31,505
Trade deposits and short term prepayments		2,525	1,459
Accrued profit and mark-up		161	32
Other receivables	9	14,359	13,307
Sales tax refundable		0	3,788
Income tax refundable, advance tax and tax deducted at source		41,882	41,369
Bank balances	10	100,010	56,014
		1,097,825	867,444
		2,513,288	2,364,963
Total Assets			
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		900,001	900,001
Accumulated loss		(158,250)	(149,666)
Shareholders' Equity		779,251	787,835
Surplus on Revaluation of Property, Plant and Equipment			
		541,508	564,515
Non-current Liabilities			
Long term finances		166,667	200,000
Liabilities against assets subject to finance lease		5,045	3,384
Deferred taxation		19,310	57,980
Staff retirement benefits - gratuity		14,303	13,764
		205,325	275,128
Current Liabilities			
Trade and other payables		77,519	48,594
Accrued mark-up		15,252	18,642
Short term borrowings		857,645	668,000
Current portion of:			
- long term finances		33,333	0
- liabilities against assets subject to finance lease		3,455	2,249
		987,204	737,485
		1,192,529	1,012,613
		2,513,288	2,364,963
Total Liabilities			
Total Equity and Liabilities			
Contingencies and Commitments			

11

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2016

	Quarter ended		Half-year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in thousand -----			
Sales - local	318,591	2,869	939,298	36,736
Less : Sales Tax	(23,671)	(394)	(69,759)	(2,932)
Sales - net	294,920	2,475	869,539	33,804
Cost of Sales	(383,761)	(9,937)	(921,214)	(30,443)
Gross (Loss) / Profit	(88,841)	(7,462)	(51,675)	3,361
Distribution Cost	(6,719)	(285)	(9,329)	(526)
Administrative Expenses	(17,401)	(16,459)	(30,971)	(31,407)
Other Income	12 58,796	69,650	68,012	79,013
Other Expenses	621	(423)	(49)	(423)
(Loss) / Profit from Operations	(53,544)	45,021	(24,012)	50,018
Finance Cost	(17,601)	(21,872)	(34,404)	(42,045)
(Loss) / Profit before Taxation	(71,145)	23,149	(58,416)	7,973
Taxation				
- Current	13 (434)	0	(4,345)	0
- Deferred	37,250	18,320	38,670	16,387
	36,816	18,320	34,325	16,387
(Loss) / Profit after Taxation	(34,329)	41,469	(24,091)	24,360
Other Comprehensive Income	0	0	0	0
Total Comprehensive (Loss) / Income	(34,329)	41,469	(24,091)	24,360
	----- Rupees -----			
(Loss) / Earnings per Share	(9.15)	11.06	(6.42)	6.50

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2016

	Half year ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / profit for the period - before taxation	(58,416)	7,973
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	47,441	52,110
Depreciation on investment property	623	681
Gain on sale of vehicles	(586)	(35)
Uncollectible receivable balances written-off	49	3
Unclaimed payable balances written-back	(89)	(63)
Mark-up on loan to Subsidiary Company and profit on bank deposits	(11,552)	(16,250)
Staff retirement benefits - gratuity (net)	539	536
Dividends	(34,760)	0
Finance cost	33,340	41,138
(Loss) / profit before working capital changes	(23,411)	86,093
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	7,049	(2,122)
Stock-in-trade	(127,539)	(532,503)
Trade debts	(39,330)	(2,180)
Advances	12,288	(23,109)
Trade deposits and short term prepayments	(1,066)	(787)
Other receivables	(1,052)	(335)
Sales tax refundable	3,788	(3,893)
Increase/ (decrease) in trade and other payables	29,014	(11,582)
	(116,848)	(576,511)
Cash used in operations	(140,259)	(490,418)
Income tax paid	(4,858)	(2,149)
Security deposits	(228)	0
Net cash used in operating activities	(145,345)	(492,567)
Cash flow from investing activities		
Additions to property, plant and equipment - owned	(1,915)	(349)
Sale proceeds of vehicles	1,265	1,040
Dividends received	34,760	0
Mark-up / profit received on loan to Subsidiary Company and bank deposits	11,423	26,306
Net cash generated from investing activities	45,533	26,997
Cash flow from financing activities		
Lease finances - net	(1,607)	(919)
Short term borrowings - net	189,645	496,070
Dividend paid	(7,500)	0
Finance cost paid	(36,730)	(34,564)
Net cash generated from financing activities	143,808	460,587
Net increase / (decrease) in cash and cash equivalents	43,996	(4,983)
Cash and cash equivalents - at beginning of the period	56,014	57,717
Cash and cash equivalents - at end of the period	100,010	52,734

