



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

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

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

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. 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 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 07, 2016 and continued till April 11, 2017. The mills have crushed 268,864.455 tons (2016: 178,273 tons) of sugarcane and have produced 25,003 tons (2016: 17,677 tons) of sugar at an average recovery of 9.32% (2016: 9.94%). 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.

REPLY TO AUDITORS' OBSERVATION (NOTE 10.2)

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

CONSOLIDATED FINANCIAL RESULTS

Consolidated financial statements are annexed with these Financial Statements as required under section 237 of the Companies Ordinance, 1984.

ACCOUNTING POLICIES

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

ACKNOWLEDGEMENT

The Directors appreciate the spirit of good work done by the Company's staff at all levels.

ON BEHALF OF THE BOARD



(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
May 26, 2017

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of The Premier Sugar Mills & Distillery Company Limited (the Company) 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.

Basis for Qualified Conclusion

Provision against deposits with a non-bank financial institutions aggregating Rs.39 million has not been made in this interim financial information as the matter is pending adjudication before the Court as fully detailed in note 10.2.

Qualified Conclusion

Based on our review, except for the matter referred to in the aforementioned paragraph and the extent to which this may effect the annexed interim financial information, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

LAHORE:
 May 27, 2017

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Condensed Interim Unconsolidated Balance Sheet As At March 31, 2017

	Note	Un-audited March 31, 2017	Audited Sep. 30, 2016
(Rupees in thousand)			
Assets			
Non-current Assets			
Property, plant and equipment	6	886,197	927,819
Investment property		29,224	29,795
Long term investments	7	170,006	170,006
Long term loan to Subsidiary Company	8	279,500	199,643
Security deposits		1,258	1,258
		1,366,185	1,328,521
Current Assets			
Stores and spares		105,021	110,326
Stock-in-trade	9	1,152,960	172,212
Current portion of long term loan to Subsidiary Company	8	0	79,857
Trade debts		17,745	28,855
Advances		47,233	50,715
Trade deposits and short term prepayments		3,525	1,213
Accrued profit on bank deposits		122	25
Other receivables		7,242	7,218
Sales tax refundable		1,202	0
Advance sales tax		0	27,000
Income tax refundable, advance tax and tax deducted at source		32,575	19,936
Bank balances	10	70,718	55,387
		1,438,343	552,744
		2,804,528	1,881,265
Total Assets			
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		900,001	900,001
Accumulated loss		(232,234)	(259,728)
Shareholders' Equity		705,267	677,773
Surplus on Revaluation of Property, Plant and Equipment		512,299	526,126
Non-current Liabilities			
Long term finances		100,000	133,333
Liabilities against assets subject to finance lease		3,686	3,243
Staff retirement benefits - gratuity		13,237	14,148
		116,923	150,724
Current Liabilities			
Trade and other payables	11	99,598	50,149
Accrued mark-up		19,352	10,314
Short term borrowings		1,251,248	379,670
Current portion of:			
- long term finances		66,667	66,667
- liabilities against assets subject to finance lease		3,198	3,074
Taxation		29,976	16,768
		1,470,039	526,642
Total Liabilities		1,586,962	677,366
Total Equity and Liabilities		2,804,528	1,881,265
Contingencies and Commitments	12		

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

[Signature]
CHIEF EXECUTIVE

[Signature]
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Condensed Interim Unconsolidated 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 -----			
Sales - local		67,234	318,591	387,233	939,298
Less : sales tax		(7,199)	(23,671)	(35,897)	(69,759)
Sales - net		60,035	294,920	351,336	869,539
Cost of sales		(60,823)	(383,761)	(336,865)	(921,214)
Gross (loss) / profit		(788)	(88,841)	14,471	(51,675)
Distribution cost		(932)	(6,719)	(3,364)	(9,329)
Administrative expenses		(16,892)	(17,401)	(31,173)	(30,971)
Other income	13	71,953	58,796	81,857	68,012
Other expenses	14	(3,981)	621	(3,998)	(49)
Profit / (loss) from operations		49,360	(53,544)	57,793	(24,012)
Finance cost		(19,600)	(17,601)	(30,918)	(34,404)
Profit / (loss) before taxation		29,760	(71,145)	26,875	(58,416)
Taxation					
- current	15	(9,368)	(434)	(13,209)	(4,345)
- deferred		(7,625)	37,250	(7,625)	38,670
		(16,993)	36,816	(20,834)	34,325
Profit / (loss) after taxation		12,767	(34,329)	6,041	(24,091)
Other comprehensive income		0	0	0	0
Total comprehensive income / (loss)		12,767	(34,329)	6,041	(24,091)
		----- Rupees -----			
Earnings / (loss) per share		3.40	(9.15)	1.61	(6.42)

