# BRIEF REVIEW

**Dear Shareholders,**

On behalf of the Board of Directors, it is my privilege to present to you the Unaudited Financial Statements of your Company for the period ended March 31, 2018. The auditors have reviewed these financial statements, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

Salient features of the Financial Statements are as under:

The crushing season 2017-18 started during second half of November 2017 and the Company managed to earn a gross profit of Rs 639 Million and a net profit after operations amounting to Rs 357 Million, as compared to last comparative half year gross profit of Rs 1.237 Billion and a net profit after operations of Rs 873 Million, respectively.

The measures of the previous Government were very discouraging for the sugar industry as the sugarcane procurement prices remained at Rs 180 per 40 Kg for the season 2017-18 and in contrast, the sale price of sugar continued to be very low, whereas the price for the calculation of sales tax on sugar persisted at Rs. 60 per Kg.

A substantial increase in other Income pertains to export subsidy on exports of sugar, but unfortunately the entire rebate amount of Rs. 169 Million remains receivable from the Government. The finance cost during these six months increased by 45%, owing to carry over stock, but we still managed to make payments to the financial institutions and the sugar cane growers. Period under review is a very difficult year for the sugar industry, due to leftover production, reduced sugar prices and delay in any support from the Government.

The auditors have qualified their review report on the matter that the Company has not stated the finished goods of sugar at the lower of cost and net realizable value [illegible] of International Accounting Standard 2 - Inventories. The management however believes that the Company has valued its sugar stock at cost as the selling prices of sugar are only presently at a very low level due to availability of surplus sugar in the country and this price will increase in near future due to continued consumption of sugar till the start of next crushing season and a further increase of exports with a pending approval with the Government (ECC) for export of sugar.

The Ethanol division continues to contribute towards the operational profitability of the company. The management is expecting a record production of Ethanol at both of the Ethanol plants and would achieve the maximum level of exports by the year end. The CO2 division also continues to perform satisfactory, despite of a tough competition in the market.

The board would like to express great appreciation and gratitude for its valuable shareholders, banks, financial institution, customers and other stakeholders for their cooperation and support that lead us to strive for further growth of our business.

The board is also pleased about the efforts of the management, employees and workers.

On behalf of Board of Directors

***AKBAR KHAN***
(Chief Executive)
September 06, 2018

## معزز حصص داران

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 31 مارچ 2018 تک کی غیر آڈٹ شدہ مالی تفصیلات کی بہم فراہمی میرے لیے باعث فخر و افتخار ہے۔ آڈیٹرز نے مالی تفصیلات، سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے مطابق ریویو کیے ہیں۔

ان مالی تفصیلات کے اہم نکات درج ذیل ہیں۔

2017 سے 2018 کا کرشنگ سیزن نومبر 2017 کے دوسرے حصہ میں شروع ہوا اور کمپنی نے 639 ملین روپوں کا مجموعی اور 357 ملین روپوں کا خالص منافع کمایا جو کہ پچھلے آدھے تقابلی سال میں 1.237 ملین مجموعی اور 873 ملین کا خالص منافع رہا تھا۔

پچھلی حکومت کے اقدامات شوگر انڈسٹری کیلئے بہت مایوس کن ثابت ہوئے۔ گنے کی حصول کی قیمت خرید 2017-18 کے سیزن میں 180 روپے فی 40 کلوگرام رہی جبکہ چینی کی قیمت فروخت بہت کم رہی اور چینی پر سیلز ٹیکس 60 روپے فی کلو مقرر رہا۔

چینی کی برآمد پر لاگو کی جانے والی سبسڈی قبول آمدن میں کئے جانے والے خاتمے سے تعلق رکھتی ہے، لیکن بدقسمتی سے حکومت کی طرف سے دی جانے والی چھوٹ جو کہ 169 ملین روپے پر مشتمل تھی، ابھی تک وصول نہیں ہوئی ان حالات میں بنک کو ادا کرنے کیلئے مالی خرچ میں 45 فیصد اضافہ ہوا جس کے باوجود ہم نے تمام [illegible] ادائیگیاں [illegible] کیں۔ [illegible] چینی کی کم قیمتوں اور حکومت کی [illegible]

[illegible]

[illegible] CO2 [illegible] جاری رہی۔

بورڈ اپنے حصص داران، مالیاتی اداروں، صارفین اور اسٹیک ہولڈرز کو بہت شکر گزار اور ممنون ہے جن کی مدد اور سرپرستی سے ہم اپنے کاروبار کو [illegible] رہے۔

بورڈ اپنے تمام اسٹاف، ورکرز اور کاشتکاروں کی کاوشوں پر بھی خوشی کا اظہار کرتا ہے۔

بحکم بورڈ آف ڈائریکٹرز  
[illegible] خان  
چیف ایگزیکٹو  
مئی 8, 2018

# AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **Tandlianwala Sugar Mills Limited ("the Company")** as at 31 March 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with 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.