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2016

Share capital	Reserves			Sub-total	Accumulated loss	Total
	Capital	Revenue				
	Share redemption	General				

----- Rupees in thousand -----

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
Balance as at March 31, 2015	37,500	1	900,000	900,001	(166,909)	770,592
Balance as at September 30, 2015 (audited)	37,500	1	900,000	900,001	(149,666)	787,835
Total comprehensive loss for the half-year ended March 31, 2016	0	0	0	0	(24,091)	(24,091)
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	23,007	23,007
Transaction with owners:						
Cash dividend at the rate of Rs.2 per ordinary share for the year ended September 30, 2015	0	0	0	0	(7,500)	(7,500)
Balance as at March 31, 2016	37,500	1	900,000	900,001	(158,250)	779,251

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


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, 2016

1. Legal Status and Operations

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 Pakistan Stock Exchange Limited. 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, 2016 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, 2015.

This condensed interim financial information is presented in Pak Rupee, 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 for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended September 30, 2015.

4. Changes in Accounting Standards and Interpretations

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 01, 2015 and are considered to be relevant to the Company's operations.

- (a) IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

- (b) IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 01, 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

5. Accounting Estimates, Judgments and Financial Risk Management

The preparation of 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.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended September 30, 2015.

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, 2015.

6. Property, Plant and Equipment

	Un-audited March 31, 2016	Audited Sep. 30, 2015
	(Rupees in thousand)	
Operating fixed assets	974,211	1,015,338
Capital work-in-progress - advances	0	604
	<u>974,211</u>	<u>1,015,942</u>

6.1 Operating fixed assets - tangible

Book value at beginning of the period	1,015,338
Additions during the period:	
- plant & machinery	1,500
- furniture, fittings & office equipment	415
- leased vehicles	5,078
	6,993
Book value of vehicles sold during the period	(679)
Depreciation charge for the period	(47,441)
Book value at end of the period	<u>974,211</u>

- 6.2 There has been no change in the status of matter as reported in note 5.5 to the audited financial statements of the Company for the year ended September 30, 2015.

7. Long term loan to Subsidiary Company - secured

	Un-audited March 31, 2016	Audited Sep. 30, 2015
	(Rupees in thousand)	
Balance at period / year-end	279,500	279,500
Less: current portion grouped under current assets	39,930	0
	<u>239,570</u>	<u>279,500</u>

8. Stock-in-trade

Sugar-in-process	22,564	2,711
Finished goods:		
- sugar	686,419	577,664
- spirit	1,277	2,346
	<u>687,696</u>	<u>580,010</u>
	<u>710,260</u>	<u>582,721</u>

9. Other receivables

Sugar export subsidy	2,991	2,991
Export refinance charges	5,960	5,960
Advance made to Arbitrator	1,250	0
Gas infrastructure development cess paid under protest - refundable	3,018	3,018
Others	1,140	1,338
	<u>14,359</u>	<u>13,307</u>

10. Bank balances

- 10.1 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,

- 10.2 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.

- 10.3 There has been no change in the status of matter as reported in note 15.5 to the audited financial statements of the Company for the year ended September 30, 2015.

11. Contingencies and commitments

- 11.1 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, 2015.

- 11.2 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Company outstanding as at March 31, 2016 were for Rs.23.526 million (September 30, 2015: Rs.10 million). These guarantees are valid upto May 26, 2016.

12. Other income

	Un-audited Half-year ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Income from financial assets:		
Profit on bank deposits and saving accounts	293	371
Mark-up on loan to a Subsidiary Company	11,259	15,879
Dividend received from:		
- Subsidiary Company	34,378	0
- Associated Company	382	0
Income from other than financial assets:		
Sale of press mud	1,714	1,051
Un-claimed payable balances written-back	89	63
Profit from fertilizer sales	251	441
Gain on sale of vehicles	586	35
Rent from:		
- Associated Company	2,000	0
- Others	6	4
Sale of agricultural produce	12,333	55,907
Income from lease of land	0	3,500
Scrap sales	4,712	1,759
Miscellaneous	9	3
	68,012	79,013

13. Taxation

Provision for minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) has not been made during the current period as the Company during the period has incurred gross loss before set-off of depreciation and other inadmissible expenses under the Ordinance. Expense for the current period represents tax payable under section 5 of the Ordinance (Tax on dividends).