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Condensed Interim Unconsolidated 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)	
Cash flow from operating activities		
Profit / (loss) for the period - before taxation	26,875	(58,416)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	42,887	47,441
Depreciation on investment property	571	623
Gain on sale of vehicles	(681)	(586)
Uncollectible receivable balances written-off	17	49
Unclaimed payable balances written-back	(444)	(89)
Mark-up on loan to Subsidiary Company and profit on bank deposits	(10,828)	(11,552)
Staff retirement benefits - gratuity (net)	(911)	539
Dividends	(62,454)	(34,760)
Finance cost	30,918	33,340
Profit / (loss) before working capital changes	25,950	(23,411)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	5,305	7,049
Stock-in-trade	(980,748)	(127,539)
Trade debts	11,110	(39,330)
Advances	3,465	12,288
Trade deposits and short term prepayments	(2,312)	(1,066)
Other receivables	(24)	(1,052)
Sales tax - net	25,798	3,788
Increase in trade and other payables	49,894	29,014
	(887,512)	(116,848)
Cash used in operations	(861,562)	(140,259)
Income tax paid	(12,640)	(4,858)
Security deposits	0	(228)
Net cash used in operating activities	(874,202)	(145,345)
Cash flow from investing activities		
Additions to property, plant and equipment - owned	(326)	(1,915)
Sale proceeds of vehicles	2,240	1,265
Dividends received	62,454	34,760
Mark-up / profit received on loan to Subsidiary Company and bank deposits	10,731	11,423
Net cash generated from investing activities	75,099	45,533
Cash flow from financing activities		
Long term finances repaid	(33,333)	0
Lease finances - net	(1,931)	(1,607)
Short term borrowings - net	871,578	189,645
Dividend paid	0	(7,500)
Finance cost paid	(21,880)	(36,730)
Net cash generated from financing activities	814,434	143,808
Net increase in cash and cash equivalents	15,331	43,996
Cash and cash equivalents - at beginning of the period	55,387	56,014
Cash and cash equivalents - at end of the period	70,718	100,010

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Condensed Interim Unconsolidated Statement Of Changes In Equity (Un-Audited)
For The Half-Year Ended March 31, 2017

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

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

Balance as at September 30, 2015 (audited)	37,500	1	900,000	900,001	(149,666)	787,835
Total comprehensive loss for the half-year ended March 31, 2016	0	0	0	0	(24,091)	(24,091)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	23,007	23,007
Transaction with owners: Cash dividend at the rate of Rs.2 per ordinary share for the year ended September 30, 2015	0	0	0	0	(7,500)	(7,500)
Balance as at March 31, 2016	37,500	1	900,000	900,001	(158,250)	779,251
Balance as at September 30, 2016 (audited)	37,500	1	900,000	900,001	(259,728)	677,773
Total comprehensive income for the half-year ended March 31, 2017	0	0	0	0	6,041	6,041
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	21,453	21,453
Balance as at March 31, 2017	37,500	1	900,000	900,001	(232,234)	705,267

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Notes to the condensed interim unconsolidated financial information (un-Audited)
For the half-year ended March 31, 2017

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. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

2. Basis of preparation

2.1 Statement of compliance

This condensed interim unconsolidated 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 unconsolidated 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 separate financial statements of the Company as at and for the year ended September 30, 2016.

This condensed interim unconsolidated 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 unconsolidated financial information has been prepared under the historical cost convention except that buildings on leasehold & freehold land and plant & machinery are stated at fair value whereas the Company's liability under its defined benefit plan (gratuity) is determined on the present value of defined benefit obligation determined by an independent Actuary.

2.3 Functional and presentation currency

This condensed interim unconsolidated 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 unconsolidated financial information are the same as those applied in the preparation of audited annual separate 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 unconsolidated 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 unconsolidated financial information.

5. Accounting estimates, judgments and financial risk management

5.1 The preparation of condensed interim unconsolidated 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 separate 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 separate financial statements as at and for the year ended September 30, 2016.

6. Property, plant and equipment

	Un-audited March 31, 2017
	(Rupees in thousand)
Book value at beginning of the period - audited	927,819
Additions during the period:	
- motorcycles	194
- air-conditioner and office equipment	132
- vehicle (leased)	2,498
	2,824
Book value of vehicles sold during the period	(1,559)
Depreciation charge for the period	(42,887)
Book value at end of the period - un-audited	886,197

7. Long term investments

Market values of the Company's quoted investments in Chashma Sugar Mills Ltd. (a Subsidiary Company) and Arpak International Investments Ltd. (an Associated Company) as at March 31, 2017 were Rs.1,168.972 million and Rs.6.115 million respectively.

8. Long term loan to Subsidiary Company - Secured

	Un-audited March 31, 2017	Audited Sep. 30, 2016
	(Rupees in thousand)	
Balance at period / year-end	279,500	279,500
Less: current portion grouped under current assets	8.1	0
	279,500	199,643

8.1 The Company and Chashma Sugar Mills Ltd., during the period on February 09, 2017, have entered into a loan agreement whereby the Company 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 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 the Company. The loan is secured against a promissory note of Rs. 374 million.

9. Stock-in-trade

Sugar-in-process	15,251	2,588
Finished goods:		
- sugar	1,034,659	169,624
- molasses	103,050	0
	1,137,709	169,624
	1,152,960	172,212

10. Bank balances

10.1 Period-end bank balances include deposits aggregating Rs.39 million lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits fell between July 29, 2009 to July 29, 2012.

10.2 The realisability of these deposits aggregating Rs.39 million is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

The Company has sizeable investment in IIBL by virtue of which it is entitled to be heard. The Company, therefore, has filed a petition before the LHC under Civil Procedure Code 1908 to be made party in the winding-up proceedings.

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

10.3 There has been no change in the status of matter as reported in note 15.5 to the audited financial statements of the Company for the year ended September 30, 2016.

11. Trade and other payables

	Un-audited March 31, 2017	Audited Sep. 30, 2016
	(Rupees in thousand)	
Due to an Associated Company (Syntron Ltd.)	3,261	0
Creditors	66,282	14,854
Accrued expenses	13,363	21,741
Security deposits	3,710	1,780
Advances from customers	79	402
Income tax deducted at source	280	240
Sales tax payable	160	383
Gratuity payable to ex-employees	2,830	2,944
Unclaimed dividends	7,716	7,733
Workers' (profit) participation fund	1,414	0
Others	503	72
	<u>99,598</u>	<u>50,149</u>

12. Contingencies and commitments

Except for the matters detailed in notes 12.1 to 12.3, 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.

