



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

**CONDENSED INTERIM
UNCONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD
ENDED JUNE 30, 2018
(UN-AUDITED)**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan	Chairman
Mr. Abbas Sarfaraz Khan	Chief Executive
Begum Laila Sarfaraz	
Ms. Zarmine Sarfaraz	
Ms. Najda Sarfaraz	
Ms. 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 nine months' period ended on June 30, 2018. This condensed interim 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%).

SUGAR PRICES

The industry has exported surplus 1.40 million tons of sugar, we are expecting better sugar prices in the next quarter.

FINANCIAL PERFORMANCE

The Company suffered loss of Rs.105.710 Million (2017: 48.007 million) during the past nine months.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information 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

- Sd -

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
July 27, 2018

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 30 جون 2018 کو ختم ہونے والی تیسری سہ ماہی کی اختتامی مدت پر کمپنی کی غیر آڈٹ شدہ کنڈنڈ انٹیرم مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈنڈ انٹیرم مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34، انٹیرم فائنیشنل رپورٹنگ، کوڈ آف کارپوریٹ گورننس، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور 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 کرٹنگ سیزن 2017-18، 07 نومبر 2017 کو شروع ہوا اور 04 اپریل 2018 تک جاری رہا۔ ملز نے 204,775 ٹن (2017 میں 268,864.55 ٹن) گنا کرش کیا اور 11.12 فیصد اوسط (2017: 9.32) فیصد کے حساب سے چینی کی پیداوار 22,708 ٹن (2017 میں) 25,003 ٹن رہی۔

چینی کی قیمت

انڈسٹری نے 1.40 ملین ٹن اضافی چینی برآمد کی، اگلے سہ ماہی کے لیے ہمیں چینی کی اچھی قیمت ملنے کی توقع ہے۔

مالیاتی کارکردگی

پچھلے نو ماہ کے دوران کمپنی کو 105.710 ملین کا نقصان اٹھانا پڑا جو کہ (2017 میں) 48.007 ملین تھا۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی کنڈنڈ انٹیرم 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 کیے گئے ہر سطح پر اچھے کاموں کو سراہتے ہیں۔

منجانب بورڈ

- Sd -

عباس سرفراز خان

مردان

بتاریخ: 27 جولائی 2018

چیف ایگزیکٹو

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT
OF FINANCIAL POSITION AS AT JUNE 30, 2018

		Un-audited June 30, 2018	Audited Sep. 30, 2017
	Note	(Rupees in thousand)	
Assets			
Non-current Assets			
Property, plant and equipment	5	946,556	1,014,332
Investment property		27,869	28,654
Long term investments	6	170,006	170,006
Long term loan to Subsidiary Company		279,500	279,500
Security deposits		1,258	1,258
		<u>1,425,189</u>	<u>1,493,750</u>
Current Assets			
Stores and spares		106,971	105,011
Stock-in-trade	7	470,697	644,205
Trade debts		492,623	2,061
Advances		14,270	55,044
Trade deposits and short term prepayments		1,514	1,861
Accrued profit on bank deposits		126	25
Other receivables	8	7,702	11,856
Advance sales tax		40,000	57,000
Sales tax adjustable		428	618
Income tax refundable, advance income tax and tax deducted at source		33,020	20,173
Bank balances	9	50,812	53,602
		<u>1,218,163</u>	<u>951,456</u>
		<u>2,643,352</u>	<u>2,445,206</u>
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
Revaluation surplus on Property, plant and equipment		571,884	607,776
Accumulated loss		(434,081)	(364,263)
Shareholders' Equity		<u>1,075,304</u>	<u>1,181,014</u>
Non-current Liabilities			
Long term finances		33,333	66,666
Liabilities against assets subject to finance lease		3,644	4,368
Staff retirement benefits - gratuity		12,729	12,126
		<u>49,706</u>	<u>83,160</u>
Current Liabilities			
Trade and other payables	10	197,272	237,045
Unclaimed dividends		7,677	7,706
Accrued mark-up		24,937	19,914
Short term borrowings		1,180,000	826,306
Current portion of long term finances		66,667	66,667
Current portion of liabilities against assets subject to finance lease		2,373	2,771
Taxation		39,416	20,623
		<u>1,518,342</u>	<u>1,181,032</u>
Contingencies and Commitments			
Total Equity and Liabilities	11	<u>2,643,352</u>	<u>2,445,206</u>

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

- Sd -
Abbas Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

- Sd -
Rizwan Ullah Khan
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 NINE MONTHS PERIOD ENDED JUNE 30, 2018

