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

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2018

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 Sarafaraz	
Ms. Samyra Rashid	
Mr. Iskander M. Khan	
Mr. Abdul Qadar Khattak	

Audit Committee

Mr. Samyra Rashid	Chairman
Mr. Aziz Sarfaraz Khan	Member
Ms. Najda Sarfaraz	Member
Ms. Zarmine Sarfaraz	Member
Mr. Mujahid Bashir	Secretary

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors/Tax Consultants

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

Legal Advisor

Mr. Isaac Ali Qazi Advocate

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7-Bank Square, Lahore.
Phone No.: 042-37235081 Fax No.: 042-37235083

Bankers

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

Registered Office

Nowshera Road, Mardan, KPK
Phone: 0937-862051-52 Fax: 0937-862989

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
DIRECTORS REVIEW REPORT

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the half year ended on March 31, 2018. This condensed financial information is presented to the shareholders of the Company in compliance with the International Accounting Standard No. 34 “Interim Financial Reporting”, the Code of Corporate Governance, under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. The enclosed financial information is un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

OPERATIONAL PERFORMANCE

The sugarcane crushing season 2017-18 commenced on November 30, 2017 and continued till April 04, 2018. The mills have crushed 204,775 tons (2017: 268,864.455 tons) of sugarcane and have produced 22,708 tons (2017: 25,003 tons) of sugar at an average recovery of 11.12% (2017: 9.32%). The Industry has produced 7.8 M tons of sugar i.e. 2.80 Million tons surplus of local consumption. The Government allowed export of 1.50 million tons, whereas, the remaining surplus sugar stock stored in the Godowns is causing heavy financial cost to the industry. Despite several appeals to the PM to allow export of surplus sugar, the Government is indecisive due the Political reason.

SUGAR PRICES

Surplus sugar stocks have forced the mills in the depressed selling of sugar below the cost of production.

REPLY TO AUDITORS' OBSERVATION (Note 10.3)

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

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:
May 28, 2018

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 31مارچ 2018کو ختم ہونے والی ششماہی کی اختتامی مدت پر غیر آڈٹ شدہ کنڈنسڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈنسڈ مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34,انٹیرم فائننشل رپورٹنگ، کوڈ آف کارپوریٹ گورننس، کمپنی ایکٹ 2017(دی ایکٹ) کے سیکشن 237اور پاکستان سٹاک ایکسچینج کے قواعد کے مطابق ہیں۔ مشترکہ مالیاتی معلومات غیر آڈٹ شدہ اور بیرونی آڈیٹرز کی جانب سے جائزہ لینے کے بعد کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق ہے۔

آپریشن کا جائزہ

گنے کا کرشنگ سیزن 2017-18، 07نومبر 2017کو شروع ہوا اور 04اپریل 2018تک جاری رہا۔ ملز نے 204,775ٹن (2017میں 268,864.55ٹن) گنا کرش کیا اور 11.12فیصد اوسط (2017: 9.32فیصد) کے حساب سے چینی کی پیداوار 22,708ٹن (2017میں 25,003ٹن) رہی۔ ملک نے تقریباً سات اعشاریہ آٹھ (7.8)ٹن چینی کی پیداوار کی جس میں دو اعشاریہ آٹھ 2.8ملین ٹن گھریلو کھپت سے اضافی ہے۔ حکومت نے 1.50ملین ٹن کی برآمد کی اجازت دی ہے جبکہ بقیہ اضافی چینی کو گوداموں میں ذخیرہ کرنے پر انڈسٹری کو بھاری مالی لاگت برداشت کرنا پڑ رہی ہے۔ اضافی چینی کی برآمد کی اجازت دینے کے لیے وزیراعظم سے کئی درخواستوں کے باوجود کی مگر حکومت سیاسی وجوہات کی وجہ سے اس پر فیصلہ نہ کر سکی۔

چینی کی قیمت

چینی کے اضافی اسٹاک نے ملز کو چینی کو اس کی پیداواری لاگت سے کم قیمت پر بیچنے پر مجبور کیا۔

