



CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 MARCH, 2016**

CHASHMA SUGAR MILLS LIMITED
COMPANY INFORMATION

Board of Directors

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

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Syed Naveed Ali

Auditors

ShineWing Hameed Chaudhri & Co., Chartered Accountants

Cost Auditors

M/s. Munawar Associates Chartered Accountants

Tax Consultants

ShineWing Hameed Chaudhri & Co., Chartered Accountants

Legal Advisor

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

Bankers

Bank Al-Habib Limited
The Bank of Khyber
MCB Bank Limited
The Bank of Punjab
Bank Al-Falah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
National Bank of Pakistan
Habib Bank Limited
United Bank Limited
Meezan Bank Limited
Al-Barka Bank (Pakistan) Limited
Soneri Bank Limited
Askari Bank Limited

CHASHMA SUGAR MILLS LIMITED
DIRECTORS' REVIEW REPORT

The half yearly financial statements of the Company for the period ended 31 March, 2016 are being presented to the shareholders in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting", under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange. These financial statements are unaudited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

OPERATIONAL PERFORMANCE

The sugarcane crushing season 2015-16 commenced on 14 December, 2015 and continued till 27 March, 2016. The mills crushed 1,689,633 tons of sugar cane and have produced 155,443 tons of sugar, at an average recovery of 9.20%.

SUGAR PRICE

The government allowed export of 650,000 M. Tons of surplus sugar stock with Rs. 13/- per kg as subsidy to be shared equally by the Provincial and Federal Governments. However, the Khyber Pakhtunkhwa government refused to pay its share of the subsidy to the mills and due to this the Company sold the sugar stocks locally and lost the international market to the sugar industry operating in other provinces. Despite this, as the domestic sugar prices improved after the closure of crushing season 2015-16, the company earned profits.

ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 16,765 M. Tons of Ethanol up to 23 May, 2016. The installation of Bio Gas Plant is complete, while the construction of state of art Waste Water treatment plant is expected to be completed by September, 2016.

ACCOUNTING POLICIES

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

ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD

Mardan:
27 May, 2016


Chief Executive/Director

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Chashma Sugar Mills Limited** as at March 31, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

LAHORE:
28 May, 2016

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2016

		Un-audited March 31, 2016	Audited September 30, 2015
	Note	(Rupees in thousand)	
Assets			
Non-Current Assets			
Property, plant and equipment	6	6,849,989	6,764,869
Intangible assets		708	983
Security deposits		4,163	4,158
		<u>6,854,860</u>	<u>6,770,010</u>
Current Assets			
Stores and spares		282,491	267,775
Stock-in-trade	7	4,823,173	2,044,696
Trade debts	8	48,397	341,109
Loans and advances		247,504	213,904
Prepayments and other receivables	9	258,138	282,100
Tax refunds due from the Government	10	185,156	265,502
Bank balances		368,187	79,943
		<u>6,213,046</u>	<u>3,495,029</u>
		<u>13,067,906</u>	<u>10,265,039</u>
Total Assets			
Equity And Liabilities			
Share Capital And Reserves			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital		286,920	286,920
General reserve		327,000	327,000
Unappropriated profit		460,133	320,253
Shareholders' Equity		<u>1,074,053</u>	<u>934,173</u>
Surplus On Revaluation Of Property, Plant And Equipment			
		1,613,268	1,687,232
Non-Current Liabilities			
Long term finances	11	2,487,320	1,765,383
Loans from related parties	12	374,571	437,000
Liabilities against assets subject to finance lease		29,030	18,688
Deferred taxation		661,317	669,911
		<u>3,552,238</u>	<u>2,890,982</u>
Current Liabilities			
Trade and other payables	13	2,086,720	339,295
Accrued mark-up		182,219	183,281
Short term borrowings		3,897,967	3,816,799
Current maturity of non-current liabilities	14	607,881	413,277
Sales tax payable		48,380	0
Taxation	18.2	5,180	0
		<u>6,828,347</u>	<u>4,752,652</u>
		<u>10,380,585</u>	<u>7,643,634</u>
Total Liabilities		<u>13,067,906</u>	<u>10,265,039</u>
Total Equity And Liabilities		<u>13,067,906</u>	<u>10,265,039</u>
Contingencies And Commitments			
	15		

