annual report

2015

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Profile

The **Premier Sugar Mills & Distillery Company Limited** (the Company) was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Company is principally engaged in manufacturing and sale of white sugar and spirit including the following:

a) To purchase, manufacture, produce, refine, prepare, import, export, sell and generally to deal in sugar, sugarcane, sugar beets, gur, jiggery, molasses, syrups and melada and alcohol and all products or by-products thereof and food products generally and in connection therewith to acquire, erect, construct, establish, operate and maintain sugar or other refineries, buildings, mills, factories, distilleries and other works;

b) To manufacture any other article or articles of food made from cereals, fruits, vegetables, seeds or oils, etc.;

c) To manufacture chemicals of all description, to prepare drugs and medicines;

d) To manufacture starch and yeast floor from maize, wheat or any other material;

e) To manufacture straw-boards and paper;

f) To plant, cultivate, produce and raise sugarcane, maize, sugar beets and/or any other agricultural crops;

g) To acquire by purchase, mortgage, lease, exchange, or otherwise, any moveable or immovable property, patents, inventions licenses, secret formula or processes, rights or privileges which the Company may think necessary or convenient for the purpose of its business and to construct, erect, manage, improve, alter, extend, demolish or reconstruct any buildings, machineries or works necessary or convenient of the purposes of the Company;

h) To sell and purchase from time to time and deal in all such stock in trade, goods, chattels and effects as may be necessary or convenient for any business, for the time being, carried on by the Company an especially sugar, sugarcane, raw sugar, gur, molasses cereals, fruits and vegetables, seeds, oil, mill stores, stocks, spare machinery and all other materials or things necessary for the same;

i) To purchase or otherwise acquire, by cultivation or any other manner, seeds and agricultural product of any description which may be necessary or be required for the production of sugar and its by-products, or the manufacture of any material, or article which the Company is authorized under;

j) To establish, in Pakistan or elsewhere, agencies or branches for the purchase and sale of goods of all description;

k) To appoint agents to assist the working of the Company with such powers and on such terms as the Company may generally or in any special case determine;

l) Any other business as mentioned in Memorandum of Association.

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. Mahnaz Saigol
Mr. Iskander M. Khan
Mr. Baber Ali Khan
Mr. Abdul Qadar Khattak

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Syed Naveed Ali

Auditors

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

Cost Auditors

M/s. Munawar Associates
Chartered Accountants

Tax Consultants

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

Legal Advisor

Mr. Isaac Ali Qazi
Advocate

Bankers

Bank Al-Habib Limited
The Bank of Khyber
MCB Bank Limited
United Bank Limited
Allied Bank Limited
The Bank of Punjab
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Executive Director)	Chairman
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Ms. Mahnaz Saigol (Independent Director)	Chairperson
Mr. Baber Ali Khan (Non-Executive Director)	Member
Ms. Najda Sarfaraz (Non-Executive Director)	Member
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

a) Determination of appropriate measures to safeguard the Company's assets;

b) Review of preliminary announcements of results prior to publication;

c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major judgmental areas;
   - Significant adjustments resulting from the audit;
   - The going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with listing regulations and other statutory and regulatory requirements.

d) Facilitating the external audit and discussion with external auditors of major observations arising form interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations and management's response thereto;

i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) Determining of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and.

n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Abbas Sarfaraz Khan (Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

i) The overall system of remuneration and benefits for senior management and functional heads;

ii) Succession and career development within the senior management;

iii) The size and composition of the Board including the "mix" of Executive and Non-Executive Directors;

iv) Selection and nomination of Non-Executive Directors to the Board and the terms & conditions, wherever applicable and if any, on which Non-Executive Directors are appointed and hold office, for the ultimate approval of the shareholders.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

VISION STATEMENT

- Efficient organization with professional competence of top order is engaged to remain a market leader in the sugar industry in manufacturing and marketing of white sugar.

- To ensure attractive returns to business associates and optimizing the shareholders value as per their expectations.

MISSION STATEMENT

- Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.

- To be a good corporate citizen to fulfil the social responsibilities.

- Commitment to building, Safe, Healthy and Environment friendly atmosphere.

- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.

- The quality policy encompasses our long term **Strategic Goals** and **Core Values**, which are integral part of our business.

STRATEGIC GOALS

- Providing customer satisfaction by serving with superior quality production of white sugar and industrial alcohol at lowest cost.

- Ensuring security and accountability by creating an environment of security and accountability for employees, production facilities and products.

- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.

- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all strategic goals and to ensure highest possible value addition to stakeholders.

CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility;

- Treating stakeholders with respect, courtesy and competence;

- Practicing highest personal and professional integrity;

- Maintaining teamwork, trust and support with open and candid communication; and

- Ensuring cost consciousness in all decision and operations.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Code of Conduct

The **Premier Sugar Mills & Distillery Company Limited** has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The Company Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

The Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.

- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.

- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.

- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

It is the basic principle of The Premier Sugar Mills & Distillery Company Limited to obey the law of the land and comply with its legal system. Accordingly every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
TEN YEARS' REVIEW

YEAR	CANE			BEET		
	CANE CRUSHED	RECOVERY	SUGAR PRODUCED	BEET SLICED	RECOVERY	SUGAR PRODUCED
	M. Tons	%	M. Tons	M. Tons	%	M. Tons
2006	45,367.358	7.14	3,240.00	53,172.50	9.10	4,839.00
2007	28,596.745	7.88	2,253.00	83,579.52	9.04	7,556.00
2008	197,313.428	8.50	16,772.00	64,095.18	8.80	5,640.00
2009	88,612.756	9.04	8,006.00	NOT OPERATED		
2010	3,863.968	7.01	50.00	33,026.44	7.60	2,510.00
2011	133,655.000	8.65	11,509.00	50,509.00	8.93	4,467.00
2012	249,062.000	9.76	24,290.00	43,124.74	10.65	4,539.00
2013	222,121.000	9.14	20,507.00	47,379.00	9.71	4,567.00
2014	117,589.000	8.90	10,402.00	NOT OPERATED		
2015	95,526.000	9.49	9,019.00			

PRODUCTION OF INDUSTRIAL ALCOHOL

YEARS	MOLASSES TONS	RECOVERY GLNS PER MND	PRODUCTION IN GALLONS
2006	5,570.28	1.846	276,522.00
2007	4,255.70	1.763	201,043.00
2008	7,300.00	1.799	351,801.00
2009	3,728.00	1.897	189,526.00
2010	35.46	2.402	2,129.00
2011	3,431.77	2.008	172,302.00
2012	13,348.13	1.978	660,010.00
2013	8,589.29	1.876	402,790.00
2014	6,477.00	2.104	340,694.00
2015		NOT OPERATED	

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

SIX YEARS' PERFORMANCE AT A GLANCE

PARTICULARS	2015	2014	2013	2012	2011	2010
			(RUPEES IN THOUSAND)			
Turnover	225,479	781,125	1,889,547	1,490,368	395,059	297,209
Operating Profit/(Loss)	(22,091)	(200,516)	(81,882)	(253,031)	(395,554)	(153,703)
Profit/(Loss) before tax	6,563	(140,924)	(20,916)	(244,535)	(327,986)	20,424
Profit/(Loss) After tax	16,769	(78,509)	(41,148)	(159,546)	(192,566)	38,527
Share capital	37,500	37,500	37,500	37,500	37,500	37,500
Shareholders' equity	1,352,350	1,327,479	1,106,719	1,144,337	1,303,833	1,428,054
Non-current assets	1,497,519	1,601,222	1,175,597	1,148,938	1,203,934	1,158,556
Total assets	2,364,963	2,105,089	1,836,901	2,210,022	2,277,333	1,670,583
Non current liabilities	273,517	290,161	12,757	31,345	114,601	207,256
Current assets	867,444	503,867	661,304	1,061,084	1,073,399	512,027
Current liabilities	737,485	487,449	717,425	1,034,340	858,849	35,273
Dividend						
Cash dividend	20%	0	0	0	0	10%
Ratios:						
Profitability (%)						
Operating profit / (loss)	(9.80)	(25.67)	(4.33)	(16.98)	(100.13)	(51.72)
Profit/ (Loss) before tax	2.91	(18.04)	(1.11)	(16.41)	(83.02)	6.87
Profit/(Loss) after tax	7.44	(10.05)	(2.18)	(10.71)	(48.74)	12.96
Return to Shareholders						
ROE - Before tax	0.49	(10.62)	(1.89)	(21.37)	(25.16)	1.43
ROE - After tax	1.24	(5.91)	(3.72)	(13.94)	(14.77)	2.70
Return on Capital Employed	1.03	(4.85)	(3.68)	(13.57)	(13.58)	2.36
E. P. S. - After tax	4.47	(20.94)	(10.97)	(42.55)	(51.35)	1.03
Activity						
Total assets turnover	0.10	0.40	0.93	0.66	0.20	0.36
Non-current assets turnover	0.15	0.56	1.63	1.27	0.33	0.51
Liquidity/Leverage						
Current ratio	1.18	1.03	0.92	1.03	1.25	14.52
Break up value per share	36.06	35.40	29.51	30.52	34.77	38.08
Total Liabilities to equity (Times)	(0.75)	(0.59)	(0.49)	(0.93)	(0.75)	(0.17)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that 70th Annual General Meeting of the shareholders of **The Premier Sugar Mills & Distillery Company Limited** will be held on 30 January, 2016 at 11:00 am, at the Registered Office of the Company at Nowshera Road, Mardan for transacting the following business: -

ORDINARY BUSINESS

(1) To confirm the minutes of the last Annual General Meeting held on 31 January, 2015.

(2) To receive, consider and approve the Audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended 30 September, 2015.

(3) To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 2/- per share (20%) for the year ended 30 September, 2015.

(4) To appoint the Auditors and to fix their remuneration for the financial year ending 30 September, 2016. The present auditors M/s Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

(5) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from 21 January to 30 January, 2016 (Both days inclusive).

BY ORDER OF THE BOARD

(Mujahid Bashir)
Company Secretary

Mardan:
29 December, 2015

N.B:
1. Members, unable to attend in person, may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. C.D.C shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and participants I.D. numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his / her Computerized National Identity Card.

4. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's CNIC or passport, account and participants ID numbers must be deposited along with the form of Proxy. Representative of corporate members should bring the usual documents required for such purpose.

5. All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2015, effective July 01, 2015, reforms have been made with regards to deduction of income tax for cash dividend; the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

   1. Rate of tax deduction for filer of income tax returns 12.5 %
   2. Rate of tax deduction for non-filer of income tax returns 17.5 %

   In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into CDC are requested to send a copy of detail regarding tax payment status also the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Total Shares	Folio / CDS ID/AC#	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

7. In accordance with the SECP's Circular No. 18 of 2012 dated 05 June 2012, the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt for the dividend mandate option as stated, the dividend mandate Form is available at Company's website i.e. www.premiersugarmills.com needs to be duly filled and submitted to the Company on its registered address.

8. Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5 July 2012 which provides that the dividend warrant should bear the CNIC number of the registered member. In case your CNIC copy is not available your dividend warrant will be no be issue/dispatched to you.

9. The Directive of SECP contained in SRO 787(1) 2014 of 8 September 2014 whereby SECP has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. along with notice of annual general meeting to its members through e-mail. Members are requested to provide their e-mail addresses on registered address of the Company.

