



**CHASHMA SUGAR MILLS LIMITED**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
MARCH 31, 2017**

**CHASHMA SUGAR MILLS LIMITED**  
**COMPANY INFORMATION**

**Board of Directors**

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

**Audit Committee**

Mr. Sher Ali Jafar Khan	Chairman
Mr. Iskander M. Khan	Member
Ms. Najda Sarfaraz	Member
Mr. Baber Ali Khan	Member
Mr. Mujahid Bashir	Secretary

**Company Secretary**

Mr. Mujahid Bashir

**Chief Financial Officer**

Mr. Rizwan Ullah Khan

**Head of Internal Audit**

Syed Naveed Ali

**Auditors/Tax Consultants**

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

**Cost Auditors**

M/s. Zahid Jamil & Co. Chartered Accountants

**Legal Advisor**

Mr. Tariq Mehmood Khokhar Barrister-at-Law, Advocate

**Shares Registrar**

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

**Bankers**

Bank Al-Habib Limited	National Bank of Pakistan
The Bank of Khyber	United Bank Limited
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

**CHASHMA SUGAR MILLS LIMITED**  
**DIRECTORS REVIEW REPORT**

The Board of Directors are pleased to present the un-audited condensed interim financial information of the Company for the half year ended on March 31, 2017. 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 245 of the Companies Ordinance, 1984 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 2016-17 commenced on November 30, 2016 and continued till April 10, 2017. The mills have crushed 2,224,494 tons (2016: 1,689,633 tons) of sugarcane and have produced 203,686.50 tons (2016: 155,443 tons) of sugar at an average recovery of 9.16% (2016: 9.20%). Despite nationwide appeals to export one million ton sugar from the two million tons surplus stock over and above our domestic consumption that would have earned GoP US\$ 560 million without any subsidy was ignored and as a result present sugar prices are below the cost of production.

**SUGAR PRICES**

The overall production of sugar is around 7.0 million tons i.e. highest in the history, this coupled with politicised export policy depressed the sugar prices.

**ETHANOL FUEL PLANT AT UNIT-II**

The Ethanol Fuel Plant produced 11,478.70 MT of Ethanol during the period from October 01, 2016 to May 15, 2017.

**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



**(AZIZ SARFARAZ KHAN)**  
CHIEF EXECUTIVE

Mardan:  
May 26, 2017

**CHASHMA SUGAR MILLS LIMITED**  
**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF**  
**CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Chashma Sugar Mills Limited** as at March 31, 2017 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, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2017.

**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.

**Conclusion**

Based on our review, 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, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Shine Wing Hameed Chaudhri & Co.*  
**SHINEWING HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
 Engagement Partner: Nafees ud din

LAHORE:  
 May 27, 2017

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017**

	Un-audited March 31, 2017	Audited September 30, 2016
Note	(Rupees in thousand)	
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6 7,979,612	8,169,406
Intangible assets	217	433
Security deposits	13,450	4,163
	<u>7,993,279</u>	<u>8,174,002</u>
<b>Current assets</b>		
Stores and spares	282,643	295,498
Stock-in-trade	7 6,439,346	571,183
Trade debts	8 34,813	143,410
Loans and advances	338,395	280,408
Prepayments and other receivables	9 256,568	259,676
Tax refunds due from the Government	10 453,152	310,633
Bank balances	139,668	37,511
	<u>7,944,585</u>	<u>1,898,319</u>
	<u>15,937,864</u>	<u>10,072,321</u>
<b>Total assets</b>		
<b>Equity and liabilities</b>		
<b>Share capital and reserves</b>		
Authorised capital	500,000	500,000
Issued, subscribed and paid-up capital	286,920	286,920
General reserve	327,000	327,000
Unappropriated profit	758,232	696,075
	<u>1,372,152</u>	<u>1,309,995</u>
<b>Shareholders' equity</b>		
	1,372,152	1,309,995
<b>Surplus on revaluation of property, plant and equipment</b>		
	2,698,410	2,765,364
<b>Non-current liabilities</b>		
Long term finances	11 1,987,896	2,237,608
Loans from related parties	12 388,825	312,143
Liabilities against assets subject to finance lease	41,108	31,600
Deferred taxation	758,130	789,159
	<u>3,175,959</u>	<u>3,370,510</u>
<b>Current liabilities</b>		
Trade and other payables	13 3,602,582	809,603
Accrued mark-up	125,764	108,820
Short term borrowings	4,416,496	1,037,045
Current maturity of non-current liabilities	14 546,501	670,984
	<u>8,691,343</u>	<u>2,626,452</u>
	<u>11,867,302</u>	<u>5,996,962</u>
	<u>15,937,864</u>	<u>10,072,321</u>
<b>Total liabilities</b>		
<b>Total equity and liabilities</b>		
	<u>15,937,864</u>	<u>10,072,321</u>
<b>Contingencies and commitments</b>		
	15	