12۔آڈیٹرز کے خدشات کا جواب

نوٹ 10.3

کمپنی نے لاہور ہائی کورٹ، لاہور میں ڈیپوزٹ کی ریکوری کے لیے پٹیشن دائر کی ہوئی ہے۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی معاملات میں اپنائی گئی تھی۔

اعتراف

ڈائریکٹرز نے کمپنی کے عملے کی طرف سے کیئے گئے ہر سطح پر اچھے کاموں کو سراہتے ہیں۔

منجانب بورڈ

عباس سرفراز خان مردان

چیف ایگزیکٹو بتاریخ: 28 مئی 2018

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Auditors' Report to the Members on Review of
Condensed Interim Financial Information

Introduction
We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Premier Sugar Mills & Distillery Company Limited (the Company) as at March 31, 2018 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated 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 "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended March 31, 2018.

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-banking finance company amounting Rs.39 million has not been made in this condensed interim financial information as fully detailed in note 10.3.

Qualified Conclusion
Based on our review, except for the matter referred to in the aforementioned paragraph and the extent to which this may affect the annexed condensed interim financial information, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended March 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

ShineWing Hameed Chaudhri & Co

LAHORE:
May 29, 2018

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Unconsolidated Condensed Interim Statement of Financial Position
As At March 31, 2018

	Note	Un-audited March 31, 2018	Audited Sep. 30, 2017
Assets		(Rupees in thousand)	
Non-current Assets			
Property, plant and equipment	6	**970,706**	1,014,332
Investment property		**28,130**	28,654
Long term investments	7	**170,006**	170,006
Long term loan to Subsidiary Company		**279,500**	279,500
Security deposits		**1,258**	1,258
		1,449,600	1,493,750
Current Assets			
Stores and spares		**110,313**	105,011
Stock-in-trade	8	**882,545**	644,205
Trade debts		**2,239**	2,061
Advances		**16,364**	55,044
Trade deposits and short term prepayments		**2,518**	1,861
Accrued profit on bank deposits		**138**	25
Other receivables	9	**9,965**	11,856
Sales tax refundable		**0**	618
Advance sales tax		**0**	57,000
Income tax refundable, advance tax and tax deducted at source		**25,953**	20,173
Bank balances	10	**71,168**	53,602
		1,121,203	951,456
Total Assets		**2,570,803**	2,445,206
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
Revaluation surplus on property, plant and equipment		**582,703**	607,776
Accumulated loss		**(492,330)**	(364,263)
Shareholders' Equity		**1,027,874**	1,181,014
Non-current Liabilities			
Long term finances		**33,333**	66,666
Liabilities against assets subject to finance lease		**4,190**	4,368
Staff retirement benefits - gratuity		**12,957**	12,126
		50,480	83,160
Current Liabilities			
Trade and other payables	11	**179,817**	237,045
Unclaimed dividends		**7,695**	7,706
Accrued mark-up		**15,043**	19,914
Short term borrowings		**1,190,000**	826,306
Current portion of:			
- long term finances		**66,666**	66,667
- liabilities against assets subject to finance lease		**2,332**	2,771
Taxation		**30,896**	20,623
		1,492,449	1,181,032
Total Liabilities		**1,542,929**	1,264,192
Total Equity and Liabilities		**2,570,803**	2,445,206
Contingencies and Commitments	12		

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)