10. Audited accounts of the Company for the year ended 30 September, 2015 will be provided on the website www.premiersugarmills.com at least 21 days before the date of Annual General Meeting.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REPORT

The Directors of The Premier Sugar Mills & Distillery Company Limited, are pleased to present Directors' Report of the Company together with the audited financial statements for the year ended 30 September, 2015.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2015	2014
	Rupees in thousand	
Profit / (loss) before taxation	**6,563**	(140,924)
Taxation		
- Prior	**0**	1,439
- Deferred	**(10,206)**	(63,854)
	(10,206)	(62,415)
Profit / (Loss) after taxation	**16,769**	(78,509)
	---------- **Rupees** ----------	
Earnings / (Loss) per Share	**4.47**	(20.94)

2. REVIEW OF OPERATIONS

2.1 SUGARCANE SEASON 2014-2015

The sugarcane crushing season 2014-15, commenced on 12 November, 2014 and continued till 01 April, 2015. The Mills crushed 95,526 tons (2014: 117,589 tons) of sugarcane and produced 9,019 tons (2014: 10,402 tons) of sugar. The Khyber Pakhtunkhwa Government fixed the sugarcane price @ Rs. 180 /- per maund, whereas the Sindh Government fixed Rs. 172/- per maund, out of which Rs. 12/- per maund was subsidized by the provincial government rendering it the lowest sugarcane rate of Rs 160 per mound contrary to the uniform sugarcane rates notifications by each province as sugar produced is sold throughout the country at the same rate. The Khyber Pakhtunkhwa and Punjab Sugar Mills suffered due to this disparity in sugarcane prices as most of the Sindh Sugar Mills dumped their low cost sugar in the Punjab and Khyber Pakhtunkhwa markets.

2.2 SUGARCANE SEASON 2015-16

The sugarcane crushing season started on 11 November, 2015 and the Mills have crushed 98,370 tons of sugarcane, producing 9,310 tons of sugar up to 28 December, 2015. The Provincial Government of Punjab and Khyber Pakhtunkhwa fixed sugarcane price @ Rs. 180/- per maund. Whereas, Sindh Government has yet to notify the price.

3. SUGAR PRICE

3.1 CRUSHING SEASON 2014-15

The Government of Pakistan allowed sugar export of 650,000 M. tons to be exported by the July 2015. The said target could not be met due to the low subsidy of Rs. 10/- per Kg that was to be shared equally by the Federal Government and the Provincial Governments. The Punjab and Sindh Governments paid their part of subsidy. Unfortunately, the Provincial Government of Khyber Pakhtunkhwa refused to pay the subsidy that was given to absorb the high cost of sugarcane. However, we are negotiating with the Government and are hopeful to convince them to agree with the ECC decision to offload surplus sugar. The sugar prices remained volatile throughout the year.

3.2 CRUSHING SEASON 2015-16

The Federal Government allowed to export 500,000 M. Tons of sugar and promised to pay Rs. 13/- per Kg subsidy. In case the export started on time, we expect steady prices throughout the year.

4. DISTILLERY

The management has decided to temporarily close down the distillery operations, for effluent treatment solution.

5. STAFF

The Management and Labor relations remained cordial during the year.

6. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of The Premier Sugar Mills & Distillery Company Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

- The system of internal controls is sound in design and has been effectively implemented and monitored.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- There are no significant doubts upon The Premier Sugar Mills & Distillery Company Limited's ability to continue as a 'going concern'.

- Key operating and financial data for the last six years in a summarized form is annexed.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 September, 2015, except for those disclosed in the financial statements.

- The Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year other than disclosed in the pattern of shareholding.

- The value of investments of staff provident fund, based on audited accounts, was Rs. 43.305 million as at 30 September, 2014.

- During the year five (05) meetings of the Board of Directors were held..

- Attendance by each Director is as follow.

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Khan Aziz Sarfaraz Khan	5
Begum Laila Sarfaraz	5
Mr. Abbas Sarfaraz Khan	4
Ms. Zarmine Sarfaraz	4
Ms. Najda Sarfaraz	4
Ms. Mahnaz Saigol	1
Mr. Iskandar M. Khan	5
Mr. Baber Ali Khan	2
Mr. Abdul Qadar Khattak	4

Leave of absence was granted to Directors who could not attend some of the Board meetings.

7. ROLE OF SHAREHOLDERS

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half yearly and annual reports. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability.

8. DIVIDEND

The Board has recommended payment of Final Cash Dividend for the year ended 30 September, 2015 @ Rs. 2.00 per share (20%) to all the shareholders of the Company.

9. EXTERNAL AUDITORS

The Audit Committee and Board of Directors have recommended to re-appoint M/s. Hameed Chaudhri & Co., Chartered Accountants, Lahore as External Auditors for the financial year 2015-16. The Board has recommended to approve the minimum audit fee as required by ATR-14 (Revised) issued by the ICAP.

10. REPLY TO AUDITORS' OBSERVATIONS

Note 15.4
The Company is representing / monitoring through CM No. 454/2011 in winding of proceedings filed by SECP before Honorable Lahore High Court Lahore. The Court has appointed a liquidator by accepting the Winding up petition and Company has filed statement of claims before the court. Furthermore, the balance confirmation letter has been circulated to the bank for direct confirmation to the auditors and the reply will be received by the auditors directly.

11. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi and Islamabad Stock Exchanges in their Listing Rules, relevant for the year ended 30 September, 2015 have been duly complied with. A statement to this effect is annexed with the report.

12. PATTERN OF SHAREHOLDING

The pattern of shareholding as required under section 236(2)(d) of the Companies Ordinance, 1984 is annexed.