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

*[Signature]*

**CHIEF EXECUTIVE**

*[Signature]*

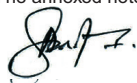
**DIRECTOR**

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

**For The Quarter And Half-Year Ended March 31, 2017**

Note	Quarter ended		Half year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees in thousand -----				
<b>Sales</b>				
- local	2,898,325	4,269,026	4,509,716	5,705,063
- export	36,109	287,603	454,981	560,646
	<u>2,934,434</u>	<u>4,556,629</u>	<u>4,964,697</u>	<u>6,265,709</u>
<b>Less : Sales tax</b>	(290,824)	(326,116)	(458,007)	(434,588)
<b>Sales - net</b>	16 <u>2,643,610</u>	<u>4,230,513</u>	<u>4,506,690</u>	<u>5,831,121</u>
<b>Cost of sales</b>	(2,287,761)	(3,859,916)	(3,939,439)	(5,168,059)
<b>Gross profit</b>	<u>355,849</u>	<u>370,597</u>	<u>567,251</u>	<u>663,062</u>
<b>Distribution cost</b>	(37,333)	(92,917)	(93,167)	(129,857)
<b>Administrative expenses</b>	(82,123)	(66,608)	(157,697)	(126,313)
<b>Other income</b>	17 8,188	7,140	11,061	9,193
<b>Other expenses</b>	18 (4,923)	(7,093)	(14,950)	(7,151)
<b>Profit from operations</b>	<u>239,658</u>	<u>211,119</u>	<u>312,498</u>	<u>408,934</u>
<b>Finance cost</b>	(126,260)	(148,441)	(219,211)	(274,702)
<b>Profit before taxation</b>	<u>113,398</u>	<u>62,678</u>	<u>93,287</u>	<u>134,232</u>
<b>Taxation</b>				
- current	19.2 0	(5,180)	0	(5,180)
- deferred	1,965	5,037	4,248	8,594
	<u>1,965</u>	<u>(143)</u>	<u>4,248</u>	<u>3,414</u>
<b>Profit after taxation</b>	<u>115,363</u>	<u>62,535</u>	<u>97,535</u>	<u>137,646</u>
<b>Other comprehensive income</b>	0	0	0	0
<b>Total comprehensive income</b>	<u>115,363</u>	<u>62,535</u>	<u>97,535</u>	<u>137,646</u>
----- Rupees -----				
<b>Earnings per share</b>	<u>4.02</u>	<u>2.18</u>	<u>3.40</u>	<u>4.80</u>

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



CHIEF EXECUTIVE



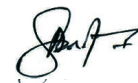
DIRECTOR

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**

**FOR THE HALF-YEAR ENDED MARCH 31, 2017**

	Half year ended	
	March 31, 2017	March 31, 2016
(Rupees in thousand)		
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation	93,287	134,232
Adjustments for non-cash charges and other items:		
Depreciation	362,748	250,392
Gain on sale of operating fixed assets - net	(783)	(886)
Amortisation of intangible assets	216	275
Profit on deposit accounts	(2,635)	(2,412)
Finance cost	219,211	274,702
<b>Profit before working capital changes</b>	<u>672,044</u>	<u>656,303</u>
<b>Effect on cash flow due to working capital changes</b>		
Decrease / (increase) in current assets:		
Stores and spares	12,855	(14,716)
Stock-in-trade	(5,868,163)	(2,778,477)
Trade debts	108,597	292,712
Loans and advances	(57,987)	(33,600)
Prepayments and other receivables	3,108	23,962
Sales tax - net	(136,042)	159,128
Increase in trade and other payables	2,789,290	1,745,834
	<u>(3,148,342)</u>	<u>(605,157)</u>
<b>Cash (used in) / generated from operations</b>	<u>(2,476,298)</u>	<u>51,146</u>
Income tax paid	(6,477)	(30,401)
Security deposits	(9,287)	(5)
<b>Net cash (used in) / generated from operating activities</b>	<u>(2,492,062)</u>	<u>20,740</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(177,175)	(338,847)
Sale proceeds of operating fixed assets	5,004	4,221
Profit on bank deposits received	2,635	2,412
<b>Net cash used in investing activities</b>	<u>(169,536)</u>	<u>(332,214)</u>
<b>Cash flow from financing activities</b>		
Long term finances - net	(252,976)	849,628
Portion of long term loan from an Associated Company - repaid	(48,175)	0
Lease finances - net	13,146	14,825
Short term borrowings - net	3,398,996	59,620
Dividend paid	(125,424)	(70,139)
Finance cost paid	(202,267)	(275,764)
<b>Net cash generated from financing activities</b>	<u>2,783,300</u>	<u>578,170</u>
<b>Net increase in cash and cash equivalents</b>	<u>121,702</u>	<u>266,696</u>
<b>Cash and cash equivalents - at beginning of the period</b>	<u>17,966</u>	<u>53,441</u>
<b>Cash and cash equivalents - at end of the period</b>	<u>139,668</u>	<u>320,137</u>
<b>Cash and cash equivalents comprised of:</b>		
Bank balances	139,668	368,187
Temporary bank overdrafts	0	(48,050)
	<u>139,668</u>	<u>320,137</u>