***Scope of review***

We conducted our review in accordance with International Standard on Review Engagements2410,"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."A review of condensed 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***

[illegible] as disclosed in note [illegible] to this financial information is carried at Rs. [illegible] million. Management has not stated the stock-in-trade at the lower of cost and net realizable value but has stated it solely at cost, which constitutes a departure from the requirements of approved accounting standards. [illegible] Company's records indicate that had management stated the stock-in-trade at the lower of cost and net realizable [illegible] Rs. [illegible] million would have been required to write this down to its net realizable value. Accordingly, stock-in-trade related [illegible] million [illegible] would have been [illegible] million [illegible]

***Qualified Conclusion***

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

***Other matters***

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 March 2018 and 31 March 2017 have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.
Chartered Accountants
Kamran Iqbal Yousafi

Lahore
September 06, 2018

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

| | | (Un-audited) 31 March 2018 | (Audited) 30 September 2017 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | *Note* | **Rupees** | Rupees |
| Authorized capital | | | |
| 120,000,000 (2017:120,000,000) shares of Rs.10 each | | **1,200,000,000** | 1,200,000,000 |
| ***Share capital and reserves*** | | | |
| Issued, subscribed and paid-up capital | | **1,177,063,000** | 1,177,063,000 |
| Reserves | | **2,933,895,162** | 3,067,892,022 |
| Loan from Directors - *unsecured* | | **1,935,050,170** | 1,935,050,170 |
| | | **6,046,008,332** | 6,180,005,192 |
| ***Non current liabilities*** | | | |
| Long term finances - *secured* | *6* | **2,899,858,294** | 2,771,675,932 |
| Liabilities against assets subject to finance lease - *secured* | *7* | **445,777,404** | 489,444,925 |
| Advances from customers - *unsecured* | | **-** | 554,036,748 |
| Deferred liabilities | | | |
| - *Staff retirement benefits* | | **309,855,790** | 310,560,559 |
| - *Deferred taxation* | | **8,443,728** | 8,443,728 |
| | | **3,663,935,216** | 4,134,161,892 |
| ***Current liabilities*** | | | |
| Short term borrowings - *secured* | *8* | **11,709,844,588** | 10,196,025,232 |
| Current portion of non-current liabilities | | **556,397,160** | 630,532,378 |
| Trade and other payables | *9* | **11,864,142,457** | 4,447,068,821 |
| Interest and mark-up accrued | | **230,241,288** | 260,315,310 |
| | | **24,360,625,493** | 15,533,941,741 |
| **Contingencies and commitments** | *10* | | |
| | | **34,070,569,041** | 25,848,108,825 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

Lahore
September 06, 2018

Chief Financial Officer

Chief Executive

## AS AT 31 MARCH 2018

| ASSETS | Note | (Un-audited) 31 March 2018 Rupees | (Audited) 30 September 2017 Rupees |
|---|---|---|---|
| ***Non - current assets*** | | | |
| Property, plant and equipment | *11* | **14,544,240,268** | 13,795,834,019 |
| Long term deposits | | **112,644,035** | 124,073,188 |
| | | **14,656,884,303** | 13,919,907,207 |
| ***Current assets*** | | | |
| Stores, spare parts and loose tools | | **1,093,345,283** | 1,032,646,111 |
| Stock-in-trade | *12* | **16,345,240,046** | 8,814,401,128 |
| Trade debts - *considered good* | *13* | **22,446,858** | 20,113,724 |
| Advances, deposits, prepayments and other receivables | *14* | **1,257,712,942** | 843,723,068 |
| Tax refunds due from Government - *net* | | **585,355,267** | 529,551,342 |
| Cash and bank balances | *15* | **109,584,342** | 687,766,245 |
| | | **19,413,684,738** | 11,928,201,618 |
| | | **34,070,569,041** | 25,848,108,825 |

Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

### For the half year and quarter ended 31 March 2018

| | | Six months ended | | Three months ended | |
|---|---|---|---|---|---|
| | *Note* | **31 March 2018 Rupees** | 31 March 2017 Rupees | **31 March 2018 Rupees** | 31 March 2017 Rupees |
| Net sales | *16* | **5,429,792,259** | 7,929,504,095 | **2,995,223,913** | 4,405,828,185 |
| Cost of sales | | **(4,790,641,794)** | (6,692,800,116) | **(3,022,375,233)** | (3,725,522,906) |
| **Gross profit/(loss)** | | **639,150,465** | 1,236,703,979 | **(27,151,320)** | 680,305,279 |
| Administrative expenses | | **(241,235,026)** | (214,903,287) | **(84,675,497)** | (109,093,401) |
| Distribution expenses | | **(232,468,703)** | (155,201,569) | **(201,645,982)** | (117,167,460) |
| Other income | *17* | **191,069,135** | 6,504,293 | **185,209,918** | 5,222,715 |
| | | **(282,634,594)** | (363,600,563) | **(101,111,561)** | (221,038,146) |
| **Profit/(loss) from operations** | | **356,515,871** | 873,103,416 | **(128,262,881)** | 459,267,133 |
| Finance cost | | **(490,512,731** | (337,986,885) | **(228,887,215)** | (241,055,621) |
| Other expenses - *net* | | **-** | (26,755,827) | **11,157,662** | (10,910,576) |
| | | **(490,512,731)** | (364,742,712) | **(217,729,553)** | (251,966,197) |
| **(Loss)/ profit before taxation** | | **(133,996,860)** | 508,360,704 | **(345,992,434)** | 207,300,936 |
| Taxation | *19* | **-** | (70,327,590) | **-** | (35,090,831) |
| **(Loss)/ profit after taxation** | | **(133,996,860)** | 438,033,114 | **(345,992,434)** | 172,210,105 |
| **Earnings per share -** | | | | | |
| ***basic and diluted*** | | **(1.14)** | 3.72 | **(2.94)** | 1.46 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