13. ACKNOWLEDGEMENT

The Directors would like to express their gratitude for the hard work and dedication displayed by Staff and the Executives of the Organization and the valuable support of our Bankers.

Finally, the Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

ON BEHALF OF THE BOARD

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
29 December, 2015

Shareholders' Information

Registered Office
Nowshera Road Mardan,
Khyber Pakhtunkhwa.
Tel # 92 937 862051-52
Fax # 92 937 862989

Head Office
King's Arcade, 20-A,
Markaz F-7, Islamabad.
Tel # 92 51 2650805-7
Fax # 92 51 2651285-6

Shares Registrar
Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel # 92 42 37235081-2
Fax # 92 42 37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchanges
The Premier Sugar Mills & Distillery Company's equity shares are listed on Karachi and Islamabad Stock Exchanges.

Listing Fees
The annual listing fee for the financial year 2015-16 has been paid to the stock exchanges within the prescribed time limit.

Statutory Compliance
During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code
The stock code for dealing in equity shares of The Premier Sugar Mills & Distillery Company Limited at KSE and ISE is **Premier Sug.**

Book Closure Dates
The Register of Members and Share Transfer books of the Company will remain closed from 21.01.2016 to 30.01.2016.

Web Presence
Updated information regarding the Company can be accessed at website www.premiersugarmills.com. The website contains the latest financial results of the Company together with Company's profile.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

FORM - 34

PATTERN OF SHAREHOLDING OF THE SHARES HELD BY THE SHARE HOLDERS AS ON 30 SEPTEMBER, 2015

NUMBER OF SHAREHOLDERS	RANGE OF SHARES HELD		TOTAL SHARES HELD
	FROM	TO	
503	1	100	18,689
439	101	500	106,886
161	501	1,000	117,238
200	1,001	5,000	419,676
30	5,001	10,000	206,984
10	10,001	20,000	124,393
7	20,001	50,000	222,331
2	50,001	150,000	162,222
1	150,001	310,000	307,370
1	310,001	400,000	400,000
1	400,001	600,000	543,591
1	600,001	1,125,000	1,120,620
1356			**3,750,000**

S.No.	Categories of shareholders	Numbers of Shareholders	No of shares held	Shares Held	Percentage of paid up capital
1.	**Directors and Chief Executive Officer**	**9**		**2,014,569**	
	Mr. Aziz Sarfaraz Khan		1,120,620		29.88
	Begum Laila Sarfaraz		307,370		8.20
	Mr. Abbas Sarfaraz Khan		543,591		14.50
	Ms. Zarmine Sarfaraz		2,925		0.08
	Ms. Mehnaz Saigol		500		0.01
	Ms. Najda Sarfaraz		2,274		0.06
	Mr. Iskander M. Khan		500		0.01
	Mr. Babar Ali Khan		3,084		0.08
	Mr. Abdul Qadar Khattak		33,705		0.90
2.	**Company Secretary/Chief Financial Officer**	**1**		**7**	
	Mr. Mujahid Bashir		7		0.00
3.	**Shares held by relatives**	-	-	-	-
4.	**Associated Companies**	**1**		**400,000**	
	Arpak International Investments Ltd.		400,000		10.67
5.	**Public Sector Companies and Corporation**	**15**		**36,268**	
	Deputy Administrator Abandoned Properties		87		0.00
	The Society for Rehabilitation of crippled children		174		0.00
	Chief Administrator of Auqaf		3,798		0.10
	The Ida Rieu Poor Welfare Association		349		0.01
	BCGA (Punjab) Limited		5,268		0.14
	Bibojee Services Limited		10,396		0.28
	Robberts Cotton Association Limited		4,444		0.12
	Madrasa Haqania Akora Khattak		52		0.00
	Pyramid Investments (Pvt.) Limited		500		0.01
	Secretary Municipal Committee Mardan.		226		0.01
	Frontier Co-operative Bank Limited		8,452		0.23
	Freedom Enterprises (Pvt.) Limited		1,000		0.03
	Y S Securities Limited		2		0.00
	Ismail Abdul Shakoor Securities (Pvt) Limited		1,000		0.03
	Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited		520		0.01
6.	**Banks, Development Finance Institutions, Non Banking Financial Instituations, Insurance Companies, Modarabas and Mutual Funds**	**4**		**70,971**	
	National Bank of Pakistan		65,818		1.76
	United Bank Limited		37		0.00
	Investment Corporation of Pakistan		116		0.00
	State Life Insurance Corporation of Pakistan		5,000		0.13
7.	**Shares held by General Public**				
	Held by General Public	**1326**		**1,228,185**	32.75
		1356		**3,750,000**	**100.00**

8.	**Shareholders holding 10% or more voting Interest in the Company**		
	Khan Aziz Sarfaraz Khan	1,120,620	29.88
	Mr. Abbas Sarfaraz Khan	543,591	14.50
	M/s. Arpak International Investments Limited	400,000	10.67

9.	**Auditors**			
	M/s. Hameed Chaudhri & Co. Chartered Accountants	Auditors	Nil	Nil
10.	**Cost Auditors**			
	M/s. Munawar Associates Chartered Accountants	Cost Auditors	Nil	Nil
11.	**Legal Advisor**			
	Mr. Isaac Ali Qazi Advocate	Legal Advisor	Nil	Nil

None of the directors, the CEO, the CFO and the Company Secretary and their spouses and minor children have traded in the shares of the Company during the year.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of the Karachi and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Director Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

Category	Names
Independent Director	Ms. Mahnaz Saigol
Executive Directors	Mr. Abbas Sarfaraz Khan, Mr. Iskander M. Khan, Mr. Abdul Qadar Khattak
Non-Executive Directors	Mr. Aziz Sarfaraz Khan, Begum Laila Sarfaraz, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz, Mr. Baber Ali Khan

2. The Directors have confirmed that none of them is serving as a director in more than seven listed Companies including this Company.