- 12.1** As at September 30, 2016, a sales tax appeal was pending before the Commissioner Inland Revenue (Appeals) [CIR(A)], Peshawar against assessment order dated June 28, 2016 passed by the Deputy Commissioner Inland Revenue [DCIR], Peshawar regarding the alleged stock taking to the tune of Rs.5.592 million recoverable under section 14 of the Federal Excise Act, 2005. The Company, during the period, has filed a rectification application before the Assessing Officer, which has been accepted and the demand created has been vacated accordingly.
- 12.2** As at September 30, 2016, a sales tax appeal was also pending before the CIR(A), Peshawar against assessment order dated June 23, 2016 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. The sales tax appeal, during the period, has been dismissed ex-parte vide order-in-appeal no.123/2017 by the CIR(A), Peshawar against the aforementioned assessment order passed by the DCIR. The Company has also filed a rectification application before the CIR(A).
- 12.3** A sale tax reference is pending, which has been filed by the Department before the Peshawar High Court against the Tribunal's order dated January 01, 2016. The appeal before the Tribunal was filed against the CIR(A)'s order dated December 26, 2014, who had reduced the assessed amount of Rs.1.466 million to Rs.0.724 million.
- 12.4** Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Company outstanding as at March 31, 2017 were for Rs.24.230 million (September 30, 2016: Rs.10 million). These guarantees are valid upto May 26, 2017.

13. Other income

	Un-audited Half-year ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
Income from financial assets:		
Profit on bank deposits and saving accounts	397	293
Mark-up on loan to a Subsidiary Company	10,431	11,259
Dividend received from:		
- Subsidiary Company	61,880	34,378
- Associated Company	574	382
Income from other than financial assets:		
Sale of press mud	2,641	1,714
Un-claimed payable balances written-back	444	89
Profit from fertilizer sales	0	251
Gain on sale of vehicles	681	586
Rent from:		
- Associated Company	3,360	2,000
- Others	0	6
Sale of agricultural produce	1,229	12,333
Scrap sales	7	4,712
Miscellaneous	213	9
	<u>81,857</u>	<u>68,012</u>

14. Other expenses

Expense for the current period mainly comprise of sales tax and default surcharge aggregating Rs.2.567 million on plant and machinery sold during the financial year ended September 30, 2014 and allocation to workers' (profit) participation fund amounting Rs.1.414 million.

15. Taxation**15.1 Current**

Provision for the current period represents tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 C (Alternative corporate tax) of the Income Tax Ordinance, 2001.

15.2 Deferred

This is comprised of the following:

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances	15,629	17,512
- surplus on revaluation of property, plant and equipment	219,557	236,375
- lease finances	1,502	704
	<u>236,688</u>	<u>254,591</u>

Deductible temporary differences arising in respect of:

- available unused tax losses	(192,708)	(213,882)
- staff retirement benefits - gratuity	(3,971)	(4,386)
- provision for doubtful bank balance	(1,500)	(1,550)
- minimum tax and alternative corporate tax recoverable against normal tax charge in future years	(38,509)	(34,773)
	<u>(236,688)</u>	<u>(254,591)</u>
	<u>0</u>	<u>0</u>

15.3 Deferred tax asset recognised in this condensed interim unconsolidated financial information has been restricted to Rs.192.708 million as taxable profits in the foreseeable future will not probably be available against which the temporary differences can be utilised. Unrecognised deferred tax asset as at March 31, 2017 amounts to Rs.19.375 million (September 30, 2016: Rs.40.505 million).

16. Transactions with related parties

16.1 The Company has related party relationship with its Subsidiary and Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Subsidiary and Associated Companies during the period were as follows:

	Un-audited Half-year ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
Subsidiary Companies:		
- purchase of goods	1,600	4,054
- sale of goods	244	5,536
- sale of molasses	2,976	0
- mark-up earned on long term loan	10,431	11,259
- dividend received	61,880	34,378
Associated Companies:		
- purchase of goods	11,521	1,035
- rent received	3,355	2,000
- dividend received	574	382

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

17. Date of authorisation for issue

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

18. Corresponding figures

18.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim unconsolidated balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim unconsolidated profit and loss account, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

18.2 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 unconsolidated financial information.



CHIEF EXECUTIVE



DIRECTOR

2017

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
DIRECTORS' REVIEW REPORT ON
CONSOLIDATED INTERIM FINANCIAL RESULTS

The Board of Directors are pleased to present the condensed interim consolidated financial information for the half year ended on March 31, 2017 to the shareholders of the Company.

GENERAL REVIEW

The Premier Sugar Mills & Distillery Company Limited's subsidiary company, Chashma Sugar Mills Limited has earned profit after tax of Rs. 97,535 Million and The Frontier Sugar Mills & Distillery Limited suffered loss after tax of Rs. 3.025 million during the half year ended March 31, 2017.

REVIEW OF OPERATIONS

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

CURRENT SEASON 2016-17

The total of 2,493,358.455 tons (2016: 1,867,906 tons) of sugarcane was crushed by the sugar mills of the Group Companies during the current season.