14. Transactions with related parties

- 14.1 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, 2016	March 31, 2015
	(Rupees in thousand)	
Subsidiary Companies:		
- purchase of goods	4,054	3,590
- sale of goods	5,536	2,610
- mark-up earned on long term loan	11,259	15,879
- dividend received	34,378	0
Associated Companies:		
- purchase of goods	1,035	0
- rent received	2,000	0
- dividend received	382	0

- 14.2 Trade and other payables as at March 31, 2016 include Rs.1 million (September 30, 2015: Rs.3 million) due to Premier Board Mills Ltd. (an Associated Company).

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

15. Date of Authorisation for Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on May 27, 2016.

16. Corresponding Figures

- 16.1 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.

- 16.2 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.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

2016

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 MARCH, 2016**

**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, 2016 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. 137,646 million and The Frontier Sugar Mills & Distillery Limited suffered loss of Rs. 7.351 million during the half year ended 31 March, 2016.

Review of Operations

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

Current Season 2015-16

The total of 1,867,906 tons of sugarcane was crushed by the Sugar Mills of the Group Companies during the current season.

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 role they play in the success of the Group. We would also like to extend our appreciations to all the employees of the Group for their commitment and hard work.

Accounting Policies

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

ON BEHALF OF THE BOARD



Mardan
27 May, 2016

CHIEF EXECUTIVE/DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016

		Un-audited March 31, 2016	Audited and Sep. 30, 2015
	Note	(Rupees in thousand)	
Assets			
Non-current Assets			
Property, plant and equipment	6	7,919,194	7,876,324
Intangible assets		708	983
Investment property		30,418	31,041
Long term investments	7	94,591	99,082
Security deposits		5,513	5,280
		<u>8,050,424</u>	<u>8,012,710</u>
Current Assets			
Stores and spares	8	413,164	410,209
Stock-in-trade	9	5,533,433	2,627,417
Trade debts	10	115,123	368,505
Loans and advances		267,470	245,827
Trade deposits, short term prepayments and other receivables	11	276,035	296,883
Accrued profit and mark-up		161	32
Sales tax refundable		0	115,414
Income tax refundable, advance tax and tax deducted at source		228,861	202,054
Short term investments	12	19,409	0
Bank balances	13	512,682	199,424
		<u>7,366,338</u>	<u>4,465,765</u>
Total assets		<u>15,416,762</u>	<u>12,478,475</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		1,022,782	1,026,044
Unappropriated profit		277,984	189,573
Equity Attributable to Equity Holders of the Parent Company		<u>1,338,266</u>	<u>1,253,117</u>
Non-Controlling Interest		<u>523,911</u>	<u>493,098</u>
		<u>1,862,177</u>	<u>1,746,215</u>
Surplus on Revaluation of Property, Plant and Equipment		<u>2,245,515</u>	<u>2,343,039</u>
Non-current Liabilities			
Long term finances	14	2,653,987	1,965,383
Loans from Associated Companies		135,001	157,500
Liabilities against assets subject to finance lease		34,075	22,072
Deferred taxation		680,627	727,891
Staff retirement benefits - gratuity		16,827	16,103
		<u>3,520,517</u>	<u>2,888,949</u>
Current Liabilities			
Trade and other payables	15	2,171,733	394,071
Accrued mark-up		197,471	201,923
Short term borrowings		4,755,612	4,484,799
Current portion of non-current liabilities	16	604,739	415,526
Dividends payable to non-controlling interest		5,438	3,846
Sales tax payable		48,380	0
Taxation	17	5,180	107
		<u>7,788,553</u>	<u>5,500,272</u>
Total equity and liabilities		<u>15,416,762</u>	<u>12,478,475</u>
Contingencies and Commitments			
	18		

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.