3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he/she, being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated among the directors.

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the corporate and other laws if any.

10. There was no new appointment of Company Secretary, CFO and Head of Internal Audit Department made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee, which is composed of three non-executive directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

17. While almost all the directors are professionals and senior executives who possess wide experience and awareness of the duties of directors. Nevertheless training of directors is an on-going process and the Company intends to comply with the directors' training as required by the Code and completion of certification within the prescribed period.

18. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are executive directors and the chairman of the Committee is a non-executive director.

19. The Board has set-up an effective internal audit function.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange (s).

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange (s).

24. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Mardan
29 December, 2015

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained the Code of Corporate Governance (the Code) prepared by the Board of Directors of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company) for the year ended September 30, 2015 to comply with the requirements of Regulation No.35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended September 30, 2015.

Hameed Chaudhri & Co.

LAHORE;
30 December, 2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED (the Company) as at September 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and, except for the fact that provision against deposits with a non-banking finance company has not been made in these financial statements as the matter is pending adjudication before the Court as fully detailed in note 15.4 and the extent to which this may affect the annexed financial statements, respectively give a true and fair view of the state of the Company's affairs as at September 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE;
30 December, 2015

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER, 2015

		2015	2014
ASSETS	**Note**	**-----Rupees in thousand-----**	
Non-current Assets			
Property, plant and equipment	5	**1,015,942**	1,118,281
Investment property	6	**31,041**	32,402
Long term investments	7	**170,006**	170,006
Long term loan to Subsidiary Company	8	**279,500**	279,500
Security deposits		**1,030**	1,030
		1,497,519	1,601,219
Current Assets			
Stores and spares	9	**109,853**	120,582
Stock-in-trade	10	**582,721**	176,694
Trade debts		**27,396**	33,846
Advances	11	**31,505**	36,758
Trade deposits and short term prepayments	12	**1,459**	911
Accrued profit and mark-up	13	**32**	16,447
Other receivables	14	**13,307**	14,989
Sales tax refundable		**3,788**	7,397
Income tax refundable, advance tax and tax deducted at source		**41,369**	38,526
Bank balances	15	**56,014**	57,717
		867,444	503,867
TOTAL ASSETS		**2,364,963**	2,105,086
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2014: 5,750,000) ordinary shares of Rs.10 each		**57,500**	57,500
Issued, subscribed and paid-up capital	16	**37,500**	37,500
Reserves		**900,001**	900,001
Accumulated loss		**(149,666)**	(216,306)
Shareholders' Equity		**787,835**	721,195
Surplus on Revaluation of Property, Plant and Equipment	17	**564,515**	606,281
Non-current Liabilities			
Long term finances	18	**200,000**	200,000
Liabilities against assets subject to finance lease	19	**3,384**	4,405
Deferred taxation	20	**57,980**	76,581
Staff retirement benefits - gratuity	21	**13,764**	9,175
		275,128	290,161
Current Liabilities			
Trade and other payables	22	**48,594**	62,246
Accrued mark-up	23	**18,642**	17,380
Short term borrowings	24	**668,000**	405,971
Current portion of liabilities against assets subject to finance lease	19	**2,249**	1,852
		737,485	487,449
Total Liabilities		**1,012,613**	777,610
TOTAL EQUITY AND LIABILITIES		**2,364,963**	2,105,086
Contingencies and commitments	25		

The annexed notes form an integral part of these financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Note	2015	2014
		Rupees in thousand	
Sales - Net	26	**225,479**	781,125
Cost of Sales	27	**192,385**	924,231
Gross Profit / (Loss)		**33,094**	(143,106)
Distribution Cost	28	**841**	4,525
Administrative Expenses	29	**53,970**	47,179
Other Expenses	30	**374**	5,706
		55,185	57,410
		(22,091)	(200,516)
Other Income	31	**117,627**	134,451
Profit / (Loss) from Operations		**95,536**	(66,065)
Finance Cost	32	**88,973**	74,859
Profit / (Loss) before Taxation		**6,563**	(140,924)
Taxation	33	**(10,206)**	(62,415)
Profit / (Loss) after Taxation		**16,769**	(78,509)
Other Comprehensive Income			
Item that will not be reclassified to profit or loss:			
- (loss) / gain on remeasurement of staff retirement benefit obligation (net of deferred tax)		**(197)**	1,097
Total Comprehensive Income / (Loss)		**16,572**	(77,412)
		--------- Rupees ---------	
Earnings / (Loss) per Share	34	**4.47**	(20.94)