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



CHIEF EXECUTIVE



DIRECTOR

## CHASHMA SUGAR MILLS LIMITED

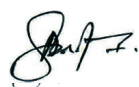
### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED MARCH 31, 2017

	Share capital	General reserve	Unappropriated profit	Total
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----- Rupees in thousand -----

Balance as at September 30, 2015 (audited)	286,920	327,000	320,253	934,173
Total comprehensive income for the half year ended March 31, 2016	0	0	137,646	137,646
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	73,964	73,964
Transaction with owners:				
Cash dividend at rate of Rs. 2.50 per ordinary share for the year ended September 30, 2015	0	0	(71,730)	(71,730)
Balance as at March 31, 2016	286,920	327,000	460,133	1,074,053
Balance as at September 30, 2016 (audited)	286,920	327,000	696,075	1,309,995
Total comprehensive income for the half year ended March 31, 2017	0	0	97,535	97,535
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	93,736	93,736
Transaction with owners:				
Cash dividend at the rate of Rs.4.50 per ordinary share for the year ended September 30, 2016	0	0	(129,114)	(129,114)
<b>Balance as at March 31, 2017</b>	<b>286,920</b>	<b>327,000</b>	<b>758,232</b>	<b>1,372,152</b>

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



**CHIEF EXECUTIVE**



**DIRECTOR**

## CHASHMA SUGAR MILLS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2017

#### 1. Legal status and nature of business

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

#### 2 Basis of preparation

##### 2.1 Statement of compliance

This condensed interim financial information of the Company for the period of six months ended March 31, 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and, therefore, should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended September 30, 2016.

This condensed interim financial information of the Company for the period of six months ended March 31, 2017 is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 245 of the Ordinance. The figures for the period of six months ended March 31, 2017 have, however, been subjected to limited scope review by the statutory Auditors as required by the Code of Corporate Governance.

##### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except that freehold land, buildings & roads, plant & machinery and generators are stated at fair values.

##### 2.3 Functional and presentation currency

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

#### 3. Accounting policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended September 30, 2016.

#### 4. Changes in accounting standards and interpretations

##### 4.1 New standards, amendments to approved accounting standards and new interpretations, which became effective during the half year ended March 31, 2017

There are certain amendments to approved accounting standards that are mandatory for accounting periods beginning on October 01, 2016. However, these do not have any significant effect on the Company's financial reporting and operations and therefore, have not been disclosed in this condensed interim financial information.

##### 4.2 New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Company

There are certain new standards and amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after October 01, 2016, but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

#### 5. Accounting estimates, judgments and financial risk management

5.1 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5.2 The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended September 30, 2016.

5.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended September 30, 2016.

#### 6. Property, plant and equipment

	Un-audited March 31, 2017	Audited September 30, 2016
Note	(Rupees in thousand)	
Operating fixed assets - tangible	6.1 7,919,343	8,130,966
Capital work-in-progress	6.2 59,424	37,410
Stores held for capital expenditure	845	1,030
	<u>7,979,612</u>	<u>8,169,406</u>
<b>6.1 Operating fixed assets - tangible</b>	<b>8,130,966</b>	
Opening book value	8,130,966	
Additions during the period:		
- freehold land	31,235	
- buildings	21,583	
- plant and machinery	50,822	
- electric installations	9,827	
- office equipment	13,337	
- furniture and fixtures	1,389	
- vehicles:		
owned	276	
leased	26,877	
	<u>155,346</u>	
Book value of vehicles sold during the period	(4,221)	
Depreciation charge for the period	<u>(362,748)</u>	
Closing book value	<u>7,919,343</u>	