DIRECTOR



DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

FOR THE HALF-YEAR ENDED 31 MARCH, 2016

Note	Quarter ended		Half year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in thousand -----				
Sales				
- Local	4,587,617	579,585	6,644,361	1,537,737
- Export	287,603	748,077	560,646	764,493
	<u>4,875,220</u>	<u>1,327,662</u>	<u>7,205,007</u>	<u>2,302,230</u>
Less: Sales Tax	(349,787)	(3,747)	(504,347)	(10,883)
Sales - net	<u>4,525,433</u>	<u>1,323,915</u>	<u>6,700,660</u>	<u>2,291,347</u>
Cost of Sales	(4,242,523)	(1,378,220)	(6,089,248)	(2,148,140)
Gross Profit / (Loss)	<u>282,910</u>	<u>(54,305)</u>	<u>611,412</u>	<u>143,207</u>
Distribution Cost	(99,636)	(16,666)	(139,186)	(21,521)
Administrative Expenses	(86,578)	(69,193)	(162,329)	(130,609)
Other Income	19 13,321	214,119	24,877	237,585
Other Expenses	(6,472)	(1,389)	(7,200)	(1,407)
Profit from Operations	<u>103,545</u>	<u>72,566</u>	<u>327,574</u>	<u>227,255</u>
Finance Cost	(154,784)	(113,705)	(297,849)	(206,708)
	<u>(51,239)</u>	<u>(41,139)</u>	<u>29,725</u>	<u>20,547</u>
Share of Loss from Associated Companies	(235)	(47)	(235)	(213)
(Loss) / Profit before Taxation	<u>(51,474)</u>	<u>(41,186)</u>	<u>29,490</u>	<u>20,334</u>
Taxation				
Group				
- Current	17 (5,616)	0	(9,527)	0
- Deferred	42,287	75,975	47,264	66,677
	<u>36,671</u>	<u>75,975</u>	<u>37,737</u>	<u>66,677</u>
Associated Companies	(18)	(16)	(18)	(20)
	<u>36,653</u>	<u>75,959</u>	<u>37,719</u>	<u>66,657</u>
(Loss) / Profit after Taxation	<u>(14,821)</u>	<u>34,773</u>	<u>67,209</u>	<u>86,991</u>
Other Comprehensive (Loss) / Income				
Fair value (loss) / gain on available-for-sale investments	(3,955)	(5,964)	(3,955)	5,334
Share of other comprehensive income from Associated Companies	(19)	15	(19)	10
Total Comprehensive (Loss) / Income	<u>(18,795)</u>	<u>28,824</u>	<u>63,235</u>	<u>92,335</u>
Attributable to:				
- Equity holders of the Parent Company	(12,948)	32,498	31,434	58,361
- Non-controlling interest	(5,847)	(3,674)	31,801	33,974
	<u>(18,795)</u>	<u>28,824</u>	<u>63,235</u>	<u>92,335</u>
----- Rupees -----				
Combined (Loss) / Earnings per Share	<u>(2.58)</u>	<u>7.49</u>	<u>9.25</u>	<u>14.39</u>

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)**
FOR THE HALF-YEAR ENDED 31 MARCH, 2016