REPLY TO AUDITORS' RESERVATIONS

Reply to the Auditors' reservations on the interim financial statements of The Frontier Sugar Mills & Distillery Limited (FSM):

1. The Auditors have raised doubts regarding the FSM's ability to continue business as a going concern due to the non-availability of sugarcane. We are hopeful that after successful operation of "Bai Zai Irrigation Scheme" there will be excessive availability of sugarcane to justify the new investment. The Company could not operate with existing machinery, therefore, the management decided to dispose off the obsolete machinery at good rates.
2. Auditors also made their reservations regarding impairment of stores and spares of FSM. The management is carrying out an exercise to identify obsolete/damaged stores and spares inventory, if any.

3. With regard to the common reservation of auditors regarding non-provision against deposits by PSM and FSM, we have filed a writ petition in the Lahore High Court, Lahore to recover the deposits.

CUSTOMER'S SUPPORT AND STAFF RELATIONS

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

ACCOUNTING POLICIES

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

ON BEHALF OF THE BOARD



(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
May 26, 2017

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2017**

		Un-audited March 31, 2017	Audited Sep. 30, 2016
	Note	(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	7	8,954,783	9,190,992
Intangible assets		217	433
Investment property		29,224	29,795
Long term investments	8	118,038	111,717
Security deposits		14,800	5,513
		<u>9,117,062</u>	<u>9,338,450</u>
Current assets			
Stores and spares	9	421,591	438,405
Stock-in-trade	10	7,592,306	743,395
Trade debts	11	52,558	172,265
Loans and advances		387,028	332,472
Trade deposits, short term prepayments and other receivables	12	267,447	268,119
Accrued profit on bank deposits		122	25
Sales tax refundable		1,635	221,260
Tax refunds due from the Government		487,693	112,151
Advance sales tax		0	27,000
Short term investments	13	8,066	9,727
Bank balances	14	253,872	134,376
		<u>9,472,318</u>	<u>2,459,195</u>
Total assets		<u>18,589,380</u>	<u>11,797,645</u>
Equity and liabilities			
Share capital and reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Reserves		1,032,142	1,026,369
Unappropriated profit		328,203	270,635
Equity attributable to equity holders of the Holding Company		<u>1,397,845</u>	<u>1,334,504</u>
Non-controlling interest		<u>706,137</u>	<u>677,486</u>
		<u>2,103,982</u>	<u>2,011,990</u>
Surplus on revaluation of property, plant and equipment		<u>3,300,367</u>	<u>3,381,660</u>
Non-current liabilities			
Long term finances	15	2,087,896	2,370,941
Loans from Associated Companies	16	109,325	112,500
Liabilities against assets subject to finance lease		44,794	34,843
Deferred taxation		758,130	789,159
Staff retirement benefits - gratuity		15,510	16,319
		<u>3,015,655</u>	<u>3,323,762</u>
Current liabilities			
Trade and other payables	17	3,701,244	861,525
Accrued mark-up		145,116	119,134
Short term borrowings		5,667,744	1,416,715
Current portion of non-current liabilities	18	616,366	660,868
Dividends payable to non-controlling interest		8,803	5,113
Taxation	19	30,103	16,878
		<u>10,169,376</u>	<u>3,080,233</u>
Total equity and liabilities		<u>18,589,380</u>	<u>11,797,645</u>
Contingencies and commitments	20		

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM CONSOLIDATED
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 -----			
Sales				
- local	2,962,340	4,587,617	4,893,730	6,644,361
- export	36,109	287,603	454,981	560,646
	<u>2,998,449</u>	<u>4,875,220</u>	<u>5,348,711</u>	<u>7,205,007</u>
Less: sales tax	<u>(298,023)</u>	<u>(349,787)</u>	<u>(493,904)</u>	<u>(504,347)</u>
Sales - net	<u>2,700,426</u>	<u>4,525,433</u>	<u>4,854,807</u>	<u>6,700,660</u>
Cost of sales	<u>(2,344,520)</u>	<u>(4,242,523)</u>	<u>(4,273,218)</u>	<u>(6,089,248)</u>
Gross profit	<u>355,906</u>	<u>282,910</u>	<u>581,589</u>	<u>611,412</u>
Distribution cost	<u>(38,265)</u>	<u>(99,636)</u>	<u>(96,531)</u>	<u>(139,186)</u>
Administrative expenses	<u>(101,675)</u>	<u>(86,578)</u>	<u>(193,927)</u>	<u>(162,329)</u>
Other income	21 4,150	13,321	20,686	24,877
Other expenses	<u>(8,906)</u>	<u>(6,472)</u>	<u>(18,950)</u>	<u>(7,200)</u>
Profit from operations	<u>211,210</u>	<u>103,545</u>	<u>292,867</u>	<u>327,574</u>
Finance cost	<u>(135,429)</u>	<u>(154,784)</u>	<u>(239,699)</u>	<u>(297,849)</u>
	<u>75,781</u>	<u>(51,239)</u>	<u>53,168</u>	<u>29,725</u>
Share of loss from Associated Companies	8.1 (453)	(235)	(453)	(235)
Profit / (loss) before taxation	<u>75,328</u>	<u>(51,474)</u>	<u>52,715</u>	<u>29,490</u>
Taxation				
Group				
- current	19 9,378	(5,616)	13,226	(9,527)
- deferred	5,660	42,287	3,377	47,264
	<u>15,038</u>	<u>36,671</u>	<u>16,603</u>	<u>37,737</u>
Associated Companies	(31)	(18)	(31)	(18)
	<u>15,007</u>	<u>36,653</u>	<u>16,572</u>	<u>37,719</u>
Profit / (loss) after taxation	<u>60,321</u>	<u>(14,821)</u>	<u>36,143</u>	<u>67,209</u>
Other comprehensive income / (loss)				
Fair value gain/(loss) on available-for-sale investments	6,998	(3,955)	6,998	(3,955)
Share of other comprehensive income / (loss) from Associated Companies	6	(19)	6	(19)
Total comprehensive income / (loss)	<u>67,325</u>	<u>(18,795)</u>	<u>43,147</u>	<u>63,235</u>
Attributable to:				
- Equity holders of the Holding Company	10,800	(12,948)	(4,524)	31,434
- Non-controlling interest	56,525	(5,847)	47,671	31,801
	<u>67,325</u>	<u>(18,795)</u>	<u>43,147</u>	<u>63,235</u>
	----- Rupees -----			
Combined earnings / (loss) per share	<u>1.34</u>	<u>(2.58)</u>	<u>(2.75)</u>	<u>9.25</u>