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2016

Note	Quarter ended		Half year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in thousand -----				
Sales				
- Local	4,269,026	580,254	5,705,063	1,504,539
- Export	287,603	748,077	560,646	764,493
	<u>4,556,629</u>	<u>1,328,331</u>	<u>6,265,709</u>	<u>2,269,032</u>
Less : Sales Tax	(326,116)	(3,867)	(434,588)	(8,465)
Sales - Net	<u>4,230,513</u>	<u>1,324,464</u>	<u>5,831,121</u>	<u>2,260,567</u>
Cost Of Sales	(3,859,916)	(1,370,050)	(5,168,059)	(2,118,200)
Gross Profit / (Loss)	<u>370,597</u>	<u>(45,586)</u>	<u>663,062</u>	<u>142,367</u>
Distribution Cost	(92,917)	(16,381)	(129,857)	(20,995)
Administrative Expenses	(66,608)	(50,448)	(126,313)	(94,341)
Other Income	7,140	158,923	9,193	171,957
Other Expenses	(7,093)	(966)	(7,151)	(984)
Profit From Operations	<u>211,119</u>	<u>45,542</u>	<u>408,934</u>	<u>198,004</u>
Finance Cost	(148,441)	(107,712)	(274,702)	(180,542)
Profit / (Loss) Before Taxation	<u>62,678</u>	<u>(62,170)</u>	<u>134,232</u>	<u>17,462</u>
Taxation				
- Current	(5,180)	0	(5,180)	0
- Deferred	5,037	57,655	8,594	50,290
	(143)	57,655	3,414	50,290
Profit / (Loss) After Taxation	<u>62,535</u>	<u>(4,515)</u>	<u>137,646</u>	<u>67,752</u>
Other Comprehensive Income	0	0	0	0
Total Comprehensive Income / (Loss)	<u>62,535</u>	<u>(4,515)</u>	<u>137,646</u>	<u>67,752</u>
----- Rupees -----				
Earnings / (Loss) Per Share	<u>2.18</u>	<u>(0.16)</u>	<u>4.80</u>	<u>2.36</u>

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DIRECTOR


DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 MARCH, 2016

	Half year ended	
	March 31, 2016	March 31, 2015
(Rupees in thousand)		
Cash flow from operating activities		
Profit for the period - before taxation	134,232	17,462
Adjustments for non-cash charges and other items:		
Depreciation	250,392	177,209
Gain on sale of operating fixed assets - net	(886)	(421)
Amortisation of intangible assets	275	275
Profit on deposit accounts	(2,412)	(3,467)
Profit on term deposit receipts	0	(95)
Finance cost	274,702	180,542
Profit before working capital changes	<u>656,303</u>	<u>371,505</u>
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spares	(14,716)	(2,507)
Stock-in-trade	(2,778,477)	(4,717,040)
Trade debts	292,712	(145,120)
Loans and advances	(33,600)	82,308
Prepayments and other receivables	23,962	(159,648)
Sales tax - net	159,128	(66,998)
Increase in trade and other payables	1,745,834	2,764,283
	<u>(605,157)</u>	<u>(2,244,722)</u>
Cash generated from / (used in) operations	<u>51,146</u>	<u>(1,873,217)</u>
Income tax paid	(30,401)	(27,709)
Security deposits	(5)	0
Net cash generated from / (used in) operating activities	<u>20,740</u>	<u>(1,900,926)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(338,847)	(442,874)
Sale proceeds of operating fixed assets	4,221	425
Intangible assets acquired	0	(1,300)
Profit on bank deposits received	2,412	3,467
Net cash used in investing activities	<u>(332,214)</u>	<u>(440,282)</u>
Cash flow from financing activities		
Long term finances - net	849,628	76,671
Lease finances - net	14,825	(2,268)
Short term borrowings - net	59,620	2,569,429
Dividend paid	(70,139)	0
Finance cost paid	(275,764)	(179,708)
Net cash generated from financing activities	<u>578,170</u>	<u>2,464,124</u>
Net increase in cash and cash equivalents	<u>266,696</u>	<u>122,916</u>
Cash and cash equivalents - at beginning of the period	<u>53,441</u>	<u>113,916</u>
Cash and cash equivalents - at end of the period	<u>320,137</u>	<u>236,832</u>
Cash and cash equivalents comprised of:		
Bank balances	368,187	244,919
Temporary bank overdrafts	(48,050)	(8,087)
	<u>320,137</u>	<u>236,832</u>