For the Quarter and Half-Year Ended March 31, 2018

		Quarter ended		Half-year ended	
		March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
	Note	------------- Rupees in thousand -------------			
Sales - local		**111,326**	67,234	**618,002**	387,233
Less : sales tax		**(8,331)**	(7,199)	**(69,395)**	(35,897)
Sales - net		**102,995**	60,035	**548,607**	351,336
Cost of sales		**(116,504)**	(60,823)	**(655,582)**	(336,865)
Gross (loss) / profit		**(13,509)**	(788)	**(106,975)**	14,471
Distribution cost		**(2,130)**	(932)	**(3,687)**	(3,364)
Administrative expenses		**(19,363)**	(16,892)	**(31,933)**	(31,173)
Other income	13	**30,955**	71,953	**38,372**	81,857
Other expenses	14	**(2,972)**	(3,981)	**(2,972)**	(3,998)
(Loss) / profit from operations		**(7,019)**	49,360	**(107,195)**	57,793
Finance cost		**(21,368)**	(19,600)	**(35,672)**	(30,918)
(Loss) / profit - before taxation		**(28,387)**	29,760	**(142,867)**	26,875
Taxation					
- current	15	**(4,296)**	(9,368)	**(10,273)**	(13,209)
- deferred		**0**	(7,625)	**0**	(7,625)
		(4,296)	(16,993)	**(10,273)**	(20,834)
(Loss) / profit - after taxation		**(32,683)**	12,767	**(153,140)**	6,041
Other comprehensive income		**0**	0	**0**	0
Total comprehensive (loss) / income		**(32,683)**	12,767	**(153,140)**	6,041
		--------------------- Rupees ---------------------			
(Loss) / earnings per share		**(8.72)**	3.40	**(40.84)**	1.61

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement of Cash Flows (Un-Audited)

For the Half-Year Ended March 31, 2018

	Half year ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / profit for the period - before taxation	**(142,867)**	26,875
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**47,441**	42,887
Depreciation on investment property	**524**	571
Gain on sale of vehicles	**0**	(681)
Uncollectible receivable balances written-off	**525**	17
Unclaimed payable balances written-back	**(72)**	(444)
Mark-up on loan to Subsidiary Company and profit on bank deposits	**(10,835)**	(10,828)
Staff retirement benefits - gratuity (net)	**831**	(911)
Dividends	**(20,626)**	(62,454)
Finance cost	**35,672**	30,918
(Loss) / profit before working capital changes	**(89,407)**	25,950
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(5,302)**	5,305
Stock-in-trade	**(238,340)**	(980,748)
Trade debts	**(178)**	11,110
Advances	**38,155**	3,465
Trade deposits and short term prepayments	**(657)**	(2,312)
Other receivables	**1,891**	(24)
Sales tax - net	**57,618**	25,798
(Decrease) / increase in trade and other payables	**(57,156)**	49,911
Decrease in unclaimed dividends	**(11)**	(17)
	(203,980)	(887,512)
Cash used in operations	**(293,387)**	(861,562)
Income tax paid	**(5,780)**	(12,640)
Net cash used in operating activities	**(299,167)**	(874,202)
Cash flow from investing activities		
Additions to property, plant and equipment	**(1,771)**	(326)
Sale proceeds of vehicles	**0**	2,240
Dividends received	**20,626**	62,454
Mark-up / profit received on loan to Subsidiary Company and bank deposits	**10,722**	10,731
Net cash generated from investing activities	**29,577**	75,099
Cash flow from financing activities		
Long term finances repaid	**(33,334)**	(33,333)
Lease finances - net	**(2,661)**	(1,931)
Short term borrowings - net	**363,694**	871,578
Finance cost paid	**(40,543)**	(21,880)
Net cash generated from financing activities	**287,156**	814,434
Net increase in cash and cash equivalents	**17,566**	15,331
Cash and cash equivalents - at beginning of the period	**53,602**	55,387
Cash and cash equivalents - at end of the period	**71,168**	70,718

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)