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM CONSOLIDATED
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)	
Cash flow from operating activities		
Profit for the period - before taxation	52,715	29,490
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	406,379	298,706
Depreciation on investment property	571	623
Amortisation of intangible assets	216	275
Loss from Associated Companies	453	235
Mark-up / profit on bank deposits and saving accounts	(3,071)	(2,861)
Un-claimed payable balances written-back	(444)	(89)
Gain on sale of operating fixed assets	(1,738)	(1,472)
Gain on redemption and re-measurement of short term investments to fair value	(339)	(409)
Uncollectible receivable balances written-off	17	49
Finance cost	239,699	297,849
Profit before working capital changes	694,458	622,396
Effect on cash flow due to working capital changes (Increase) / decrease in current assets		
Stores and spares	16,814	(2,955)
Stock-in-trade	(6,848,911)	(2,906,016)
Trade debts	119,707	253,382
Loans and advances	(53,935)	(21,648)
Trade deposits, short term prepayments and other receivables	672	20,848
Sales tax refundable -net	246,625	163,794
Increase in current liabilities	2,840,367	1,776,811
Trade and other payables	(3,678,661)	(715,784)
Cash used in operations	(2,984,203)	(93,388)
Taxation - net	(375,543)	(31,261)
Security deposits	(9,287)	(233)
Staff retirement benefits - gratuity (net)	(809)	724
Net cash used in operating activities	(3,369,842)	(124,158)
Cash flow from investing activities		
Additions to property, plant and equipment	(147,492)	(317,433)
Sale proceeds of operating fixed assets	8,434	5,486
Short term investments -net	2,000	(19,000)
Mark-up / profit received on bank deposits and saving accounts	2,974	2,732
Net cash used in investing activities	(134,084)	(328,215)
Cash flow from financing activities		
Long term finances - net	(286,309)	849,628
Portion of long term loan from an Associated Company - repaid	(48,175)	0
Lease finances - net	(15,661)	(10,145)
Short term borrowings - net	4,251,029	270,813
Finance cost paid	(213,717)	(302,301)
Dividends paid	(63,745)	(42,364)
Net cash generated from financing activities	3,623,422	765,631
Net increase in cash and cash equivalents	119,496	313,258
Cash and cash equivalents - at beginning of the period	134,376	199,424
Cash and cash equivalents - at end of the period	253,872	512,682

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

FOR THE HALF-YEAR ENDED MARCH 31, 2017

	----- Attributable to equity holders of the Holding Company-----							Non-controlling interest	Total equity
	Share capital	Reserves			Sub-total	Unappropriated profit	Total		
		Share redemption	General	Fair value reserve on available-for-sale investments					
	----- Rupees in thousand -----								
Balance as at September 30, 2015 - audited	37,500	1	1,010,537	15,506	1,026,044	189,573	1,253,117	493,098	1,746,215
Total comprehensive income / (loss):									
Profit for the half year ended March 31, 2016	0	0	0	0	0	35,408	35,408	31,801	67,209
Other comprehensive loss	0	0	0	(3,262)	(3,262)	0	(3,262)	(693)	(3,955)
	0	0	0	(3,262)	(3,262)	35,408	32,146	31,108	63,254
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	80	80	0	80
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year net of deferred taxation	0	0	0	0	0	60,423	60,423	37,057	97,480
Transactions with owners:									
- Cash dividend at the rate of Rs.2.00 per ordinary share paid by the Holding Company for the year ended September 30, 2015	0	0	0	0	0	(7,500)	(7,500)	0	(7,500)
- Cash dividend at the rate of Rs.2.50 per ordinary share paid by CSM other than to the Holding Company for the year ended September 30, 2015	0	0	0	0	0	0	0	(37,352)	(37,352)
Balance as at March 31, 2016	37,500	1	1,010,537	12,244	1,022,782	277,984	1,338,266	523,911	1,862,177
Balance as at September 30, 2016 - audited	37,500	1	1,010,537	15,831	1,026,369	270,635	1,334,504	677,486	2,011,990
Total comprehensive income / (loss):									
Profit / (loss) for the half year ended March 31, 2017	0	0	0	0	0	(11,528)	(11,528)	47,671	36,143
Other comprehensive income	0	0	0	5,773	5,773	6	5,779	1,225	7,004
	0	0	0	5,773	5,773	(11,522)	(5,749)	48,896	43,147
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	375	375	0	375
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year net of deferred taxation	0	0	0	0	0	68,715	68,715	46,986	115,701
Transactions with owners:									
- Cash dividend at the rate of Rs.4.50 per ordinary share paid by CSM other than to the Holding Company for the year ended September 30, 2016	0	0	0	0	0	0	0	(67,231)	(67,231)
Balance as at March 31, 2017	37,500	1	1,010,537	21,604	1,032,142	328,203	1,397,845	706,137	2,103,982

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF-YEAR ENDED 31 MARCH, 2017

1. The Group and its operations

1.1 The Premier Sugar Mills & Distillery Company Ltd. (the Holding Company)

The Holding Company was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange. The Holding Company is principally engaged in manufacture and sale of white sugar and spirit. The Holding Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

1.2 Subsidiary Companies

(a) Chashma Sugar Mills Ltd. (CSM)

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

(ii) The Holding Company directly and indirectly controls / beneficially owns more than fifty percent of CSM's paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSM has been treated a Subsidiary with effect from the financial year ended September 30, 2010.