Lahore
September 06, 2018

| | | |
|---|---|---|
| Chief Financial Officer | Chief Executive | Director |

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

### For the half year and quarter ended 31 March 2018

| | Six months ended | | Three months ended | |
|---|---|---|---|---|
| | **31 March 2018 Rupees** | 31 March 2017 Rupees | **31 March 2018 Rupees** | 31 March 2017 Rupees |
| (Loss)/profit after taxation | **(133,996,860)** | 438,033,114 | **(345,992,434)** | 172,210,105 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive (loss)/income for the period | **(133,996,860)** | 438,033,114 | **(345,992,434)** | 172,210,105 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

Lahore
September 06, 2018

Chief Financial Officer    Chief Executive    Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

### For the half year ended 31 March 2018

| | Note | 31 March 2018 Rupees | 31 March 2017 Rupees |
|---|---|---|---|
| ***Cash flow from operating activities*** | | | |
| (Loss) / profit before taxation | | **(133,996,860)** | 508,360,704 |
| *Adjustments for non-cash and other items:* | | | |
| Finance cost | | **490,512,731** | 337,986,885 |
| Depreciation on property, plant and equipment | *11.1* | **347,675,592** | 273,117,315 |
| Provision for Worker's Profit Participation Fund | | - | 26,755,827 |
| Provision for staff retirement benefits | | - | 24,623,912 |
| Return on bank deposits | *17* | **(10,089,948)** | (1,563,130) |
| | | **828,098,375** | 660,920,809 |
| **Operating profit before working capital changes** | | **694,101,515** | 1,169,281,513 |
| *Increase in current assets:* | | | |
| Stores, spares parts and loose tools | | **(60,699,172)** | (72,591,181) |
| Stock-in-trade | | **(7,530,838,918)** | (8,586,838,024) |
| Trade debts - *considered good* | | **(2,333,134)** | (3,090,603) |
| Advances, deposits, prepayments and other receivables | | **(413,989,874)** | (216,142,819) |
| | | **(8,007,861,098)** | (8,878,662,627) |
| *Increase in current liabilities:* | | | |
| Trade and other payables | | **(6,917,985,019)** | 4,305,049,754 |
| **Cash used in operations** | | **(395,774,564)** | (3,404,331,360) |
| Staff retirement benefits paid | | **(704,769)** | (1,681,755) |
| Finance cost paid | | **(521,321,658)** | (272,059,135) |
| Taxes paid | | **(55,803,925)** | (68,885,221) |
| Advances from customers - *net* | | **(54,948,131)** | (301,864,652) |
| Long term deposits - *net* | | **11,429,153** | 897,850 |
| | | **(621,349,330)** | (643,592,913) |
| **Net cash used in operations** | | **(1,017,123,894)** | (4,047,924,273) |
| ***Cash flow from investing activities*** | | | |
| Capital expenditure | | **(1,096,081,841)** | (1,591,365,503) |
| Income received from bank deposits | | **10,089,948** | 1,563,130 |
| **Net cash used in investing activities** | | **(1,085,991,893)** | (1,589,802,373) |
| ***Cash flow from financing activities*** | | | |
| Finance lease liabilities - *net* | 7 | **(51,448,509)** | (25,084,746) |
| Short term borrowings - *net* | | **1,573,819,357** | 5,965,838,590 |
| Long term finances obtained | 6 | **342,000,000** | 1,260,000,000 |
| Long term finances repaid | 6 | **(279,436,963)** | (276,955,700) |
| **Net cash generated from financing activities** | | **1,584,933,885** | 6,923,798,144 |
| **Net decrease / increase in cash and cash equivalents** | | **(518,181,902)** | 1,286,071,498 |
| **Cash and cash equivalents at beginning of the period** | | **527,767,108** | (32,997,631) |
| **Cash and cash equivalents at end of the period** | | **9,585,206** | 1,253,073,867 |
| *Cash and cash equivalents comprise of the following:* | | | |
| - Cash and bank balances | | **109,584,342** | 1,413,071,809 |
| - Running finances | | **(99,999,136)** | (159,997,942) |
| | | **9,585,206** | 1,253,073,867 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