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2016

	Share capital	General reserve	(Accumulated loss) / Unappropriated profit	Total
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----- Rupees in thousand -----

Balance as at September 30, 2014 (audited)	286,920	327,000	(18,206)	595,714
Total comprehensive income for the half year ended March 31, 2015	0	0	67,752	67,752
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	80,973	80,973
Balance as at March 31, 2015	286,920	327,000	130,519	744,439
Balance as at September 30, 2015 (audited)	286,920	327,000	320,253	934,173
Total comprehensive income for the half year ended March 31, 2016	0	0	137,646	137,646
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	0	0	73,964	73,964
Transaction with owners:				
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended September 30, 2015	0	0	(71,730)	(71,730)
Balance as at March 31, 2016	286,920	327,000	460,133	1,074,053

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

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DIRECTOR


DIRECTOR

CHASHMA SUGAR MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 MARCH, 2016

1. Legal status and operations

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

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended March 31, 2016 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2015.

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

3. Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company as at and for the year ended September 30, 2015.

4. Changes in accounting standards and interpretations

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 01, 2015 and are considered to be relevant to the Company's operations.

- (a) International Financial Reporting Standard (IFRS) 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

- (b) IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 01, 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

5. Accounting estimates, judgments and financial risk management

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended September 30, 2015.

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

6. Property, plant and equipment

		Un-audited March 31, 2016 (Rupees in thousand)	Audited September 30, 2015
	Note		
Operating fixed assets - tangible	6.1	4,991,162	5,213,269
Capital work-in-progress	6.2	1,857,796	1,550,570
Stores held for capital expenditure		1,031	1,030
		<u>6,849,989</u>	<u>6,764,869</u>

	Un-audited March 31, 2016 (Rupees in thousand)	Audited September 30, 2015
6.1 Operating fixed assets - tangible		
Opening book value	5,213,269	
Additions during the period:		
- buildings	1,213	
- electric installations	60	
- office equipment	5,943	
- furniture and fixtures	1,325	
- vehicles:		
owned	320	
leased	22,759	
	31,620	
Book value of vehicles and equipment sold during the period	(3,335)	
Depreciation charge for the period	(250,392)	
Closing book value	<u>4,991,162</u>	
6.2 Capital work-in-progress		
Buildings on freehold land	354,347	
Plant and machinery	1,358,819	
Electric installations	101,481	
Vehicles	16,024	
Advance payments:		
- freehold land	19,054	
- buildings on freehold land	7,751	
- plant and machinery	219	
- electric installations	101	
	27,125	
	<u>1,857,796</u>	
7. Stock-in-trade		
Raw material - molasses	509,063	0
Sugar-in-process	7,508	10,237
Finished goods		
- sugar	4,175,989	2,016,765
- spirit	130,613	17,694
	<u>4,823,173</u>	<u>2,044,696</u>

8. Trade debts - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.22.300 million (September 30, 2015 Rs. 22.300 million); to secure this debt, the Company has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment.