	Half year ended	
	March 31, 2016	March 31, 2015
(Rupees in thousand)		
Cash flow from operating activities		
Profit for the period - before taxation	29,490	20,334
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	298,706	230,291
Depreciation on investment property	623	681
Amortisation of intangible assets	275	275
Loss from Associated Companies - net	235	213
Mark-up / profit on bank deposits and saving accounts	(2,861)	(4,794)
Staff retirement benefits - gratuity (net)	724	540
Un-claimed payable balances written-back	(89)	(63)
Gain on sale of operating fixed assets	(1,472)	(456)
Gain on redemption and re-measurement of short term investments to fair value	(409)	(1,456)
Uncollectible receivable balances written-off	49	3
Finance cost	297,849	206,708
	<u>623,120</u>	<u>452,276</u>
Profit before working capital changes		
Effect on cash flow due to working capital changes (Increase) / decrease in current assets		
Stores and spares	(2,955)	(4,629)
Stock-in-trade	(2,906,016)	(5,249,543)
Trade debts	253,382	(147,300)
Loans and advances	(21,648)	58,956
Trade deposits, short term prepayments and other receivables	20,848	(160,626)
Sales tax refundable -net	163,794	(70,930)
Increase in current liabilities		
Trade and other payables	1,776,811	2,753,651
Advance against sale of land	0	9,953
	<u>(715,784)</u>	<u>(2,810,468)</u>
Cash used in operations	<u>(92,664)</u>	<u>(2,358,192)</u>
Taxation - net	(31,261)	(29,966)
Security deposits	(233)	0
	<u>(124,158)</u>	<u>(2,388,158)</u>
Net cash used in operating activities		
Cash flow from investing activities		
Additions to property, plant and equipment	(317,433)	(443,223)
Sale proceeds of operating fixed assets / vehicles	5,486	1,465
Intangible assets acquired	0	(1,300)
Short term investments -net	(19,000)	(26,000)
Mark-up profit received on bank deposits and saving accounts	2,732	4,648
Net cash used in investing activities	<u>(328,215)</u>	<u>(464,410)</u>
Cash flow from financing activities		
Long term finances - net	849,628	76,671
Lease finances - net	(10,145)	(3,187)
Short term borrowings - net	270,813	3,065,212
Finance cost paid	(302,301)	(189,944)
Dividend paid	(42,364)	0
Net cash generated from financing activities	<u>765,631</u>	<u>2,948,752</u>
Net increase in cash and cash equivalents	<u>313,258</u>	<u>96,184</u>
Cash and cash equivalents - at beginning of the period	<u>199,424</u>	<u>246,643</u>
Cash and cash equivalents - at end of the period	<u>512,682</u>	<u>342,827</u>

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


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, 2016

Share capital	Attributable to equity holders of the Parent Company					Total	Non-controlling interest	Total equity	
	Reserves				Sub-total				(Accumulated Loss) / Unappropriated Profit
	Share redemption	Capital	Revenue	Fair value reserve on available-for-sale investments					

Rupees in thousand

Balance as at September 30, 2014 - audited	37,500	1	1,010,537	16,022	1,026,560	(53,792)	1,010,268	325,462	1,335,730
Total comprehensive income:									
Profit for the half year ended March 31, 2015	0	0	0	0	0	53,017	53,017	33,974	86,991
Other comprehensive income	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
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	158	158	0	158
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year net of deferred taxation	0	0	0	0	0	65,988	65,988	40,615	106,603
Balance as at March 31, 2015	37,500	1	1,010,537	20,422	1,030,960	65,381	1,133,841	400,985	1,534,826
Balance as at September 30, 2015 - audited	37,500	1	1,010,537	15,506	1,026,044	189,573	1,253,117	493,098	1,746,215
Total comprehensive income / (loss):									
Profit for the half year ended March 31, 2016	0	0	0	0	0	35,408	35,408	31,801	67,209
Other comprehensive loss	0	0	0	(3,262)	(3,262)	0	(3,262)	(693)	(3,955)
	0	0	0	(3,262)	(3,262)	35,408	32,146	31,108	63,254
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	80	80	0	80
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year net of deferred taxation	0	0	0	0	0	60,423	60,423	37,057	97,480
Transaction with owners:									
- Cash dividend at the rate of Rs.2.00 per ordinary share paid by the Parent Company for year ended September 30, 2015	0	0	0	0	0	(7,500)	(7,500)	0	(7,500)
- Cash dividend at the rate of Rs.2.50 per ordinary share paid by CSM other than to the Parent Company for year ended September 30, 2015	0	0	0	0	0	0	0	(37,352)	(37,352)
Balance as at March 31, 2016	37,500	1	1,010,537	12,244	1,022,782	277,984	1,338,266	523,911	1,862,177

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


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, 2016

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 Pakistan Stock Exchange Ltd. 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 spirit and its shares are quoted on Pakistan Stock Exchange Ltd. 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 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, 2015.

This condensed interim consolidated financial information is presented in Pak 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, 2015.

4. Changes in accounting standards and interpretations

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 01, 2015 and are considered to be relevant to the Group's operations.

- (a) IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Group.
- (b) IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the consolidated financial statements of the Group.

4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 01, 2015, but are considered not to be relevant or have any significant effect on the Group's reporting and are therefore, not disclosed in this condensed consolidated interim financial information.

5. Accounting estimates, judgments and financial risk management

The preparation of condensed interim consolidated 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.

Judgments and estimates made by the management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the consolidated financial statements of the Group as at and for the year ended September 30, 2015.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended September 30, 2015.