The annexed notes form an integral part of these financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	2015	2014
	Rupees in thousand	
Cash flow from operating activities		
Profit / (loss) for the year - before taxation	**6,563**	(140,924)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**104,418**	55,185
Depreciation on investment property	**1,361**	1,487
Mark-up on loan to Subsidiary Company and profit on bank deposits	**(29,093)**	(33,737)
Staff retirement benefits-gratuity (net)	**4,605**	(1,238)
Unclaimed payable balances written-back	**(381)**	(166)
Gain on sale of operating fixed assets	**(246)**	(14,514)
Uncollectible receivable balances written-off	**29**	570
Finance cost	**86,955**	72,461
Profit / (loss) before working capital changes	**174,211**	(60,876)
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spares	**10,729**	11,613
Stock-in-trade	**(406,027)**	182,883
Trade debts	**6,450**	(30,003)
Advances	**5,224**	(20,338)
Trade deposits and short term prepayments	**(548)**	792
Other receivables	**1,682**	(3,895)
Sales tax refundable	**3,609**	(7,397)
Decrease in trade and other payables	**(13,577)**	(99,991)
	(392,458)	33,664
Cash used in operations	**(218,247)**	(27,212)
Income tax paid	**(2,843)**	(13,700)
Security deposits	**0**	(460)
Net cash used in operating activities	**(221,090)**	(41,372)
Cash flow from investing activities		
Additions to property, plant and equipment	**(3,115)**	(43,829)
Sale proceeds of operating fixed assets	**1,282**	14,572
Mark-up / profit received on loan to Subsidiary Company and bank deposits	**45,508**	17,338
Net cash generated from / (used in) investing activities	**43,675**	(11,919)
Cash flow from financing activities		
Long term finances	**0**	200,000
Short term borrowings - net	**262,029**	(117,518)
Finance cost paid	**(85,693)**	(68,879)
Lease finances - net	**(624)**	5,360
Dividend paid	**0**	(17)
Net cash generated from financing activities	**175,712**	18,946
Net decrease in cash and cash equivalents	**(1,703)**	(34,345)
Cash and cash equivalents - at beginning of the year	**57,717**	92,062
Cash and cash equivalents - at end of the year	**56,014**	57,717

The annexed notes form an integral part of these financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Share capital	Reserves			Accumula-ted loss	Total
		Capital	Revenu			
		Share redemp-tion	General	Sub-total		
	---------------------- Rupees in thousand ----------------------					
Balance as at September 30, 2013	37,500	1	900,000	900,001	(164,986)	772,515
Total comprehensive loss for the year ended September 30, 2014						
- loss for the year	0	0	0	0	(78,509)	(78,509)
- other comprehensive income	0	0	0	0	1,097	1,097
	0	0	0	0	(77,412)	(77,412)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)						
- on account of incremental depreciation for the year	0	0	0	0	26,056	26,056
- upon sale of revalued plant and machinery	0	0	0	0	36	36
Balance as at September 30, 2014	37,500	1	900,000	900,001	(216,306)	721,195
Total comprehensive income for the year ended September 30, 2015						
- profit for the year	0	0	0	0	16,769	16,769
- other comprehensive loss	0	0	0	0	(197)	(197)
	0	0	0	0	16,572	16,572
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year	0	0	0	0	50,068	50,068
Balance as at September 30, 2015	**37,500**	**1**	**900,000**	**900,001**	**(149,666)**	**787,835**

The annexed notes form an integral part of these financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

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 Islamabad and Karachi Stock Exchanges. 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

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) **Property, plant and equipment**

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

b) **Stores & spares and stock-in-trade**

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

c) **Provision for impairment of trade debts**

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

d) **Staff retirement benefits - gratuity**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 21.

e) **Income taxes**

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

f) **Contingencies**

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and legal Advisors' judgment, appropriate provision is made.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

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

The amendments to the following standards have been adopted by the Company for the first time for financial year beginning on October 01, 2014:

(a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 ,'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on October 01, 2014 are considered not to be relevant or to have any significant effect on the Company’s financial reporting and operations.

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

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

(a) IAS 27 (revised 2011) 'Separate financial statements' is effective from accounting periods beginning on or after January 01, 2015. IAS 27 (revised 2011) will concurrently apply with IFRS 10. The revised standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised standard are carried forward unchanged from the previous standard. The IASB has issued the amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application

(b) IAS 28 (revised 2011) 'Investments in associates and joint ventures' is effective from accounting periods beginning on or after January 01, 2015. Similar to the previous standard, the new standard deals with how to apply the equity method of accounting. However, the scope of this revised standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

(c) IFRS 9 'Financial instruments' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.

(d) IFRS 10 'Consolidated financial statements' is effective from accounting periods beginning on or after January 01, 2015 and replaces the part of IAS 27. IFRS 10 introduces a new approach to determine which investee should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(e) 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.

(f) 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.

(g) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34,'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Buildings on leasehold and freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment, except freehold land and capital work-in-progress, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Freehold land and capital work-in-progress are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been valued at cost whereas buildings on freehold land have been valued at cost less accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income applying reducing balance method at the rates stated in note 6. Depreciation on additions is charged from the month in which the asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Impairment loss or its reversal, if any, is taken to profit and loss account.

4.3 Investments

Investments in associates and subsidiaries are carried at cost less impairment loss, if any. Gain / loss on sale of investments is included in profit and loss account. Bonus shares are accounted for by increase in number of shares without any change in value.

The Company issues consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10 'Consolidated financial statements'. Investments in associates, in the consolidated financial statements, have been accounted for using the equity method.

At each balance sheet date, the Company reviews the carrying amounts of the investments in subsidiaries and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and the net assets value of these investments. Impairment losses are recognised as expense in the profit and loss account.

Investments in subsidiaries and associates, that suffered an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the profit and loss account on investments in subsidiaries and associates are reversed through the profit and loss account.

4.4 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.5 Stock-in-trade

a) Stock of manufactured products is valued at the lower of cost and net realisable value except stock of molasses-in-hand and component of molasses included in the distillery products, which are taken at nil value.

b) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production

c) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.6 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.7 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in profit and loss account.

4.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash & bank balances and temporary bank overdrafts.

4.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.10 Staff retirement benefits

Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 9% of the basic salaries both by the employees and the Company.

Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2015 on the basis of the projected unit credit method by an independent Actuary.

4.11 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current year also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

4.13 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.14 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.16 Development expenditure

Expenditure incurred on development of sugar cane and beet is expensed in the year of incurrence.