	Un-audited March 31, 2016	Audited September 30, 2015
	(Rupees in thousand)	
9. Prepayments and other receivables	Note	
Prepayments	310	3,935
Sugar export subsidy receivable	254,934	275,335
Others	2,894	2,830
	<u>258,138</u>	<u>282,100</u>
10. Tax refunds due from the Government		
Income tax refundable, advance tax and tax deducted at source	185,156	154,754
Sales tax refundable	0	110,748
	<u>185,156</u>	<u>265,502</u>
11. Long term finances - secured		
Bank Alfalah Ltd. - Term finance	175,000	200,000
Bank Al-Habib Ltd.		
- Fixed loan	90,563	101,884
- Long term finance [(LTFF) - SBP]	348,017	362,067
	438,580	463,951
Faysal Bank Ltd. - Term finance	499,964	499,964
Soneri Bank Ltd.		
- Term finance	127,025	141,139
- LTFF (ERF)	343,148	345,581
	470,173	486,720
The Bank of Khyber - Demand finance	41,338	68,896
The Bank of Punjab		
- Demand finance	83,225	92,472
- LTFF	334,276	355,856
	417,501	448,328
Dubai Islamic Bank Pakistan Ltd. - Term finance	11.1 974,931	0
	<u>3,017,487</u>	<u>2,167,859</u>
Less: current maturity grouped under current liabilities [including an overdue instalment amounting Rs.25 million (September 30, 2015: Rs.25 million)]	530,167	402,476
	<u>2,487,320</u>	<u>1,765,383</u>

11.1 These finances have been obtained against a long term finance facility of Rs.1 billion to finance balancing, modernization, replacement and for installation of dehydration plant. This finance facility's tenor is seven years with two years grace period and is secured against first joint pari passu hypothecation charge over all present and future movable fixed assets of the Company and first joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of the Company. This finance facility carries profit at the rate of 6-months KIBOR plus 2%.

	Un-audited March 31, 2016	Audited September 30, 2015
	(Rupees in thousand)	
12. Loans From Related Parties - Secured		
Holding Company	Note	
The Premier Sugar Mills & Distillery Co. Ltd.	279,500	279,500
Associated Companies		
Premier Board Mills Ltd.	113,750	113,750
Arpak International Investments Ltd.	43,750	43,750
	<u>437,000</u>	<u>437,000</u>
Less: current maturity grouped under current liabilities	62,430	0
	<u>374,570</u>	<u>437,000</u>
13. Trade and other payables		
Creditors	779,312	214,452
Due to related parties	13.1 86,124	9,615
Accrued expenses	64,509	59,620
Retention money	45,186	26,196
Security deposits - interest free repayable on demand	1,098	778
Advance payments	1,074,976	3,549
Income tax deducted at source	2,029	2,097
Workers' (profit) participation fund	18,163	10,490
Unclaimed dividends	4,865	3,274
Due to employees	10,458	9,224
	<u>2,086,720</u>	<u>339,295</u>
13.1 This represents amounts due to the following Associated Companies:		
- Syntronics Ltd.	69,915	0
- The Frontier Sugar Mills & Distillery Ltd.	71	0
- Azlak Enterprises (Pvt.) Ltd.	11,357	9,439
- Arpak International Investment Ltd.	176	176
- Syntron Ltd.	4,605	0
	<u>86,124</u>	<u>9,615</u>

		Un-audited March 31, 2016	Audited September 30, 2015
14. Current maturity of non-current liabilities	Note	(Rupees in thousand)	
Long term finances	11	530,167	402,476
Loans from related parties	12	62,430	0
Liabilities against assets subject to finance lease		15,284	10,801
		<u>607,881</u>	<u>413,277</u>

15. Contingencies and commitments

15.1 Contingencies

There has been no significant change in the status of contingencies as disclosed in note 24 to the audited financial statements of the Company for the year ended September 30, 2015 except for the following:

- (a) The Appellate Tribunal Inland Revenue (ATIR), during the period, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed an appeal before the ATIR against order passed by the Commissioner Inland Revenue - Appeals [CIR(A)], who had upheld the assessment order dated April 24, 2014 in show cause notice dated February 02, 2014 for claiming input tax adjustment of Rs.20.678 million in violation of SRO 490(I)/2002.
- (b) The ATIR, during the period, has accepted the Company's appeal and the impugned order has been set aside. The Company 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 December 02, 2014.
- (c) The ATIR, during the period, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order passed by the Deputy Commissioner Inland Revenue dated September 10, 2014 and the Company was directed to pay Rs.30.021 million.
- (d) The ATIR, during the period, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order passed by the Officer Inland Revenue dated November 26, 2014 for claiming input tax adjustment of Rs.0.880 million.
- (e) The ATIR, during the period, has accepted the Company's appeal and the impugned order had been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A) on May 26, 2015 under section 37A(4) of the Sales Tax Act, 1990.
- (f) The Company has been served a show cause notice regarding alleged stock taking to the tune of Rs.8.602 million payable under section 14 of the Federal Excise Act, 2005.
- (g) Also refer contents of taxation notes detailed in note 18.

15.2 Commitments

Commitments in respect of:

	Unaudited March 31, 2016	Audited September 30, 2015
- foreign letters of credit for purchase of plant and machinery	<u>0.000</u>	<u>133.890</u>
- capital expenditure other than for letters of credit	<u>41.865</u>	<u>61.792</u>

16. Sales

Sales for the current half year ended March 31, 2016 include spirit local and export sales aggregating Rs.135.230 million and Rs.560.646 million respectively (2015: Rs. Nil).

17. Other income

Income for current half year ended March 31, 2016 mainly includes profit on bank deposits aggregating Rs.2.412 million (2015: Rs.3.467 million), sale of press mud aggregating Rs.2.555 million (2015: Rs.2.393 million), seed sales net of expenses aggregating Rs.2.532 million (2015: Rs.3.781 million) and sugar export subsidy amounting Rs. Nil (2015: Rs.161.800 million).

18. Taxation

18.1 There has been no significant change in the status of taxation matters as disclosed in note 32 to the audited financial statements of the Company for the year ended September 30, 2015 except for the following:

- (a) The Income Tax Department (the Department) has filed a petition before the Supreme Court of Pakistan against the judgment passed by the Peshawar High Court in a Tax Reference (TR). The said TR was filed by the Department challenging the Appellate Tribunal Inland Revenue's (ATIR) judgment dated February 16, 2015. The amount of workers' welfare fund revenue involved in the TR was Rs.3.310 million.
 - (b) The Company has been served a show cause notice dated December 12, 2015 issued under section 122 of the Income Tax Ordinance, 2001 (the Tax Ordinance) regarding claim of tax credit to the tune of Rs.129.056 million under section 65B of the Tax Ordinance. The matter is pending before the adjudicating authority.
- 18.2 The Company, for the current period, is mainly liable to pay tax due under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Tax Ordinance aggregating Rs.60.455 million. The required provision for the current period has been adjusted against current period and preceding years' tax credits for investment in plant & machinery aggregating Rs.55.275 million available under section 65B of the Tax Ordinance resulting in net tax charge amounting Rs.5.180 million.

19. Segment operating results for the half year ended March 31, 2016 (Un-audited)

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

20. Transactions with related parties

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

	Un-audited Half year ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
The Holding Company		
- sale of goods	2,252	3,538
- purchase of store items	5,499	2,799
- sale of store items	1,892	0
- mark-up expensed	11,259	15,879
Associated Companies		
- purchase of goods	74,538	67,926
- mark-up expensed	6,122	8,502
- storage charges paid	7,902	0

20.2 Mark-up on loans obtained from related parties, during the period, was charged at the rates ranging from 7.73% to 8.10% (September 30, 2015: 8.24% to 11.71%) per annum.

20.3 No return was charged on other balances of the Holding Company and Associated Companies as these have arisen due to normal trade dealings.

21. Date of Authorisation for Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on May 27, 2016.

22. Corresponding Figures

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

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

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


DIRECTOR


DIRECTOR