Lahore
September 06, 2018

Chief Financial Officer

Chief Executive

Director

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

## For the half year ended 31 March 2018

| | Share capital | Reserves | | | Loan from Directors | Total |
|---|---|---|---|---|---|---|
| | | Capital | Revenue | | | |
| | | Share premium | Un-appropriated profit | Total reserves | | |
| | ---------- | ---------- | ---------- | Rupees | ---------- | ---------- |
| **Balance as at 30 September 2016** | 1,177,063,000 | 290,741,640 | 2,326,965,571 | 2,617,707,211 | 1,971,962,036 | 5,766,732,247 |
| ***Transactions with owners of the Company*** | | | | | | |
| Repayment made during the period | - | - | - | - | (8,000,000) | (8,000,000) |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period ended 31 March 2017 | - | - | 438,033,114 | 438,033,114 | - | 438,033,114 |
| Other comprehensive income for the period ended 31March 2017 | - | - | - | - | - | - |
| | - | - | 438,033,114 | 438,033,114 | - | 438,033,114 |
| **Balance as at 31 March 2017** | 1,177,063,000 | 290,741,640 | 2,764,998,685 | 3,055,740,325 | 1,963,962,036 | 6,196,765,361 |
| **Balance as at 01 October 2017** | **1,177,063,000** | **290,741,640** | **3,067,892,022** | **3,358,633,662** | **1,935,050,170** | **6,470,746,832** |
| ***Total comprehensive income for the period*** | | | | | | |
| (Loss) for the period ended 31 March 2018 | - | - | **(133,996,860)** | **(133,996,860)** | - | **(133,996,860)** |
| Other comprehensive income for the period ended 31 March 2018 | - | - | - | - | - | - |
| | - | - | **(133,996,860)** | **(133,996,860)** | - | **(133,996,860)** |
| **Balance as at 31 March 2018** | **1,177,063,000** | **290,741,640** | **2,933,895,162** | **3,224,636,802** | **1,935,050,170** | **6,336,749,972** |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

Lahore
September 06, 2018

| Chief Financial Officer | Chief Executive | Director |
|---|---|---|

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the half year ended 31 March 2018

**1. Reporting entity**

Tandlianwala Sugar Mills Limited ("the Company") was incorporated in Pakistan on 01 November 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). [illegible] The principal activity of the Company is production and sale of white crystalline sugar, ethanol, molasses and carbon dioxide. The manufacturing facilities of the Company are located at Kanjwani (Unit I), Dera Ismail Khan (Unit II) and Muzafar Garh (Unit III). The registered office of the Company is situated at 66 - L, Gulberg II, Lahore.

**2. Basis of preparation**

**2.1 Basis of accounting**

**2.1.1** This condensed interim financial information comprises the condensed interim statement of financial position of the Company as at 31 March 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the period from 01 October 2017 to 31 March 2018.

**2.1.2** This 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 34, Interim Financial Reporting, issued by the International Accounting Standards Board as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.3** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 September 2017.

**2.1.4** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 September 2017, whereas comparative figures of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 March 2017.

**2.1.5** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

**3. Use of estimates and judgments**

The preparation of the 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.

The significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of annual financial statements for the year ended 30 September 2017.

**4. Statement of consistency in accounting policies**

4.1 The accounting policies and the methods of computation adopted in the preparation of the condensed interim unconsolidated financial information are same as those applied in the preparation of the audited financial statements for the year ended 30 September 2017.

4.2 Effective 01 January 2018, the provisions of the Companies Act, 2017 relating to the preparation of the financial statements have become applicable. However, there is no major impact of these provisions on the Company's condensed interim financial information.

4.3 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

| **Standard or interpretation** | **Effective date (accounting periods beginning on or after)** |
|---|---|
| IFRS 2 - Share-based Payments | 01 January 2018 |
| IAS 40 - Investment Property | 01 January 2018 |
| IAS 28 - Investments in Associates and Joint Ventures | 01 January 2018 |
| IFRIC 22 - Foreign Currency Transactions and Advance Consideration | 01 January 2018 |
| IFRIC 23 - Uncertainty over Income Tax Treatments | 01 January 2019 |
| IFRS 15 - Revenue from Contract with Customer | 01 July 2018 |
| IFRS 9 - Financial Instruments | 01 July 2018 |
| IAS 28 - Investments in Associates and Joint Ventures | 01 January 2019 |
| IFRS 3 - Business Combinations | 01 January 2019 |
| IFRS - 11 Joint Ventures | 01 January 2019 |
| IAS - 12 Income Taxes | 01 January 2019 |
| IAS - 23 Borrowing Cost | 01 January 2019 |

### 5. Seasonality of operations

Due to seasonal nature of sugar segment, operating results are expected to fluctuate in the second half of the year than the first six months. The sugarcane crushing season starts from November and lasts till April each year.

### 6. Long term loans - *secured*

| | **(Un-audited)<br>31 March<br>2018<br>Rupees** | (Audited)<br>30 September<br>2017<br>Rupees |
|---|---|---|
| Balance at beginning of the period / year | **3,275,980,395** | 1,409,273,928 |
| Loans received during the period / year | **342,000,000** | 2,279,302,023 |
| Repayments during the period / year | **(279,436,963)** | (412,595,556) |
| | **3,338,543,432** | 3,275,980,395 |
| Current portion presented under current liabilities | **(438,685,138)** | (504,304,463) |
| | **2,899,858,294** | 2,771,675,932 |
| **6.1. Type of loans** | | |
| Interest / mark-up based loans | **3,274,548,292** | 3,196,125,775 |
| Islamic mode of financing | **63,995,140** | 62,849,149 |
| | **3,338,543,432** | 3,258,974,924 |

### 7. Liabilities against assets subject to finance lease – *secured*

During the period, the Company availed leases amounting to Rs. 5.25 million (30 September 2017: Rs. 4.01 million) and repaid Rs. 51.08 million (30 September 2017: Rs. 25.08 million). Amounts due in next twelve months amounting to Rs. 102.70 million (30 September 2017: Rs. 99.33 million) are included in current portion presented under current liabilities.