4.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.18 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.19 Financial instruments

Financial instruments include security deposits, trade debts, trade deposits, accrued profit & mark-up, other receivables, deposits with a non-banking finance company, bank balances, long term finances, lease finances, trade & other payables, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.20 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 41 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		Rupees in thousand	
Operating fixed assets	5.1	1,015,338	1,118,281
Capital work-in-progress - advances		604	0
		1,015,942	1,118,281

5.1 Operating fixed assets - tangible

Particulars	Land		Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Furniture, fittings & office equipment	Railway rolling stock and vehicles	Leased		Total
	Leasehold	Freehold						Vehicles	Generator	
	------------------------	------------------------	------------------------	------------------------	Rupees in thousand	------------------------	------------------------	------------------------	------------------------	------------------------
As at September 30, 2013										
Cost / revaluation	2,725	12,065	141,918	138,024	611,788	24,658	22,988	1,060	0	955,226
Accumulated depreciation	444	0	35,705	35,278	277,299	18,266	14,342	35	0	381,369
Book value	2,281	12,065	106,213	102,746	334,489	6,392	8,646	1,025	0	573,857
Year ended September 30, 2014:										
Additions	0	0	8,393	0	113,489	32,071	107	1,841	5,700	161,601
Revaluation adjustments										
Cost / revaluation	0	0	37,721	37,271	0	0	0	0	0	74,992
Depreciation	0	0	39,439	38,969	284,666	0	0	0	0	363,074
Disposals:										
- cost	0	0	0	0	(1,000)	0	(67)	0	0	(1,067)
- depreciation	0	0	0	0	944	0	65	0	0	1,009
Depreciation charge for the year	28	0	8,404	8,304	34,515	1,264	1,731	512	427	55,185
Book value as at September 30, 2014	2,253	12,065	183,362	170,682	698,073	37,199	7,020	2,354	5,273	1,118,281
Year ended September 30, 2015:										
Additions	0	0	0	0	100	440	280	1,691	0	2,511
Disposals:										
- cost	0	0	0	0	0	0	(2,583)	0	0	(2,583)
- depreciation	0	0	0	0	0	0	1,547	0	0	1,547
Depreciation charge for the year	28	0	13,342	13,182	69,936	5,494	1,269	640	527	104,418
Book value as at September 30, 2015	2,225	12,065	170,020	157,500	628,237	32,145	4,995	3,405	4,746	1,015,338
As at September 30, 2014										
Cost / revaluation	2,725	12,065	188,032	175,295	724,277	56,729	23,028	2,901	5,700	1,190,752
Accumulated depreciation	472	0	4,670	4,613	26,204	19,530	16,008	547	427	72,471
Book value	2,253	12,065	183,362	170,682	698,073	37,199	7,020	2,354	5,273	1,118,281

5.2 Disposal of operating fixed assets

Particulars	2015			2014		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	-------------------------Rupees in thousand-------------------------					
Minimum lease payments	**2,796**	**5,081**	**7,877**	2,492	6,230	8,722
Less: finance cost allocated to future periods	**547**	**360**	**907**	640	651	1,291
	2,249	**4,721**	**6,970**	1,852	5,579	7,431
Less: security deposits adjustable on expiry of lease terms	**0**	**1,337**	**1,337**	0	1,174	1,174
Present value of minimum lease payments	**2,249**	**3,384**	**5,633**	1,852	4,405	6,257

5.3 Depreciation for the year has been allocated as follows:	**2015**	2014
	Rupees in thousand	
Cost of sales	**97,703**	51,883
Administrative expenses	**6,715**	3,302
	104,418	55,185

5.4 Had the aforementioned revalued fixed assets of the Company been recognised under the cost model, the carrying values of these assets would have been as follows:

- buildings on freehold land	**19,653**	16,606
- buildings on leasehold land	**5,051**	5,920
- plant & machinery	**179,175**	199,058
	203,879	221,584

5.5 The Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011 and September 30, 2014 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million and Rs. 76.240 million respectively was incorporated in the books of account.

Clause 6 of the lease agreement dated July 09, 1947, which was for a period of 60 years, empowers the Company to renew the lease. On August 10, 2007, the Company, in terms of the aforesaid clause 6, had exercised the option of renewal of the lease and indicated its desire to extend the lease for a further period of 60 years (commencing from January 01, 2008) on such terms as may be agreed between the parties and invited the legal heirs of the lessor to negotiate the terms of the extended lease agreement. The legal heirs of the lessor had failed to agree on the terms of the extended lease; hence, the matter was referred to arbitration.

Presently, the matter is pending before the sole Arbitrator (a Senior Advocate Supreme Court of Pakistan). In the opinion of lawyers, the Company has an excellent case and there is high probability that the terms of the extended lease will be decided in the Company's favour.

Two of the legal heirs of the lessor have filed civil suits impugning the validity of arbitration. These suits are frivolous, barred by law and liable to be dismissed in due course under relevant provisions of the Arbitration Act, 1940. One suit has already been stayed till the outcome of Arbitration Award.

6. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
	------------- Rupees in thousand -------------		
As at September 30, 2013:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	44,363	44,363
Book value	14,544	19,345	33,889
Year ended September 30, 2014:			
Depreciation charge	0	1,487	1,487
Book value	14,544	17,858	32,402
Year ended September 30, 2015:			
Depreciation charge	0	1,361	1,361
Book value	**14,544**	**16,497**	**31,041**
As at September 30, 2014			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	45,850	45,850
Book value	14,544	17,858	32,402
As at September 30, 2015			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	47,211	47,211
Book value	**14,544**	**16,497**	**31,041**
Depreciation rate (%)	0	5-10	

6.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2015 was Rs.260 million (2014: Rs.260 million).