	Un-audited March 31, 2017	Audited September 30, 2016
Note	(Rupees in thousand)	
<b>6.2 Capital work-in-progress</b>		
Buildings on freehold land	223	
Plant and machinery	43,743	
Electric installations	5,776	
Vehicles	9,106	
Advance payments:		
- freehold land	421	
- buildings on freehold land	47	
- plant and machinery	108	
	<u>576</u>	
	<u>59,424</u>	
<b>7. Stock-in-trade</b>		
Finished goods		
- sugar	5,543,398	184,230
- molasses	738,775	247,596
- spirit	7.1 112,406	131,492
	<u>6,394,579</u>	563,318
Sugar-in-process	44,767	7,865
	<u>6,439,346</u>	<u>571,183</u>
7.1. This inventory as at March 31, 2017 is stated at net realisable value; the amount charged to profit and loss account in respect of inventory write-down to net realisable value amounts to Rs.15.104 million approximately.		
<b>8. Trade debts - Unsecured, considered good</b>		
Period-end balance of trade debts includes a debt amounting Rs.15.050 million (September 30, 2016 Rs. 19.450 million); to secure this debt, the Company has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment. The debtor, during the current period, has paid amounts aggregating Rs.4.400 million to the Company.		
<b>9. Prepayments and other receivables</b>		
Prepayments	1,383	4,491
Sugar export subsidy receivable	254,935	254,935
Others	250	250
	<u>256,568</u>	<u>259,676</u>
<b>10. Tax refunds due from the Government</b>		
Income tax refundable, advance tax and tax deducted at source	96,773	90,296
Advance sales tax and sales tax refundable	356,379	220,337
	<u>453,152</u>	<u>310,633</u>

Note	Un-audited	Audited
	March 31, 2017 (Rupees in thousand)	September 30, 2016
<b>11. Long term finances - secured</b>		
<b>Bank Alfalah Ltd. - Term finance</b>	125,000	150,000
<b>Bank Al-Habib Ltd.</b>		
- Fixed loan	67,923	79,243
- Long term finance [(LTFF) - SBP]	283,576	320,057
	351,499	399,300
<b>Faysal Bank Ltd. - Term finance</b>	333,309	416,637
<b>Soneri Bank Ltd.</b>		
- Term finance	98,797	112,911
- LTFF (ERF)	301,106	325,165
	399,903	438,076
<b>The Bank of Khyber - Demand finance</b>	0	13,779
<b>The Bank of Punjab</b>		
- Demand finance	64,731	73,978
- LTFF	262,964	298,612
	327,695	372,590
<b>Syndicated Islamic finance facility</b>	974,931	974,931
	2,512,337	2,765,313
Less: current maturity grouped under current liabilities [including overdue instalments amounting Rs.25.016 million (September 30, 2016: Rs.25 million)]	524,441	527,705
	1,987,896	2,237,608

**12. Loans from related parties - secured**

**Holding Company**

The Premier Sugar Mills & Distillery Co. Ltd.(PSM) 12.1 279,500 279,500

**Associated Companies**

Premier Board Mills Ltd.(PBM) 12.2 65,575 113,750

Arpak International Investments Ltd.(AAIL) 12.3 43,750 43,750

388,825 437,000

Less: current maturity grouped under current liabilities 0 124,857

388,825 312,143

**12.1** The Company and PSM, during the period on February 09, 2017, have entered into a loan agreement whereby PSM has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is repayable in 7 equal half-yearly instalments commencing February, 2020. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of PSM. The loan is secured against a promissory note of Rs.374 million. This loan, during the period, carried mark-up at the rates ranging from 7.47% to 7.51% per annum.

**12.2** The Company and PBM, during the period on November 04, 2016, have entered into a loan agreement whereby PBM has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is repayable in 7 equal half-yearly instalments commencing November, 2019. The Company, during the period, has made advance repayments aggregating Rs.48.175 million to PBM. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of PBM. The loan is secured against a promissory note of Rs.153 million. This loan, during the period, carried mark-up at the rates ranging from 7.47% to 7.51% per annum.