6. Property, plant and equipment

		Un-audited March 31, 2016	Audited September 30, 2015
	Note	(Rupees in thousand)	
Operating fixed assets - tangible	6.1	6,060,013	6,324,120
Capital work-in-progress	6.2	1,857,796	1,551,174
Stores held for capital expenditure		1,385	1,030
		<u>7,919,194</u>	<u>7,876,324</u>

	Note	Un-audited	Audited
		March 31, 2016	September 30, 2015
6.1 Operating fixed assets - tangible			
Opening book value		6,324,120	
Additions during the period:			
- buildings		1,213	
- plant and machinery		1,500	
- electric installations		60	
- furniture, fittings and office equipment		7,683	
- vehicles:			
owned		320	
leased		27,837	
		<u>38,613</u>	
Book value of operating fixed assets disposed-off during the period		(4,014)	
Depreciation charge for the period		<u>(298,706)</u>	
Closing book value		<u>6,060,013</u>	
6.2 Capital work-in-progress			
Buildings on freehold land		354,347	
Plant and machinery		1,358,819	
Electric installations		101,481	
Vehicles		16,024	
Advance payments:			
-freehold land		19,054	
-buildings on freehold land		7,751	
-plant and machinery		219	
- electric installations		101	
		<u>27,125</u>	
		<u>1,857,796</u>	
7. Long term investments			
Related parties	7.1	73,962	74,498
Others	7.2	20,629	24,584
		<u>94,591</u>	<u>99,082</u>

	Un-audited	Audited
	March 31, 2016	September 30, 2015
7.1 Investments in equity instruments of Associated Companies		
Balance at beginning of the period - cost	5,638	
Add: post acquisition profit brought forward	68,663	
	<u>74,301</u>	
Add: share for the period:		
- other comprehensive loss	(19)	
- items directly credited in equity	80	
Less: taxation	(18)	
Less: dividend received	(382)	
	<u>(339)</u>	
Balance at end of the period	<u>73,962</u>	
7.2 Others (available-for-sale)		
Ibrahim Fibres Ltd.		
405,670 ordinary shares of Rs.10 each	5,680	
Add: adjustment arising from re-measurement to fair value	14,949	
	<u>20,629</u>	
8. Stores and spares		
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.		
9. Stock-in-trade		
Raw material - molasses	509,063	0
Sugar-in-process	30,072	12,948
Finished goods:		
- sugar	4,862,408	2,594,429
- spirit	131,890	20,040
	<u>4,994,298</u>	<u>2,614,469</u>
	<u>5,533,433</u>	<u>2,627,417</u>
10. Trade debts - Unsecured, considered good		
Period-end balance of trade debts includes a debt amounting Rs.22.300 million (September 30, 2015: Rs. 22.300 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.		

11. Trade deposits, short term prepayments and other receivables

	Un-audited March 31, 2016	Audited September 30, 2015
	(Rupees in thousand)	
Sugar export subsidy receivable	257,925	278,326
Prepayments	2,801	5,275
Excise duty deposits	136	136
Export refinance charges refundable	5,960	5,960
Gas infrastructure development cess paid under protest - refundable	3,018	3,018
Advance made to Arbitrator	1,250	0
Other receivables	4,945	4,168
	276,035	296,883

12. Short term investments

- At fair value through profit or loss

First Habib Cash Fund

Units purchased during the period - 194,861	20,000
Units redeemed during the period - 9,652	(1,000)
Gain on redemption / adjustment on re-measurement to fair value	409
Closing balance - 185,209 Units	19,409

13. Bank balances

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 realisability 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.

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

13.2 There has been no change in the status of matter as reported in note 17.5 to the consolidated financial statements of the Group for the year ended September 30, 2015.