### 8. Short term borrowings – *secured*

| | **(Un-audited)<br>31 March<br>2018<br>Rupees** | (Audited)<br>30 September<br>2017<br>Rupees |
|---|---|---|
| *Type of short term borrowings:* | | |
| Interest / mark-up based loans | **11,559,844,588** | 10,196,025,232 |
| Islamic mode of financing | **150,000,000** | - |
| | **11,709,844,588** | 10,196,025,232 |

### 9. Trade and other payables

These mainly include advances from customers amounting to Rs. 5,709.16 million (30 September 2017: Rs. 2,234.81 million) and payable to growers against purchase of sugarcane amounting to Rs. 4,725.96 million (30 September 2017: Rs. 2,314.45 million).

### 10. Contingencies and commitments

#### 10.1 Contingencies

There is no material change in contingencies from the audited financial statements of the Company for the year ended 30 September 2017 except for the commitments and guarantees as disclosed below:

#### 10.2 Commitments

(i) Future capital commitments in respect of import of machinery and its related components at 31 March 2018 amounted to Rs. 197.42 million (30 September 2017: Rs. 338.46 million).

(ii) The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (30 September 2017: Rs. 2 million) to the Excise and Taxation Department for the export of ethanol.

(iii) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

| | *Note* | **(Un-audited)<br>31 March<br>2018<br>Rupees** | (Audited)<br>30 September<br>2017<br>Rupees |
|---|---|---|---|
| Not later than one year | | **30,885,094** | 30,885,084 |
| Later than one year and not later than five years | | **95,024,336** | 96,252,514 |
| | | **125,909,430** | 127,137,598 |

| | | Note | (Un-audited)<br>31 March<br>2018<br>Rupees | (Audited)<br>30 September<br>2017<br>Rupees |
|---|---|---|---|---|
| **11.** | **Property, plant and equipment** | | | |
| | Operating fixed assets | *11.1* | **12,936,569,909** | 13,082,041,183 |
| | Capital work-in-progress | *11.2* | **1,607,670,359** | 713,792,836 |
| | | | **14,544,240,268** | 13,795,834,019 |

| | | | |
|---|---|---|---|
| **11.1** | **Operating fixed assets** - *at net book value* | | |
| | Net book value at beginning of the period / year | **13,082,041,183** | 10,686,597,910 |
| | Additions during the period / year | **202,224,319** | 2,977,339,738 |
| | Disposals during the period / year - *net book value* | **(20,001)** | (694,013) |
| | Depreciation charged during the period / year | **(347,675,592)** | (581,202,452) |
| | **Net book value at end of period / year** | **12,936,569,909** | 13,082,041,183 |

**11.2** This mainly relates to the on going project of plant efficiency and capacity enhancement at all three units (Unit I, Unit II, Unit III) of the Company.

| | | (Un-audited)<br>31 March<br>2018<br>Rupees | (Audited)<br>30 September<br>2017<br>Rupees | | |
|---|---|---|---|---|---|
| **12.** | **Stock-in-trade** | | | | |
| | Raw materials | | | **1,513,656,711** | 873,608,865 |
| | Finished goods: | | | | |
| | - Sugar | **14,487,785,237** | 7,341,777,815 | | |
| | - Ethanol and others | **343,798,098** | 599,014,448 | | |
| | | | | **14,831,583,335** | 7,940,792,263 |
| | | | | **16,345,240,046** | 8,814,401,128 |

**13.** **Trade debts** - *considered good*

These include receivable from Riaz Bottlers (Private) Limited, an associated company amounting to Rs. 9.69 million (30 September 2017: Rs. 9.14 million) against sale of top gas in the normal course of business and is over due by less than 180 days.

**14.** **Advances, deposits, prepayments and other receivables**

**14.1** These mainly include advances given for advances to suppliers and contractors of Rs. 514.93 million (30 September 2017: Rs.292.35 million), cash export subsidy of Rs. 17.69 million (30 September 2017: 49.43 million) and inland export subsidy of Rs. 168.82 million (30 September 2017: Rs. 133.19 million).

**14.2** This includes an amount of Rs. 4.65 million (September 2017: Rs. 4.47 million) receivable from executive of the Company.

| | | Note | (Un-audited)<br>31 March<br>2018<br>Rupees | (Audited)<br>30 September<br>2017<br>Rupees |
|---|---|---|---|---|
| **15.** | **Cash and bank balances** | | | |
| | *Current accounts:* | | | |
| | - Deposits with islamic banks | | **1,518,801** | 1,492,285 |
| | - Deposits with conventional banks | | **76,685,868** | 53,871,247 |
| | | | **78,204,669** | 55,363,532 |
| | *Saving accounts:* | *15.1* | | |
| | - Deposits with islamic banks | | **412,631** | 46,550 |
| | - Deposits with conventional banks | | **19,138,536** | 9,931,882 |
| | | | **19,551,167** | 9,978,432 |
| | Cash in hand | | **11,828,506** | 1,210,132 |
| | | | **109,584,342** | 66,552,096 |