(b) The Frontier Sugar Mills and Distillery Ltd. (FSM)

(i) FSM was incorporated on March 31, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan. FSM was delisted from the Stock Exchanges as detailed in note (iii). The principal activity of FSM is manufacturing and sale of white sugar and its Mills and Registered Office are located at Takht-i-Bhai, Mardan (Khyber Pakhtunkhwa).

(ii) FSM has been suffering losses over the years and during the current period and prior years had not carried-out manufacturing operations due to non-availability of raw materials.

(iii) Delisting of FSM

The Holding Company, the majority shareholder of FSM, had decided to purchase all the ordinary and preference shares of FSM held by Others. The shareholders of FSM had passed a special resolution for de-listing from the Stock Exchanges at the annual general meeting held on January 30, 2010. The shareholders had also passed a special resolution for purchase of 263,134 ordinary shares at a price of Rs.190.20 per share and 26,970 preference shares at a price of Rs.18.60 per share by the Holding Company in the extra ordinary general meeting held on June 10, 2010.

The purchase agent of the Holding Company (Invest Capital Investment Bank Ltd.) had completed the buying of 36,209 ordinary shares and 150 preference shares within the initial period of 60 days and after the submission of an undertaking to the Stock Exchanges to purchase the remaining shares upto August 26, 2011, FSM was de-listed from all the Stock Exchanges with effect from October 25, 2010. The purchase agent, during the financial year ended September 30, 2011, had further purchased 19,884 ordinary shares and 20,014 preference shares.

2. Basis of preparation

2.1 Statement of compliance

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

This condensed interim consolidated financial information of the Group 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.

2.2 Basis of measurement

This condensed interim consolidated 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 whereas the Group's liability under its defined benefit plans (gratuity) is determined on the present value of defined benefit obligations determined by independent Actuaries.

2.3 Functional and presentation currency

This condensed interim consolidated financial information is presented in Pakistan Rupee, which is also the Group'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 consolidated financial information are the same as those applied in the preparation of audited annual consolidated financial statements of the Group 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 Group's financial reporting and operations and therefore, have not been disclosed in this condensed interim consolidated 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 Group

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

5. Accounting estimates, judgments and financial risk management

5.1 The preparation of condensed interim consolidated 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements as at and for the year ended September 30, 2016.

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

6. Principles of consolidation

This condensed interim consolidated financial information includes the condensed interim financial information of the Holding Company and its Subsidiary Companies (CSM and FSM) as at March 31, 2017. The Holding Company's direct interest, as at March 31, 2017, in CSM was 47.93% (September 30, 2016: 47.93%) and in FSM was 82.49% (September 30, 2016: 82.49%).

All Intra-company balances and transactions have been eliminated.

Investments in Associated Companies, as defined in the Companies Ordinance, 1984, are accounted for by the equity method.

Non-controlling interest is calculated on the basis of their proportionate share in the net assets of the Subsidiary Companies.

7. Property, plant and equipment

	Note	Un-audited March 31, 2017 (Rupees in thousand)	Audited September 30, 2016
Operating fixed assets - tangible	7.1	8,894,514	9,152,552
Capital work-in-progress	7.2	59,424	37,410
Stores held for capital expenditure		845	1,030
		<u>8,954,783</u>	<u>9,190,992</u>

7.1 Operating fixed assets - tangible

Opening book value	9,152,552
Additions during the period:	
- freehold land	31,235
- buildings	21,583
- plant and machinery	47,690
- electric installations	9,827
- office equipment	13,469
- furniture, fittings and office equipment	1,389
- vehicles:	
owned	470
leased	29,374
	155,037
Book value of operating fixed assets disposed-off during the period	(6,696)
Depreciation charge for the period	(406,379)
Closing book value	<u>8,894,514</u>

	Note	Un-audited March 31, 2017 (Rupees in thousand)	Audited September 30, 2016
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	
		576	
		<u>59,424</u>	
8. Long term investments			
Related parties	8.1	85,989	86,666
Others	8.2	32,049	25,051
		<u>118,038</u>	<u>111,717</u>
8.1 Investments in equity instruments of Associated Companies			
Balance at beginning of the period - cost		5,638	
Add: post acquisition profit brought forward		81,028	
		86,666	
Add: share for the period:			
- loss		(453)	
- other comprehensive income		6	
- items directly credited in equity		375	
Less: taxation		(31)	
Less: dividend received		(574)	
		(677)	
Balance at end of the period		<u>85,989</u>	
8.2 Others (available-for-sale)			
Ibrahim Fibres Ltd.			
405,670 ordinary shares of Rs.10 each		5,680	
Add: adjustment arising from re-measurement to fair value		26,369	
		<u>32,049</u>	
9. Stores and spares			
FSM has not carried-out manufacturing operations during the current period and prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the period-end stores and spares inventory valuing Rs.32.328 million have not been adjusted for any potential impairment loss.			
10. Stock-in-trade			
Sugar-in-process		60,018	10,453
Finished goods:			
- sugar		6,578,057	353,854
- spirit	10.1	112,406	131,492
- molasses		841,825	247,596
		7,532,288	732,942
		<u>7,592,306</u>	<u>743,395</u>

10.1 This inventory as at March 31, 2017 is stated at net realisable value; the amount charged to consolidated profit and loss account in respect of inventory write-down to net realisable value amounts to Rs.15.104 million approximately.