For the Half-Year Ended March 31, 2018

	Share capital	Reserves: Capital	Reserves: Revenue		Revaluation surplus on property, plant and equipment	Accumul-ated loss	Total
		Share redem-ption	General	Sub-total			
	------ Rupees in thousand ------						
Balance as at September 30, 2016 - reported	37,500	1	900,000	900,001	0	(259,728)	677,773
Effect of reclassification as per IAS-16 (note 3)	0	0	0	0	526,126	0	526,126
Balance as at September 30, 2016 - reclassified	37,500	1	900,000	900,001	526,126	(259,728)	1,203,899
Total comprehensive income for the half-year ended March 31, 2017	0	0	0	0	0	6,041	6,041
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	(21,453)	21,453	0
Adjustment resulting from reduction in tax rate	0	0	0	0	7,625	0	7,625
Balance as at March 31, 2017 - reclassified	37,500	1	900,000	900,001	512,298	(232,234)	1,217,565
Total comprehensive loss for the half-year ended September 30, 2017	0	0	0	0	116,656	(153,207)	(36,551)
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	(21,178)	21,178	0
Balance as at September 30, 2017 - reclassified	37,500	1	900,000	900,001	607,776	(364,263)	1,181,014
Total comprehensive loss for the half-year ended March 31, 2018	0	0	0	0	0	(153,140)	(153,140)
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	(25,073)	25,073	0
Balance as at March 31, 2018	**37,500**	**1**	**900,000**	**900,001**	**582,703**	**(492,330)**	**1,027,874**

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Notes to the unconsolidated condensed interim financial information (un-Audited)

For the half-year ended March 31, 2018

1. Legal status and nature of business

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 Nowshera Road, Mardan, Khyber Pakhtunkhwa whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

2. Basis of preparation

2.1 Statement of compliance

This unconsolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, *Interim Financial Reporting,* issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 This unconsolidated condensed interim financial information does not include all the information required for unconsolidated annual financial statements and therefore should be read in conjunction with the unconsolidated annual financial statements of the Company as at and for the year ended September 30, 2017.

2.3 The figures of unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half-year ended March 31, 2018.

2.4 This unconsolidated condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

3. Accounting policies

The accounting policies and methods of computation adopted in preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of unconsolidated financial statements of the Company for the year ended September 30, 2017 except for the following:

Upto December 31, 2017, revaluation surplus on property, plant and equipment was being credited to surplus on revaluation of property, plant and equipment account to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984. The Company, with effect from January 01, 2018, has revised its accounting policy in respect of measurement of surplus / (deficit) on revaluation of property, plant and equipment, which is now being accounted for in accordance with the requirements of the Companies Act, 2017.

The revaluation is measured on individual asset; if an asset's carrying amount is increased as a result of revaluation, the surplus is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus on property, plant and equipment. However, the surplus is recognised in profit or loss to the extent that it reverses revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of revaluation, the deficit on revaluation of asset is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

This change in policy has no impact on current period's unconsolidated condensed interim financial information except that revaluation surplus on property, plant and equipment has been reclassified and made part of equity.

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 October 01, 2017 and are considered to be relevant to the Company's operations.

(a) Amendments to IAS 7, 'Statement of cash flows' require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only affect disclosures in the Company's financial statements.

(b) Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax asset for unrealised losses clarify how to account for deferred tax asset related to debt instruments measured at fair value. These amendments do not have any impact on the Company's financial statements.

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

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after October 01, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are, therefore, not disclosed in this unconsolidated condensed interim financial information.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning October 01, 2018 that may have an impact on the unconsolidated financial statements of the Company.

(a) IFRS 9 'Financial instruments', this standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

(b) IFRS 15 'Revenue from contracts with customers' replaces the previous revenue standards: IAS 18 (Revenue), IAS 11 (Construction contracts) and the related interpretations on revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The management is in the process of assessing the impact of changes laid down by these standards on its unconsolidated financial statements.

5. Accounting estimates, judgments and financial risk management

5.1 The preparation of unconsolidated 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.

5.2 Judgments and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those that were applied to unconsolidated financial statements as at and for the year ended September 30, 2017.

5.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended September 30, 2017.

5.4 The Company follows the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of remeasurement of staff retirement benefits - gratuity has not been incorporated in this unconsolidated condensed interim financial information.