	Un-audited March 31, 2016	Audited September 30, 2015
	(Rupees in thousand)	
14. Long term finances - secured		
From banking companies		
The Parent Company		
Soneri Bank Ltd. - Term finance	200,000	200,000
CSM		
Bank Alfalah Ltd. - Term finance	175,000	200,000
Bank Al-Habib Ltd.		
- Fixed loan	90,563	101,884
- Long term finance [(LTFF) - SBP]	348,017	362,067
	438,580	463,951
Faysal Bank Ltd. - Term finance	499,964	499,964
Soneri Bank Ltd.		
- Term finance	127,025	141,139
- LTFF (ERF)	343,148	345,581
	470,173	486,720
The Bank of Khyber - Demand finance	41,338	68,896
The Bank of Punjab		
- Demand finance	83,225	92,472
- LTFF	334,276	355,856
	417,501	448,328
Dubai Islamic Bank Pakistan Ltd. - Term finance	974,931	0
	3,217,487	2,367,859
Less: current maturity grouped under current liabilities [including an overdue instalment amounting Rs.25 million (September 30, 2015: Rs.25 million)]	563,500	402,476
	2,653,987	1,965,383

14.1 These finances have been obtained by CSM against a long term finance facility of Rs.1 billion to finance balancing, modernization, replacement and for installation of dehydration plant. This finance facility's tenor is seven years with two years grace period and is secured against first joint pari passu hypothecation charge over all present and future movable fixed assets of the CSM and first joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of CSM. This finance facility carries profit at the rate of 6-months KIBOR plus 2%.

		Un-audited March 31, 2016	Audited September 30, 2015
	Note	(Rupees in thousand)	
15. Trade and other payables			
Creditors		818,990	235,417
Due to Associated Companies	15.1	87,053	12,615
Accrued expenses		86,564	71,707
Retention money		45,186	26,196
Security deposits - interest free repayable on demand		3,648	3,348
Advances from customers		1,075,378	3,951
Income tax deducted at source		2,341	2,264
Sales tax payable		1,314	35
Gratuity payable to ex-employees		2,391	2,391
Workers' (profit) participation fund		18,163	10,835
Unclaimed dividends		7,920	6,980
Due to employees		10,458	9,224
Advance received against sale of scrap		11,620	9,000
Others		707	108
		<u>2,171,733</u>	<u>394,071</u>

15.1 This represents amounts due to:

- Azlak Enterprises (Pvt.) Ltd.		11,357	9,439
- Syntronics Ltd.		69,915	0
- Arpak International Investments Ltd.		176	176
- Premier Board Mills Ltd.		1,000	3,000
- Syntron Ltd.		4,605	0
		<u>87,053</u>	<u>12,615</u>

16. Current portion of long term liabilities

Long term finances	14	563,500	402,476
Liabilities against assets subject to finance lease		18,739	13,050
Loans from related parties		22,500	0
		<u>604,739</u>	<u>415,526</u>

17. Taxation

The Parent Company

17.1 Provision for minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Tax Ordinance) has not been made during the current period as the Parent Company during the period has incurred gross loss before set-off of depreciation and other inadmissible expenses under the Tax Ordinance. Expense for the current period represents tax payable under section 5 of the Tax Ordinance (Tax on dividends).

CSM

17.2 Except for the matters detailed in notes 17.4 and 17.5 there has been no significant change in the status of taxation matters as reported in notes 30.6 to 30.13 to the consolidated financial statements of the Group for the year ended September 30, 2015.

17.3 CSM, for the current period, is mainly liable to pay tax due under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Tax Ordinance aggregating Rs.60.455 million. The required provision for the current period has been adjusted against current period and preceding years' tax credits for investment in plant & machinery aggregating Rs.55.275 million available under section 65B of the Tax Ordinance resulting in net tax charge amounting Rs.5.180 million.

17.4 The Income Tax Department (the Department) has filed a petition before the Supreme Court of Pakistan against the judgment passed by the Peshawar High Court in a Tax Reference (TR). The said TR was filed by the Department challenging the Appellate Tribunal Inland Revenue's (ATIR) judgment dated February 16, 2015. The amount of workers' welfare fund revenue involved in the TR was Rs.3.310 million.

17.5 CSM has been served a show cause notice dated December 12, 2015 issued under section 122 of the Tax Ordinance regarding claim of tax credit to the tune of Rs.129.056 million under section 65B of the Tax Ordinance. The matter is pending before the adjudicating authority.

FSM

17.6 There has been no significant change in the status of taxation matter as reported in note 30.14 to the consolidated financial statements of the Group for the year ended September 30, 2015.

17.7 Expense for the period represents tax payable under section 37A (Capital gain on disposal of securities) of the Tax Ordinance.