11. **Trade debts** - Unsecured, considered good

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, CSM has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to CSM if he fails to meet his commitment. The debtor, during the current period, has paid amounts aggregating Rs.4.400 million to CSM.

	Un-audited March 31, 2017	Audited September 30, 2016
	(Rupees in thousand)	

12. **Trade deposits, short term prepayments and other receivables**

Sugar export subsidy receivable	257,926	257,926
Prepayments	4,883	5,580
Excise duty deposits	136	136
Gas infrastructure development cess paid under protest - refundable	3,018	3,018
Other receivables	1,484	1,459
	267,447	268,119

13. **Short term investments** - At fair value through profit or loss
First Habib Cash Fund

Opening balance - 95,686 Units	9,727
Units redeemed during the period - 19,267 Units	(2,000)
Gain on redemption and re-measurement to fair value	339
Closing balance - 76,419 Units	8,066

14. **Bank balances**

14.1 Period-end bank balances include deposits aggregating Rs.78 million lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits fell between July 29, 2009 to July 29, 2012.

The realisability of these deposits aggregating Rs.78 million is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificates from IIBL were also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL in the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

The Group has sizeable investments in IIBL by virtue of which it is entitled to be heard. The Group, therefore, has filed petitions before the LHC under Civil Procedure Code 1908 to be made party in the winding-up proceedings.

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

14.2 There has been no change in the status of matter as reported in note 17.5 to the consolidated financial statements of the Group for the year ended September 30, 2016.

15. **Long term finances** - secured
From banking companies

Note	Un-audited March 31, 2017	Audited September 30, 2016
	(Rupees in thousand)	

The Holding Company

Soneri Bank Ltd. - Term finance **166,667** 200,000

CSM

Bank Alfalah Ltd. - Term finance **125,000** 150,000

Bank Al-Habib Ltd.

- Fixed loan **67,923** 79,243

- Long term finance [(LTFF) - SBP] **283,576** 320,057

351,499 399,300

Faysal Bank Ltd. - Term finance **333,309** 416,637

Soneri Bank Ltd.

- Term finance **98,797** 112,911

- LTFF (ERF) **301,106** 325,165

399,903 438,076

The Bank of Khyber - Demand finance **0** 13,779

The Bank of Punjab

- Demand finance **64,731** 73,978

- LTFF **262,964** 298,612

327,695 372,590

Syndicated Islamic finance facility

974,931 974,931

2,679,004 2,965,313

Less: current maturity grouped under current liabilities
[including overdue instalments amounting Rs.25.016 million
(September 30, 2016: Rs.25 million)]

591,108 594,372

2,087,896 2,370,941

16. **Loans from Associated Companies** - secured

Premier Board Mills Ltd.(PBM) **16.1** **65,575** 113,750

Arpak International Investments Ltd.(AAIL) **16.2** **43,750** 43,750

109,325 157,500

Less: current maturity grouped under current liabilities

0 45,000

109,325 112,500

16.1 CSM 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. CSM, 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.

16.2 CSM and AILL, during the period on November 04, 2016, have entered into a loan agreement whereby AILL 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 AILL. 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 March 31, 2017 (Rupees in thousand)	Audited September 30, 2016
17. Trade and other payables			
Creditors		1,928,668	183,906
Due to Associated Companies	17.1	72,715	24,160
Accrued expenses		105,752	85,745
Retention money		15,696	21,077
Security deposits - interest free repayable on demand		5,184	3,179
Advances from customers		1,519,189	489,813
Income tax deducted at source		16,989	2,424
Sales tax payable		160	383
Gratuity payable to ex-employees		2,830	2,944
Workers' (profit) participation fund		6,324	23,214
Unclaimed dividends		7,529	7,733
Due to employees		13,132	11,440
Advance received against sale of scrap		6,382	5,432
Zakat payable on dividend		187	0
Others		507	75
		3,701,244	861,525

17.1 This represents amounts due to:			
- Azlak Enterprises (Pvt.) Ltd.		4,574	13,608
- Syntronics Ltd.		30,853	2,349
- Syntron Ltd.		37,288	8,200
- Phipson & Co. Pakistan (Pvt.) Ltd.		0	3
		72,715	24,160

18. Current portion of long term liabilities

Long term finances	15	591,108	594,372
Loans from related parties	16	0	45,000
Liabilities against assets subject to finance lease		25,258	21,496
		616,366	660,868

19. Taxation

The Holding Company

19.1 Provision made by the Holding Company for the current period represents tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 C (Alternative corporate tax) of the Income Tax Ordinance, 2001 (the Ordinance).

CSM

19.2 There has been no significant change in the status of taxation matters as reported in notes 29.6 to 29.15 of the consolidated financial statements of the Group for the year ended September 30, 2016.

19.3 CSM, 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 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.

FSM

19.4 There has been no significant change in the status of taxation matters as reported in note 29.16 of the consolidated financial statements of the Group for the year ended September 30, 2016.

19.5 FSM, for the current period, is mainly liable to pay tax due under section 37A (Capital gain on disposal of securities) of the Ordinance.