**15.1** These carry mark up at the rates ranging from 3.25% to 5.50% per annum (30 September 2017: 6.25% to 8.50% per annum).

| | | | Six months ended (Un-audited) | | Three months ended (Un-audited) | |
|---|---|---|---|---|---|---|
| | | | **31 March 2018 Rupees** | 31 March 2017 Rupees | **31 March 2018 Rupees** | 31 March 2017 Rupees |
| **16** | **Net sales** | | | | | |
| | *Local:* | | | | | |
| | | Sugar | **3,075,070,190** | 6,671,459,175 | **1,920,722,190** | 3,548,628,900 |
| | | Ethanol | **77,521,520** | 98,398,735 | **34,808,218** | 46,519,316 |
| | | Top Gas | **67,976,399** | 70,086,008 | **41,944,272** | 56,603,566 |
| | | Molasses | **-** | - | **-** | - |
| | | | **3,220,568,109** | 6,839,943,918 | **1,997,474,680** | 3,651,751,782 |
| | *Export:* | | | | | |
| | | Sugar | **488,465,527** | 177,454,796 | **488,465,527** | 177,454,796 |
| | | Ethanol | **2,131,021,261** | 1,607,862,451 | **767,977,487** | 963,384,216 |
| | | | **2,619,486,788** | 1,785,317,247 | **1,256,443,014** | 1,140,839,012 |
| | | | **5,840,054,897** | 8,625,261,165 | **3,253,917,694** | 4,792,590,794 |
| | *Less:* | | | | | |
| | | Sales tax / Federal Excise Duty | **(410,262,638)** | (695,757,070) | **(258,693,781)** | (386,762,609) |
| | | | **5,429,792,259** | 7,929,504,095 | **2,995,223,913** | 4,405,828,185 |

| | | Note | **(Un-audited) 31 March 2018 Rupees** | (Un-audited) 31 March 2017 Rupees |
|---|---|---|---|---|
| **17** | **Other income** | | | |
| | ***Income from financial assets*** | | | |
| | Profit on saving accounts under interest / mark-up arrangement | | **10,089,948** | 1,563,130 |
| | ***Income from non financial assets*** | | | |
| | Foreign exchange gain | *17.1* | **12,155,871** | 3,626,631 |
| | Gain on sale of property, plant and equipment | | **-** | 1,314,532 |
| | Inland export subsidy | *17.2* | **168,823,316** | - |
| | | | **180,979,187** | 4,941,163 |
| | | | **191,069,135** | 6,504,293 |

**17.1** This represents exchange gain earned from actual currency conversion

17.2 This represents subsidy awarded by Federal Government and Provincial Government on export of sugar.

**18 Transactions and balances with related parties**

Related parties comprise of associated company due to common directorship, key management personnel and post employment benefit plans. [illegible] related parties are shown under respective notes to this condensed interim financial information. Other significant transactions with related parties except those disclosed elsewhere are as follows:

| Relationship | Nature of transactions | (Un-audited) 31 March 2018 Rupees | (Un-audited) 31 March 2017 Rupees |
|---|---|---|---|
| ***Associated Company*** | | | |
| Riaz Bottlers (Private) Limited (Common Directorship) | Sale of top gas | **23,665,033** | 21,412,372 |
| ***Key Management Personnel*** | | | |
| Directors of the Company | Repayment of loan | **-** | - |
| | Remuneration of Chief Executive and Directors of the Company | **5,494,934** | 5,468,125 |
| ***Post employment benefit plans*** | | | |
| Staff retirement benefits | Retirement benefits paid | **704,769** | 1,681,755 |

## 19 Taxation

19.1 The provision for taxation for the half year ended 31 March 2018 has been made on an estimated basis.

19.2 There is no material change in status of tax cases from audited financial statements of the Company for the year ended 30 September 2017.