**12.3** The Company and AAIL, during the period on November 04, 2016, have entered into a loan agreement whereby AAIL has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is repayable in 7 equal half-yearly instalments commencing November, 2019. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of AAIL. The loan is secured against a promissory note of Rs.59 million. This loan, during the period, carried mark-up at the rates ranging from 7.47% to 7.51% per annum.

Note	Un-audited	Audited
	March 31, 2017 (Rupees in thousand)	September 30, 2016
<b>13. Trade and other payables</b>		
Creditors	1,862,386	169,052
Due to related parties	13.1 69,533	24,160
Accrued expenses	91,238	63,148
Retention money	15,696	21,077
Security deposits - interest free repayable on demand	1,453	1,378
Advance payments from costumers	1,519,110	489,411
Income tax deducted at source	16,706	2,182
Workers' (profit) participation fund	4,910	23,214
Unclaimed dividends	8,231	4,541
Zakat payable on dividend	187	0
Due to employees	13,132	11,440
	3,602,582	809,603

**13.1** This represents amounts due to the following related parties:

**Holding Company**

The Premier Sugar Mills & Distillery Co. Ltd. 79 0

**Associated Companies**

- Phipson & Co. Pakistan (Pvt.) Ltd. 0 3

- Syntronics Ltd. 30,853 2,349

- Syntron Ltd. 34,027 8,200

- Azlak Enterprises (Pvt.) Ltd. 4,574 13,608

69,533 24,160

**14. Current maturity of non-current liabilities**

Long term finances 11 524,441 527,705

Loans from related parties 12 0 124,857

Liabilities against assets subject to finance lease 22,060 18,422

546,501 670,984

## 15. Contingencies and commitments

Except for the matters detailed in notes 15.1 to 15.8, 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, 2016.

- 15.1** A petition has been filed by the Income Tax Department (the Department), which is pending before the Supreme Court of Pakistan (SCP) against the order passed by the Peshawar High Court (PHC) in a tax reference for the assessment year 2002-03. The said reference was filed by the Department against the Company challenging decision of the Appellate Tribunal Inland Revenue (ATIR); the amount of revenue involved is Rs.2.993 million.
- 15.2** A petition filed by the Company is pending before the SCP against judgment dated January 31, 2017 in a tax reference for tax year 2006 passed by the PHC. The said tax reference was filed by the Department against the Company challenging decision of the ATIR; the amount of revenue involved is Rs.9.082 million.
- 15.3** A writ petition filed by the Company is pending before the PHC; the Company has challenged the Director FBR's notice dated November 03, 2016 for investigating the Company under section 38 of the Sales Tax Act, 1990 for certain specified issues seeking record of last five years. Interim relief has been granted to the Company.
- 15.4** A sales tax reference filed by the Department is pending before the PHC against ATIR's order dated January 25, 2016; the amount of revenue involved is Rs.1.550 million.
- 15.5** A sales tax reference filed by Department is pending before the PHC against ATIR's order dated January 25, 2016. The Company had filed a sales tax appeal before the ATIR against order passed by the Commissioner Inland Revenue (Appeals) [CIR(A)], who had reduced the assessed amount from Rs.36.842 million to Rs.28.063 million vide order dated May 12, 2014.
- 15.6** A sales tax reference filed by the Department is pending before the PHC against CIR's order dated January 25, 2016 under section 37A(4) of the Sales Tax Act, 1990 regarding stock taking and raid.
- 15.7** An application for withdrawal of sales tax appeal has been filed with permission to file a fresh one before the CIR(A), Peshawar, which has been accepted vide order dated February 20, 2017 because the Company's rectification application before the Assessing Officer has been accepted and impugned order vacated. The said appeal was pending against assessment order dated June 28, 2016 passed by the Deputy Commissioner, Audit, Peshawar regarding alleged stock taking to the tune of Rs.8.602 million under section 14 of the Federal Excise Act, 2005.
- 15.8** A sales tax appeal filed by the Company has been dismissed ex-parte vide order-in-appeal no. 124\2017 passed by the CIR(A), Peshawar in appeal against assessment order dated June 21, 2016 passed by the Deputy Commissioner, Audit, Peshawar. It has been alleged that the Company has violated SRO 488(I) 2004 dated June 12, 2014 and claimed input tax to the tune of Rs.135.764 million against the supplies to unregistered persons. Rectification application has been filed before the CIR(A), Peshawar. Second appeal before the ATIR, Peshawar against the aforesaid order is also being filed.