	Note	Quarter Ended		Nine Months Ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		----- Rupees in thousand -----			
Sales - local		634,255	189,075	1,252,257	576,308
Less: sales tax		(57,451)	(20,075)	(126,846)	(55,972)
Sales - net		<u>576,804</u>	169,000	<u>1,125,411</u>	520,336
Cost of sales		<u>(485,134)</u>	(191,143)	<u>(1,140,716)</u>	(528,008)
Gross profit / (loss)		<u>91,670</u>	(22,143)	<u>(15,305)</u>	(7,672)
Distribution cost		(7,747)	(588)	(11,434)	(3,952)
Administrative expenses		(13,015)	(11,968)	(44,948)	(43,141)
Other income		11,743	7,499	50,115	89,356
Other expenses		(907)	1,414	(3,879)	(2,584)
Profit / (loss) from operations		<u>81,744</u>	(25,786)	<u>(25,451)</u>	32,007
Finance cost		<u>(25,793)</u>	(25,917)	<u>(61,465)</u>	(56,835)
Profit / (loss) before taxation		<u>55,951</u>	(51,703)	<u>(86,916)</u>	(24,828)
Taxation					
- Current	15	(8,521)	(2,345)	(18,794)	(15,554)
- Deferred		0	0	0	(7,625)
		<u>(8,521)</u>	<u>(2,345)</u>	<u>(18,794)</u>	<u>(23,179)</u>
Profit / (loss) after taxation		<u>47,430</u>	(54,048)	<u>(105,710)</u>	(48,007)
Other comprehensive income		0	0	0	0
Total comprehensive					
Profit / (loss) for the period		<u>47,430</u>	<u>(54,048)</u>	<u>(105,710)</u>	<u>(48,007)</u>
		----- Rupees -----			
Earning / (loss) per share		<u>12.65</u>	<u>(14.41)</u>	<u>(28.19)</u>	<u>(12.80)</u>

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

- Sd -
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Chief Executive

- Sd -
Iskander M. Khan
Director

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
Cash flow from operating activities		
Loss for the period - before taxation	(86,916)	(24,828)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	71,227	64,402
Depreciation on investment property	785	856
Gain on sale of fixed assets	(128)	(681)
Uncollectible receivable balances written-off	526	17
Unclaimed payable balances written-back	(71)	0
Mark-up on loan to Subsidiary Company		
and profit / mark-up on bank deposits	(16,565)	(16,227)
Staff retirement benefits - gratuity (net)	603	(485)
Dividends	(20,627)	(62,453)
Finance cost	61,465	56,835
Profit before working capital changes	10,299	17,436
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(1,960)	9,852
Stock-in-trade	173,508	(882,622)
Trade debts	(490,562)	7,276
Loans and advances	40,248	(7,117)
Trade deposits and short term prepayments	347	(2,114)
Other receivables	4,154	(64)
Sales tax -net	17,190	(66,675)
(Decrease) / increase in trade and other payables	(39,703)	124,122
Decrease in trade and other payables	(29)	(27)
	(296,807)	(817,369)
Cash used in operations	(286,508)	(799,933)
Income tax paid	(12,848)	(13,949)
Net cash used in operating activities	(299,356)	(813,882)
Cash flow from investing activities		
Additions to property, plant and equipment	(1,806)	(3,511)
Sale proceeds of fixed assets	527	2,240
Mark-up on loan to a Subsidiary Company and profit /		
mark-up on bank deposits received	16,464	16,134
Dividends received	20,627	62,453
Net cash generated from investing activities	35,812	77,316
Cash flow from financing activities		
Short term borrowings - net	353,694	809,621
Long term finances repaid	(33,333)	(33,333)
Finance cost paid	(56,442)	(42,527)
Lease finances - net	(3,165)	(339)
Net cash generated from financing activities	260,754	733,422
Net decrease in cash and cash equivalents	(2,790)	(3,144)
Cash and cash equivalents - at beginning of the period	53,602	55,387
Cash and cash equivalents - at end of the period	50,812	52,243

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

- Sd -
Abbas Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018

	Share capital	Reserves			Revaluation surplus on Property, plant and equipment	Accumul-ated loss	Total
		Capital	Revenue	Sub-total			
	Share redempt-ion	General					
----- Rupees in thousand -----							
Balance as at September 30, 2016	37,500	1	900,000	900,001		(259,728)	677,773
Effect of reclassification as per IAS-16				0	526,126		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 / (loss) for the period							
Loss after taxation for the nine months ended June 30, 2017	0	0	0	0		(48,007)	(48,007)
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	(32,179)	32,179	0
Adjustment resulting from reduction in tax rate					7,625	0	7,625
Balance as at June 30, 2017 - reclassified	37,500	1	900,000	900,001	501,572	(275,556)	1,163,517
Total comprehensive income / (loss) for the period							
Loss for the period from 1st July to September 30, 2017	0	0	0	0	116,656	(99,171)	17,485
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	(10,452)	10,452	0
Other comprehensive income	0	0	0	0		12	12
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 period							
Loss after taxation for the nine months ended June 30, 2018	0	0	0	0		(105,710)	(105,710)
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	(35,892)	35,892	0
Balance as at June 30, 2018	37,500	1	900,000	900,001	571,884	(434,081)	1,075,304

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

- Sd -
Abbas Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 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.