18. Contingencies and commitments

Contingencies

18.1 There has been no significant change in the status of contingencies as reported in note 31 to the consolidated financial statements of the Group for the year ended September 30, 2015 except for the following:

CSM

(a) The Appellate Tribunal Inland Revenue (ATIR), during the period, has accepted the CSM's appeal and the impugned order has been set aside. CSM had filed an appeal before the ATIR against order passed by the Commissioner Inland Revenue - Appeals [CIR(A)], who had upheld the assessment order dated April 24, 2014 in show cause notice dated February 02, 2014 for claiming input tax adjustment of Rs.20.678 million in violation of SRO 490(I)/2002.

(b) The ATIR, during the period, has accepted the CSM's appeal and the impugned order has been set aside. CSM had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had reduced the assessed amount from Rs.36.842 million to Rs.28.063 million vide order dated December 02, 2014.

- (c) The ATIR, during the period, has accepted the CSM's appeal and the impugned order has been set aside. CSM had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order passed by the Deputy Commissioner Inland Revenue dated September 10, 2014 and CSM was directed to pay Rs.30.021 million.
- (d) The ATIR, during the period, has accepted the CSM's appeal and the impugned order has been set aside. CSM had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order passed by the Officer Inland Revenue dated November 26, 2014 for claiming input tax adjustment of Rs.0.880 million.
- (e) The ATIR, during the period, has accepted the CSM's appeal and the impugned order has been set aside. CSM had filed a sales tax appeal before the ATIR against order passed by the CIR(A) on May 26, 2015 under section 37A(4) of the Sales Tax Act, 1990.
- (f) CSM has been served a show cause notice regarding alleged stock taking to the tune of Rs.8.602 million payable under section 14 of the Federal Excise Act, 2005.
- (g) Also refer contents of taxation notes detailed in note 17.

18.2 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Parent Company outstanding as at March 31, 2016 were for Rs.23.526 million (September 30, 2015: Rs.10 million). These guarantees are valid upto May 26, 2016.

18.3 Commitments

	Un-audited March 31, 2016	Audited September 30, 2015
	(Rupees in million)	

In case of CSM, commitments in respect of :

- foreign letters of credit for purchase of plant and machinery	0.000	133.890
- capital expenditure other than for letters of credit	41.865	61.792

19. Other income

	(Rupees in thousand)	
Income from financial assets:		
Profit on bank deposits and saving accounts	2,861	4,794
Gain on redemption and remeasurement of short term investments to fair value	409	1,456
Income from other than financial assets:		
Rent	2,006	4
Sale of scrap - net	0	1,759
Sale of press mud - net	2,108	3,444
Unclaimed payable balances written-back	89	63
Gain on sale of operating fixed assets	1,472	456
Sugar export subsidy	0	161,800
Sale of seeds and agricultural produce	14,865	59,753
Profit from fertilizer sales	251	441
Income from lease of land	0	3,500
Miscellaneous	816	115
	24,877	237,585

20. Segment operating results for the half year ended March 31, 2016 (Un-audited)

	Sugar division	Ethanol division	Total
	----- Rupees in thousand -----		
Sales			
- local	6,509,131	135,230	6,644,361
- export	0	560,646	560,646
	6,509,131	695,876	7,205,007
Less : sales tax	(484,533)	(19,814)	(504,347)
Sales - net	6,024,598	676,062	6,700,660
Cost of sales	(5,927,057)	(162,191)	(6,089,248)
Gross profit	97,541	513,871	611,412
Distribution cost	(51,393)	(87,793)	(139,186)
Administrative expenses	(150,975)	(11,354)	(162,329)
Other income	24,069	808	24,877
Other expenses	(7,200)	0	(7,200)
(Loss) / profit from operations	(87,958)	415,532	327,574

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:

	Un-audited Half year ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
- purchase of goods	75,573	67,296
- mark-up expensed	6,122	8,502
- rent received	2,000	0
- dividend received	382	0
- storage charges paid	7,902	0

21.2 (a) Mark-up on loans obtained from related parties, during the period, was charged at the rates ranging from 7.73% to 8.10% (September 30, 2015: 8.24% to 11.71%) per annum.

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

22. Date of authorisation for issue

This condensed interim consolidated financial information was authorised for issue on May 27, 2016 by the Board of Directors of Parent Company.

23. Corresponding figures

23.1 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, 2015 , 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.

23.2 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.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.



DIRECTOR



DIRECTOR