## 15.9 Commitments

	Un-audited March 31, 2017	Audited September 30, 2016
Commitments in respect of:		
- foreign letters of credit for purchase of plant & machinery	<u>1.678</u>	<u>11.377</u>
- capital expenditure other than for letters of credit	<u>2.317</u>	<u>2.505</u>

## 16. Sales

Sales for the current half year ended March 31, 2017 include spirit local and export sales aggregating Rs.52.232 million and Rs.454.981 million (2016: Rs.135.230 million and Rs.560.646 million) respectively.

## 17. Other income

Income for current half year ended March 31, 2017 mainly includes profit on bank deposits aggregating Rs.2.635 million (2016: Rs.2.412 million), sale of press mud aggregating Rs.3.549 million (2016: Rs.2.555 million) and seed sales net of expenses aggregating Rs.2.745 million (2016: Rs.2.532 million).

## 18. Other expenses

Expense for the current period mainly includes donation amounting Rs.10 million made to Sindh Institute of Urology and allocation to workers' (profit) participation fund amounting Rs.4.910 million.

## 19. Taxation

**19.1** There has been no significant change in the status of taxation matters as disclosed in note 32 to the financial statements of the Company for the year ended September 30, 2016.

**19.2** The Company, for the current period, is mainly liable to pay tax due under sections 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Income Tax Ordinance, 2001 (the Ordinance) aggregating Rs.45.382 million. The required provision for the current period has been fully adjusted against current period's and preceding years' tax credits for investment in plant & machinery aggregating Rs.50.531 million available under section 65B of the Ordinance.

## 20. Transactions with related parties

**20.1** The Company has related party relationship with its Holding Company and Associated Companies, its directors, key management personnel and employee benefit plan. 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 the Holding Company and Associated Companies during the current and preceding period were as follows:

	March 31, 2017	September 30, 2016
	(Rupees in thousand)	
<b>The Holding Company</b>		
- purchase of store items	185	5,499
- sale of goods	0	2,252
- sale of store items	1,600	1,892
- mark-up expensed	10,431	11,259
- purchase of molasses	2,976	0
- dividend paid	61,880	34,378
<b>Associated Companies</b>		
- purchase of goods	95,657	74,538
- mark-up expensed	5,652	6,122
- storage charges paid	7,200	7,902
- dividend paid	24,124	13,402

**20.2** Except for the loans obtained from the Holding Company and Associated Companies, no return was charged on other balances of the Holding Company and Associated Companies as these have arisen due to normal trade dealings.



**21. Segment operating results for the half year ended March 31, 2017 (un-audited)**

	Sugar division	Ethanol division	Total
----- Rupees in thousand -----			
Sales			
- local	4,457,484	52,232	4,509,716
- export	0	454,981	454,981
	<u>4,457,484</u>	<u>507,213</u>	<u>4,964,697</u>
Less : sales tax	(452,703)	(5,304)	(458,007)
Sales - net	<u>4,004,781</u>	<u>501,909</u>	<u>4,506,690</u>
Cost of sales	(3,693,803)	(245,636)	(3,939,439)
Gross profit	<u>310,978</u>	<u>256,273</u>	<u>567,251</u>
Distribution cost	(22,690)	(70,477)	(93,167)
Administrative expenses	(143,008)	(14,689)	(157,697)
Other income	9,712	1,349	11,061
Other expenses	(14,950)	0	(14,950)
Profit from operations	<u>140,042</u>	<u>172,456</u>	<u>312,498</u>

**Segment operating results for the half year ended March 31, 2016 (un-audited)**

Sales			
- local	5,569,833	135,230	5,705,063
- export	0	560,646	560,646
	<u>5,569,833</u>	<u>695,876</u>	<u>6,265,709</u>
Less : sales tax	(414,774)	(19,814)	(434,588)
Sales - net	<u>5,155,059</u>	<u>676,062</u>	<u>5,831,121</u>
Cost of sales	(5,005,868)	(162,191)	(5,168,059)
Gross profit	<u>149,191</u>	<u>513,871</u>	<u>663,062</u>
Distribution cost	(42,064)	(87,793)	(129,857)
Administrative expenses	(114,959)	(11,354)	(126,313)
Other income	8,385	808	9,193
Other expenses	(7,151)	0	(7,151)
(Loss) / profit from operations	<u>(6,598)</u>	<u>415,532</u>	<u>408,934</u>

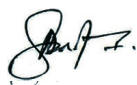
**22. Date of authorisation for issue**

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on May 26, 2017.

**23. Corresponding figures**

**23.1** 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.

**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 financial information.


**CHIEF EXECUTIVE**

**DIRECTOR**