## 20. Business segments information

### 20.1 Segment results

| | Sugar | | Distillery | | Top Gas | | Inter segment reconciliation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **31.Mar.18** | 31.Mar.17 | **31.Mar.18** | 31.Mar.17 | **31.Mar.18** | 31.Mar.17 | **31.Mar.18** | 31.Mar.17 | **31.Mar.18** | 31.Mar.17 |
| | **Rupees** | Rupees | **Rupees** | Rupees | **Rupees** | Rupees | **Rupees** | Rupees | **Rupees** | Rupees |
| Net external revenue | **3,176,180,049** | 6,177,637,603 | **2,195,512,740** | 1,691,963,937 | **58,099,470** | 59,902,555 | - | - | **5,429,792,259** | **7,929,504,095** |
| Inter-segment revenue | **1,215,165,762** | 1,491,489,722 | - | - | - | - | **(1,215,165,762)** | (1,491,489,722) | - | - |
| Reportable segment revenue | **4,391,345,811** | 7,669,127,325 | **2,195,512,740** | 1,691,963,937 | **58,099,470** | 59,902,555 | **(1,215,165,762)** | (1,491,489,722) | **5,429,792,259** | 7,929,504,095 |
| **Cost of sales** | | | | | | | | | | |
| - External | **(4,476,587,120)** | (6,632,529,781) | **(293,292,212)** | (45,830,669) | **(20,762,461)** | (14,439,666) | - | - | **(4,790,641,793)** | (6,692,800,116) |
| - Inter-segment | - | - | **(1,215,165,762)** | (1,491,489,722) | - | - | 1,215,165,762 | 1,491,489,722 | - | - |
| | **(85,241,309)** | 1,036,597,544 | **687,054,766** | 1,646,133,268 | **37,337,009** | 45,462,889 | **(1,215,165,762)** | (1,491,489,722) | **639,150,466** | 1,236,703,979 |
| Segment gross profit | **(85,241,309)** | 1,036,597,544 | **687,054,766** | 154,643,546 | **37,337,009** | 45,462,889 | - | - | **639,150,466** | 1,236,703,979 |
| Administrative expenses | **(189,086,658)** | (84,814,920) | **(48,795,382)** | (125,208,347) | **(3,352,987)** | (4,880,020) | - | - | **(241,235,027)** | (214,903,287) |
| Distribution expenses | **(50,063,361)** | (32,442,964) | **(175,761,237)** | (117,394,427) | **(6,644,105)** | (5,364,178) | - | - | **(232,468,703)** | (155,201,569) |
| Other income | **178,913,264** | 2,877,662 | **12,155,871** | 3,626,631 | - | - | - | - | **191,069,135** | 6,504,293 |
| Finance cost | **(410,340,493)** | (234,137,854) | **(80,169,802)** | (103,846,682) | **(2,436)** | (2,349) | - | - | **(490,512,731)** | (337,986,885) |
| | | | | | | | | | **(133,996,860)** | |

### 20.2 Reconciliation of reportable segments profit or loss

| | | |
|---|---|---|
| Operating profit of all segments | **(133,996,860)** | 535,116,531 |
| Unallocated corporate expenses | - | (26,755,827) |
| Profit before tax | **(133,996,860)** | 508,360,704 |
| Taxation | - | (70,327,590) |
| Profit after tax | **(133,996,860)** | 438,033,114 |

### 20.3 Segments assets and liabilities

| | Sugar | | Distillery | | Top Gas | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **(Un-audited) 31 March 2018 Rupees** | (Audited) 30 September 2017 Rupees | **(Un-audited) 31 March 2018 Rupees** | (Audited) 30 September 2017 Rupees | **(Un-audited) 31 March 2018 Rupees** | (Audited) 30 September 2017 Rupees | **(Un-audited) 31 March 2018 Rupees** | (Audited) 30 September 2017 Rupees |
| Segments assets | **21,594,927,744** | 15,210,447,046 | **11,922,856,215** | 10,246,050,842 | **324,193,697** | 284,455,065 | **33,841,977,656** | 25,740,952,953 |
| Segments liabilities | **21,633,161,866** | 15,002,110,695 | **11,884,622,093** | 4,553,950,132 | **324,193,697** | 4,886,667 | **33,841,977,656** | 19,560,947,494 |

## 21. Fair value measurement of financial instruments

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|  | Note | Carrying Amount (Un-audited) |  |  | Fair Value (Un-audited) |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
|  |  | Rupees |  |  |  |  |  |
| **On-Balance sheet financial instruments** |  |  |  |  |  |  |  |
| **31 March 2018 - (un-audited)** |  |  |  |  |  |  |  |
| ***Financial assets not measured at fair value*** |  |  |  |  |  |  |  |
| Cash and bank balances |  | 109,584,342 | - | 109,584,342 | - | - | - |
| Advances, deposits and other receivables |  | 1,257,712,942 | - | 1,257,712,942 | - | - | - |
| Trade debts - *considered good* |  | 22,446,858 | - | 22,446,858 | - | - | - |
| Long term deposits |  | 112,644,035 | - | 112,644,035 | - | - | - |
|  | *21.1* | 1,502,388,177 | - | 1,502,388,177 | - | - | - |
| ***Financial liabilities not measured at fair value*** |  |  |  |  |  |  |  |
| Long term finances – *secured* |  | - | 2,899,858,294 | 2,899,858,294 | - | - | - |
| Liabilities against assets subject to finance lease - *secured* |  | - | 445,777,404 | 445,777,404 | - | - | - |
| Current portion of non-current liabilities |  | - | 556,397,160 | 556,397,160 | - | - | - |
| Trade and other payables |  | - | 11,864,142,457 | 11,864,142,457 | - | - | - |
| Short term borrowings – *secured* |  | - | 11,709,844,588 | 11,709,844,588 | - | - | - |
| Interest and mark-up accrued |  | - | 230,241,288 | 230,241,288 | - | - | - |
|  | *21.1* | - | 27,706,261,191 | 27,706,261,191 | - | - | - |