6. Property, plant and equipment

	Note	Un-audited March 31, 2018	Audited Sep. 30, 2017
		(Rupees in thousand)	
Operating fixed assets	6.1	**969,842**	1,014,128
Advance against vehicle		**864**	204
		970,706	1,014,332

6.1 Operating fixed assets

Book value at beginning of the period - **audited**	**1,014,128**
Additions during the period:	
- furniture, fittings and office equipment	**1,111**
- vehicle (leased)	**2,044**
	3,155
Depreciation charge for the period	**(47,441)**
Book value at end of the period - **un-audited**	**969,842**

7. **Long term investments**

Market values of the Company's quoted investments in Chashma Sugar Mills Ltd. (a Subsidiary Company) and Arpak International Investments Ltd. (an Associated Company) as at March 31, 2018 were Rs.591.706 million and Rs.4.368 million respectively.

8. **Stock-in-trade**

	Un-audited March 31, 2018	Audited Sep. 30, 2017
	(Rupees in thousand)	
Sugar-in-process	**10,166**	3,370
Finished goods:		
- sugar	**795,654**	626,570
- molasses	**76,725**	14,265
	872,379	640,835
	882,545	644,205

9. **Other receivables**

Other receivables include due from Premier Board Mills Ltd. (an Associated Company) amounting Rs.2.550 million (September 30, 2017: Rs.4.510 million) on account of building lease rentals and from The Frontier Sugar Mills and Distillery Ltd. amounting Rs.12 thousand (September 30, 2017: Rs. nil) on account of sale of store items.

10. **Bank balances**

10.1 Period-end bank balances include deposits aggregating Rs.5 million (September 30, 2017: Rs. 2.500 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

10.2 Period-end bank balances also 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.

10.3 **(a)** The realisibility 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 repealed 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 before 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.

(b) With reference to the Company's claim filed before the Joint Official Liquidator (JOL) of IIBL, the JOL appointed by LHC vide his letter bearing Ref. IIBL/COD/CM1071/09/1764 dated April 30, 2018 has informed that LHC has approved release of payment upto Rs.10 million in respect of principal amount only through order dated April 17, 2018 subject to verification as per laws. The management is in the process of submitting the documents required by the JOL for processing of its claim and payment as per the Court's order.

10.4 National Bank of Pakistan (NBP) has filed an appeal before the Peshawar High Court against the order passed by the Civil Judge, Peshawar in favour of the Company. NBP had filed the suit for payment of Rs.5 million with profit at the rate of 12.50% with effect from September 25, 1993 till date of final payment. The said appeal, during the period, has been remanded back to the Additional District Judge, Peshawar.

11. **Trade and other payables**

	Note	Un-audited March 31, 2018	Audited Sep. 30, 2017
		(Rupees in thousand)	
Due to a Subsidiary Company (Chashma Sugar Mills Ltd.)		**33,108**	50,251
Due to an Associated Company (Syntron Ltd.)		**4,966**	0
Creditors	11.1	**103,783**	17,253
Accrued expenses		**18,816**	12,244
Due to employees against vehicles		**5,361**	3,292
Security deposits		**2,421**	2,965
Advances from customers		**3,308**	146,208
Income tax deducted at source		**119**	66
Sales tax payable		**4,355**	12
Gratuity payable to ex-employees		**3,110**	4,673
Employees provident fund payable		**409**	7
Others		**61**	74
		179,817	237,045

11.1 Balance as at March 31, 2018 includes payable to cane growers aggregating Rs.90.065 million.

12. **Contingencies and commitments**

12.1 The Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Company, however, during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.

12.2 The Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of March, 2018, has raised GIDC demands aggregating Rs.59.215 million, which are payable in case of an adverse judgment by the SCP. No provision for these GIDC demands has been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

12.3 The Company's petition filed before the PHC, against Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers was fixed at Rs.12,000 per month with effect from July 01, 2014, is still pending adjudication. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.2.359 million approximately.

12.4 A sales tax appeal is pending before the Commissioner Inland Revenue (Appeals) [CIR(A)], Peshawar against assessment order dated June 28, 2016 passed by the Deputy Commissioner Inland Revenue [DCIR], Peshawar regarding the alleged stock taking to the tune of Rs.5.592 million recoverable under section 14 of the Federal Excise Act, 2005.