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. Accounting estimates, judgments and financial risk management

4.1 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.

4.2 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.

4.3 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. Property, plant and equipment

Note	Un-audited June 30, 2018	Audited Sep. 30, 2017
(Rupees in thousand)		
Operating fixed assets	946,556	1,014,128
Advance against vehicle	0	204
	<u>946,556</u>	<u>1,014,332</u>

5.1 Operating fixed assets

	Un-audited June 30, 2018 (Rupees in thousand)
Book value at beginning of the period - audited	1,014,128
Additions during the period:	
- furniture, fittings and office equipment	1,167
- vehicle (owned)	843
- vehicle (leased)	2,044
	<u>4,054</u>
Book value of assets disposed-off during the period	(399)
Depreciation charge for the period	(71,227)
Book value at end of the period - un-audited	<u>946,556</u>

6. 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 June 30, 2018 were Rs.632.546 million and Rs.4.138 million respectively.

7. Stock-in-trade

	Un-audited June 30, 2018	Audited Sep. 30, 2017
(Rupees in thousand)		
Sugar-in-process	1,959	3,370
Finished goods:		
- sugar	400,011	626,570
- molasses	68,727	14,265
	468,738	640,835
	<u>470,697</u>	<u>644,205</u>

8. Other receivables

Other receivables include due from Premier Board Mills Ltd. (an Associated Company) amounting Rs.0.295 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.

9. Bank balances

9.1 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.

9.2 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.

9.3 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.

9.4 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.

10. Trade and other payables

	Un-audited Note June 30, 2018	Audited Sep. 30, 2017
(Rupees in thousand)		
Due to a Subsidiary Company (Chashma Sugar Mills Ltd.)	157,015	50,251
Creditors	10.1 14,002	17,253
Accrued expenses	14,285	12,244
Due to employees against vehicles	5,812	3,292
Security deposits	2,121	2,965
Advances from customers	0	146,208
Income tax deducted at source	415	66
Sales tax payable	7	12
Gratuity payable to ex-employees	3,110	4,673
Employees provident fund payable	443	7
Others	62	74
	<u>197,272</u>	<u>237,045</u>

10.1 Balance as at June 30, 2018 includes payable to cane growers aggregating Rs.1.652 million.

11. Contingencies and commitments

11.1 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.

11.2 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.

11.3 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.

11.4 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.

11.5 The Company filed appeal before ATIR, Peshawar against CIR(A) Peshawar Order 3/161 dated 17-05-2018 under section 221 for tax year 2013. The CIR(A) has dismissed the Company's appeal against DCIR Rectification Order 20/12 dated 20-03-2017 with demand of Rs. 261,406/-alongwith default surcharge of Rs. 141,159. The amount of revenue involved was Rs. 237,360/- . The said appeal is pending.

11.6 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at June 30, 2018 were for Rs.20 million (September 30, 2017: Rs.10 million).These guarantees are valid upto April 24, 2019 and May 26, 2019.

11.7 No commitments were outstanding as at June 30, 2018 and September 30, 2017.

12. Taxation

12.1 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).

12.2 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.

12.3 Deferred

This is comprised of the following:

Taxable temporary differences arising in respect of:

Note	Un-audited June 30, 2018 (Rupees in thousand)	Audited Sep. 30, 2017
- accelerated tax depreciation allowances	13,129	14,484
- revaluation surplus on property, plant and equipment	245,093	260,475
- lease finances	301	1,033
	258,523	275,992

Deductible temporary differences arising in respect of:

- available unused tax losses	12.4	(196,409)	(224,878)
- staff retirement benefits - gratuity		(3,762)	(3,638)
- provision for doubtful bank balance		(1,500)	(1,500)
- minimum tax recoverable against normal tax charge in future years		(56,852)	(45,976)
		(258,523)	(275,992)
		0	0

12.4 Deferred tax asset recognised in this unconsolidated condensed interim financial information has been restricted to Rs.196.409 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 June 30, 2018 amounts to Rs.119.077 million (September 30, 2017: Rs.73.732 million).

13. Transactions with related parties

13.1 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 Nine months period ended	
	June 30, 2018	June 30, 2017
Subsidiary Companies:	(Rupees in thousand)	
- purchase of goods	3,057	1,600
- sale of goods	64	244
- rent received	4,950	0
- sale of molasses	46,538	17,709
- mark-up earned on long term loan	16,080	15,671
- dividend received	20,627	61,880
Associated Companies:		
- purchase of goods	10,420	11,521
- rent received	9,542	5,032
- dividend received	0	574

13.2 Receivables from and payables to Subsidiary and Associated Companies have been disclosed in notes 8 and 10 respectively to this unconsolidated condensed interim financial information.

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

14. Corresponding figures

14.1 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.

14.2 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.

15. 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 July 27, 2018.

- Sd -
Abbas Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

- Sd -
Rizwan Ullah Khan
Chief Financial Officer