|  | Note | Carrying Amount (Audited) |  |  | Fair Value (Audited) |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
|  |  | Rupees |  |  |  |  |  |
| **On-Balance sheet financial instruments** |  |  |  |  |  |  |  |
| **30 September 2017 - Audited** |  |  |  |  |  |  |  |
| ***Financial assets not measured at fair value*** |  |  |  |  |  |  |  |
| Cash and bank balances |  | 687,766,245 | - | 687,766,245 | - | - | - |
| Advances, deposits and other receivables |  | 843,723,068 | - | 843,723,068 | - | - | - |
| Trade debts - *considered good* |  | 20,113,724 | - | 20,113,724 | - | - | - |
| Long term deposits |  | 124,073,188 | - | 124,073,188 | - | - | - |
|  | *21.1* | 1,675,676,225 | - | 1,675,676,225 | - | - | - |
| ***Financial liabilities not measured at fair value*** |  |  |  |  |  |  |  |
| Long term finances - *secured* |  | - | 2,771,675,932 | 2,771,675,932 | - | - | - |
| Liabilities against assets subject to finance lease - *secured* |  | - | 489,444,925 | 489,444,925 | - | - | - |
| Current portion of non-current liabilities |  | - | 630,532,378 | 630,532,378 | - | - | - |
| Trade and other payables |  | - | 4,447,068,821 | 4,447,068,821 | - | - | - |
| Short term borrowings - *secured* |  | - | 10,196,025,232 | 10,196,025,232 | - | - | - |
| Interest and mark-up accrued |  | - | 260,315,310 | 260,315,310 | - | - | - |
|  | *21.1* | - | 18,795,062,598 | 18,795,062,598 | - | - | - |

**21.1** The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or re-price over short term. Therefore, their carrying amounts are reasonable approximation of their fair values.

**22 Reconciliation of movements of liabilities to cash flows arising from financing activities.**

|  | 31 March 2018 |  |  |  |
|---|---|---|---|---|
|  | Liabilities (long term and short term) |  |  |  |
|  | Long term finances - *secured* | Liabilities against assets subject to finance lease - secured | Short term borrowings - secured | Accrued profit / interest / markup |
|  | Rupees |  |  |  |
| **Balance as at 01 October 2017** | 3,275,980,395 | 489,444,925 | 10,196,025,232 | 260,315,310 |
| ***Changes from financing cash flows*** |  |  |  |  |
| Loans received during the period | 342,000,000 | - | 7,735,658,000 | - |
| Loan repaid during the period | (279,436,963) | (53,542,307) | (6,221,838,644) | - |
|  | 62,563,037 | (53,542,307) | 1,513,819,356 | - |
| ***Other changes - Liability related*** |  |  |  |  |
| Interest expense for the period | - | - | - | 550,308,287 |
| Interest paid during the period | - | - | - | (580,382,309) |
| Assets acquired on finance lease | - | 9,874,786 | - | - |
| **Total liability-related other changes** | - | 9,874,786 | - | (30,074,022) |
| **Balance as at 31 March 2018** | **3,338,543,432** | **445,777,404** | **11,709,844,588** | **230,241,288** |

**23. Financial risk management**

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 September 2017.

**24. Date of authorization**

This condensed interim financial information for the six months period ended 31 March 2018 was authorized for issue by the Board of Directors in their meeting held on September 06, 2018

**25. General**

Figures in this condensed interim financial information have been rounded off to the nearest of rupee.

Lahore
September 06, 2018

Chief Financial Officer　　Chief Executive　　Director

# COMPANY INFORMATION

| | | |
|---|---|---|
| **Board of Directors** | Mr. Ghazi Khan | **(Chairman)** |
| | Mr. Akbar Khan | **(Chief Executive)** |
| | Mr. Haroon Khan | |
| | Mr. Humayun Akhtar Khan | |
| | Mrs. Rasheeda Begum | |
| | Mrs. Mobina Akbar Khan | |
| | Mr. Tahir Farooq Malik | |
| **Company Secretary and Chief Financial Officer** | Mr. Ahmad Jehanzeb Khan | |
| **Bankers** | National Bank of Pakistan Limited<br>MCB Bank Limited<br>United Bank Limited<br>Allied Bank Limited<br>Bank Alfalah Limited<br>Habib Bank Limited<br>The Bank of Punjab<br>Soneri Bank Limited<br>Sindh Bank Limited | |
| **Legal Advisors** | 1. Bandial & Associates<br>35-A, Luqman Street, Zahoor<br>Afridi Road, Lahore Cantt. | 2. Ali Sibtain Fazli & Associates<br>Mall Mansion 30<br>The Mall, Lahore |
| **Audit Committee** | Mr. Humayun Akhtar Khan | **(Chairman)** |
| | Mr. Ghazi Khan | **(Member)** |
| | Mr. Tahir Farooq Malik | **(Member)** |
| | Mr. Khalid Siddique | **(Secretary)** |
| **Auditors** | KPMG Taseer Hadi & Co.<br>Chartered Accountants | |
| **Share Registrar** | Corplink (Private) Limited<br>1-K, Commercial Model Town, Lahore | |
| **Sugar Mills:** | | |
| ***Unit 1*** | Kanjwani, Tehsil Tandlianwala,<br>District, Faisalabad | |
| ***Unit 2*** | Taunsa Road, Indus Highway,<br>Dera Ismail Khan | |
| ***Unit 3*** | Shah Jamal Road,<br>Muzaffargarh | |
| **Distillery:** | | |
| ***Unit 1*** | Kanjwani, Tehsil Tandlianwala,<br>District, Faisalabad | |
| ***Unit 2*** | Shah Jamal Road,<br>Muzaffargarh | |
| **Top Gas:** | Kanjwani, Tehsil Tandlianwala,<br>District, Faisalabad | |
| **Registered Office:** | 66-L, Gulberg-II, Lahore | |