12.5 The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.

12.6 The Company has filed an appeal before the CIR(A), Peshawar, against assessment order passed by the DCIR for the tax year 2013 whereby the Company has been directed to pay Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001. The appeal is pending adjudication.

12.7 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at March 31, 2018 were for Rs.20 million (September 30, 2017: Rs.10 million).These guarantees are valid upto April 24, 2018 and May 26, 2018.

12.8 No commitments were outstanding as at March 31, 2018 and September 30, 2017.

13. Other income

	Un-audited Half-year ended March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Income from financial assets:		
Profit on bank deposits and saving accounts	**250**	397
Mark-up on loan to a Subsidiary Company	**10,585**	10,431
Dividend received from:		
- Subsidiary Company	**20,626**	61,880
- Associated Company	**0**	574
Income from other than financial assets:		
Sale of press mud	**2,030**	2,641
Un-claimed payable balances written-back	**72**	444
Gain on sale of vehicles	**0**	681
Rent from an Associated Company	**3,355**	3,355
Sale of agricultural produce	**1,399**	1,229
Scrap sales	**45**	7
Miscellaneous	**10**	218
	38,372	81,857

14. Other expenses

Uncollectible receivable balances written-off	**525**	17
Prior year's sales tax on account of inadmissible input tax adjustment claimed on fertilizer	**0**	2,567
Workers' (profit) participation fund	**0**	1,414
Tax paid under section 236G (Advance tax on sales to distributors, dealers and wholesalers) of the Income Tax Ordinance, 2001	**2,447**	0
	2,972	3,998

15. Taxation

15.1 Current

Provision for the current period mainly represents tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001 (the Ordinance).

15.2 The Company has filed a writ petition before the Peshawar High Court (PHC) against selection for audit under sections 177 and 214C of the Ordinance; the PHC has stayed the Income Tax Department from finalising the proceedings. The petition is pending adjudication.

15.3 Deferred

	Note	Un-audited March 31, 2018	Audited Sep. 30, 2017
		(Rupees in thousand)	
This is comprised of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**14,512**	14,484
- revaluation surplus on property, plant and equipment		**249,730**	260,475
- lease finances		**572**	1,033
		264,814	275,992
Deductible temporary differences arising in respect of:			
- available unused tax losses	15.4	**(208,441)**	(224,878)
- staff retirement benefits - gratuity		**(3,887)**	(3,638)
- provision for doubtful bank balance		**(1,500)**	(1,500)
- minimum tax recoverable against normal tax charge in future years		**(50,986)**	(45,976)
		(264,814)	(275,992)
		0	0

15.4 Deferred tax asset recognised in this unconsolidated condensed interim financial information has been restricted to Rs.208.441 million (September 30, 2017: Rs.224.878 million) as taxable profits in the foreseeable future will not probably be available against which the temporary differences can be utilised. Unrecognised deferred tax asset as at March 31, 2018 amounts to Rs.127.456 million (September 30, 2017: Rs.73.732 million).

16. Transactions with related parties

16.1 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, 2018	March 31, 2017
Subsidiary Companies:	(Rupees in thousand)	
- purchase of goods	**2,459**	1,600
- sale of goods	**64**	244
- sale of molasses	**34,715**	2,976
- mark-up earned on long term loan	**10,585**	10,431
- dividend received	**20,626**	61,880
Associated Companies:		
- purchase of goods	**10,420**	11,521
- rent received	**3,355**	3,355
- dividend received	**0**	574

16.2 Receivables from and payables to Subsidiary and Associated Companies have been disclosed in notes 9 and 11 respectively to this unconsolidated condensed interim financial information.

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

17. Corresponding figures

17.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the unconsolidated condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

17.2 As required by provisions of the Companies Act, 2017, unclaimed dividend has been disclosed as a separate line item on the face of statement of financial position whereas revaluation surplus on property, plant and equipment has been reclassified and made part of equity.

18. Date of authorisation for issue

This unconsolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on May 28, 2018.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**