20. Contingencies and commitments

The Holding Company

Except for the matters detailed in notes 20.1 to 20.3, there has been no significant change in the status of contingencies as reported in the audited consolidated financial statements of the Group for the year ended September 30, 2016.

20.1 As at September 30, 2016, a sales tax appeal was pending before the Commissioner Inland Revenue (Appeals) [CIR(A)], Peshawar against assessment order dated June 28, 2016 passed by the Deputy Commissioner Inland Revenue [DCIR], Peshawar regarding the alleged stock taking to the tune of Rs.5.592 million recoverable under section 14 of the Federal Excise Act, 2005. The Holding Company, during the period, has filed a rectification application before the Assessing Officer, which has been accepted and the demand created has been vacated accordingly.

20.2 As at September 30, 2016, a sales tax appeal was also pending before the CIR(A), Peshawar against assessment order dated June 23, 2016 passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Holding Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. The sales tax appeal, during the period, has been dismissed ex-parte vide order-in-appeal no.123/2017 by the CIR(A), Peshawar against the aforementioned assessment order passed by the DCIR. The Holding Company has also filed a rectification application before the CIR(A).

20.3 A sale tax reference is pending, which has been filed by the Department before the Peshawar High Court against the Tribunal's order dated January 01, 2016. The appeal before the Tribunal was filed against the CIR(A)'s order dated December 26, 2014, who had reduced the assessed amount of Rs.1.466 million to Rs.0.724 million.

20.4 Guarantees given to Sui Northern Gas Pipelines Ltd. by two commercial banks on behalf of the Holding Company outstanding as at March 31, 2017 were for Rs.24.230 million (September 30, 2016: Rs.10 million). These guarantees are valid upto May 26, 2017.

CSM

Except for the matters detailed in notes 20.5 to 20.12, there has been no significant change in the status of contingencies as reported in the audited consolidated financial statements of the Group for the year ended September 30, 2016.

20.5 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 CSM challenging decision of the Appellate Tribunal Inland Revenue (ATIR); the amount of revenue involved is Rs.2.993 million.

- 20.6** A petition filed by CSM 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 CSM challenging decision of the ATIR; the amount of revenue involved is Rs.9.082 million.
- 20.7** A writ petition filed by CSM is pending before the PHC; CSM has challenged the Director FBR's notice dated November 03, 2016 for investigating CSM 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 CSM.
- 20.8** 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.
- 20.9** A sales tax reference filed by the Department is pending before the PHC against ATIR's order dated January 25, 2016. CSM had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had reduced the assessed amount from Rs.36.842 million to Rs.28.063 million vide order dated May 12, 2014.
- 20.10** 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.
- 20.11** 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 CSM'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.
- 20.12** A sales tax appeal filed by CSM 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 CSM 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.

20.13 Commitments

Commitments in respect of :

- foreign letters of credit for purchase of plant & machinery
- capital expenditure other than for letters of credit

	Un-audited March 31, 2017	Audited September 30, 2016
	1,678	11,377
	2,317	2,505

(Rupees in million)

21. Other income

Income from financial assets:

	(Rupees in thousand)	
Profit on bank deposits and saving accounts	3,071	2,861
Gain on redemption and remeasurement of short term investments to fair value	339	409
Exchange fluctuation gain	810	0

Income from other than financial assets:

Rent	3,360	2,006
Sale of scrap	7	0
Sale of press mud - net	6,191	2,108
Unclaimed payable balances written-back	444	89
Gain on sale of operating fixed assets	1,738	1,472
Sale of seeds and agricultural produce	3,974	14,865
Profit from fertilizer sales	0	251
Miscellaneous	752	816
	20,686	24,877

22. Segment operating results(un-audited)

	Half-year ended March 31, 2017			Half-year ended March 31, 2016		
	Sugar division	Ethanol division	Total	Sugar division	Ethanol division	Total
	----- Rupees in thousand -----					
Sales						
- local	4,841,498	52,232	4,893,730	6,509,131	135,230	6,644,361
- export	0	454,981	454,981	0	560,646	560,646
	4,841,498	507,213	5,348,711	6,509,131	695,876	7,205,007
Less : sales tax	(488,600)	(5,304)	(493,904)	(484,533)	(19,814)	(504,347)
Sales - net	4,352,898	501,909	4,854,807	6,024,598	676,062	6,700,660
Cost of sales	(4,027,582)	(245,636)	(4,273,218)	(5,927,057)	(162,191)	(6,089,248)
Gross profit	325,316	256,273	581,589	97,541	513,871	611,412
Distribution cost	(26,054)	(70,477)	(96,531)	(51,393)	(87,793)	(139,186)
Administrative expenses	(179,238)	(14,689)	(193,927)	(150,975)	(11,354)	(162,329)
Other income	19,337	1,349	20,686	24,069	808	24,877
Other expenses	(18,950)	0	(18,950)	(7,200)	0	(7,200)
Profit / (loss) from operations	120,411	172,456	292,867	(87,958)	415,532	327,574

23. Transactions with related parties

- 23.1** The Group has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Associated Companies during the period were as follows:

	Un-audited Half year ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
- purchase of goods	106,908	75,573
- mark-up expensed	5,652	6,122
- rent received	3,355	2,000
- dividend received	574	382
- dividend paid	24,121	13,402
- storage charges paid	7,200	7,902

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

24. Date of authorisation for issue

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

25. Corresponding figures

- 25.1** In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim consolidated balance sheet has been compared with the balances of audited consolidated financial statements of the Group for the year ended September 30, 2016, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

25.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim consolidated financial information.



CHIEF EXECUTIVE



DIRECTOR