7. LONG TERM INVESTMENTS - in Related Parties

SUBSIDIARY COMPANIES	2015	2014	2015	2014
	Share-holding %		Rupees in thousand	
QUOTED:				
Chashma Sugar Mills Ltd.				
13,751,000 (2014: 13,751,000) ordinary shares of Rs.10 each (note 7.1)	**47.93**	47.93	**137,584**	137,584
- Market value Rs.948.819 million (2014: Rs.367.564 million)				
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2015 Rs.1,256.341 million (2014: Rs. 1,161.859 million)				
Balance c/f			**137,584**	137,584

	2015	2014	2015	2014
	Share-holding %		Rupees in thousand	
Balance b/f			**137,584**	137,584
UN-QUOTED:				
The Frontier Sugar Mills & Distillery Ltd.				
1,113,637 (2014: 1,113,637) ordinary shares of Rs.10 each	**82.49**	82.49	**26,509**	26,509
42,984 (2014: 42,984) 7% irredeemable preference shares of Rs.10 each	**85.97**	85.97	**597**	597
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2015 Rs.174.226 million (2014: Rs. 183.276 million)				
			27,106	27,106
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd.				
229,900 (2014: 229,900) ordinary shares of Rs.10 each	**5.75**	5.75	**2,846**	2,846
Market value Rs.11.575 million (2014: Rs.2.540 million)				

UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2014: 14,450) ordinary shares of Rs.100 each	**48.17**	48.17	**322**	322
Less: impairment loss			**322**	322
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil **(note 7.2)**			**0**	0
Premier Board Mills Ltd.				
47,002 (2014: 47,002) ordinary shares of Rs.10 each	**0.83**	0.83	**470**	470
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2015 Rs.4.221 million (2014: Rs.3.996 million)				
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2014: 200,000) ordinary shares of Rs.10 each	**40.00**	40.00	**2,000**	2,000
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2015 Rs.55.835 million (2014: Rs.41.695 million - restated)				
			170,006	170,006

7.1 The Company directly and indirectly controls / beneficially owns more than fifty percent of Chashma Sugar Mills Ltd.'s (CSM) 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 of the Company with effect from the financial year ended September 30, 2010.

7.2 NCPL has no known assets and liabilities as at June 30, 2015 and June 30, 2014 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

8. **LONG TERM LOAN TO SUBSIDIARY COMPANY -** Secured

The Company and Chashma Sugar Mills Ltd. (CSM) had entered into a loan agreement on May 20, 2008 whereby the Company advanced amounts aggregating Rs.322.500 million to CSM. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rate charged by the Company during the year ranged from 8.51% to 11.71% (2014: 10.94% to 11.67%) per annum. As per the previous loan agreement, the loan was receivable in 8 equal half-yearly instalments with effect from August, 2013; however, CSM had made repayments aggregating Rs.43 million upto September 30, 2013. The Company and CSM have entered into a revised agreement on September 30, 2013 whereby the balance of loan as at September 30, 2013 is receivable in seven equal half-yearly instalments commencing February, 2017. The loan is secured against a promissory note of Rs.397.810 million.

9. **STORES AND SPARES**	**2015**	2014
	Rupees in thousand	
Stores	**44,703**	53,410
Spares	**65,150**	67,172
	109,853	120,582

9.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

10. **STOCK-IN-TRADE**		
Sugar-in-process	**2,711**	3,779
Finished goods:		
- sugar	**577,664**	166,975
- spirit	**2,346**	5,940
	580,010	172,915
	582,721	176,694

10.1 The year-end component of molasses used in distillery stock-in-hand and the actual molasses-in-hand aggregated 6.00 metric tonnes (2014: 558.595 metric tonnes) valued at Rs. Nil.

11. **ADVANCES** - Considered good		
Suppliers and contractors	**29,667**	35,007
Employees	**1,838**	1,751
	31,505	36,758

11.1 No amount was due from the Company's executives during the current and preceding

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2015	2014
		Rupees in thousand	
Excise duty deposit		**136**	136
Short term prepayments		**1,323**	775
		1,459	911

13. ACCRUED PROFIT AND MARK-UP

	Note	2015	2014
Profit accrued on bank deposits		**32**	50
Mark-up accrued on loan to Subsidiary Company	**8**	**0**	16,397
		32	16,447

14. OTHER RECEIVABLES

	Note	2015	2014
Sugar export subsidy		**2,991**	2,991
Export refinance charges		**5,960**	2,444
Advance made to Arbitrator		**0**	6,000
Gas infrastructure development cess paid under protest - refundable	**25.3**	**3,018**	3,018
Others		**1,338**	536
		13,307	14,989

15. BANK BALANCES

	Note	2015	2014
Cash at banks on:			
- PLS accounts	**15.1**	**6,596**	3,991
- current accounts		**7,660**	11,969
- deposit accounts	**15.3**	**7,513**	7,512
- deposits with a non-banking finance company - unsecured	**15.4**	**39,000**	39,000
- dividend accounts		**245**	245
		61,014	62,717
Less: provision for doubtful bank balance	**15.5**	**5,000**	5,000
		56,014	57,717

15.1 These include Rs.405 thousand (2014: Rs.383 thousand) in security deposit account.

15.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 5% to 11.71% (2014: 6% to 11.66%) per annum.

15.3 These include deposit amounting Rs.2.500 million, which is under lien of a bank against guarantee issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

15.4 **(a)** These represent deposits lying with Innovative Investment Bank Limited (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits were as follows:

Date of maturity	Amount of deposit
	Rs in '000
July 29, 2009	7,800
July 29, 2010	7,800
July 29, 2011	7,800
July 29, 2012	15,600
	39,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-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 in the LHC under Civil Procedure Code, 1908 to be made party in the winding-up proceedings.

(c) The Company has not accrued profit on these deposits during the current and preceding financial years.

15.5 The Company had deposited Rs.5 million in Term Deposit with Mehran Bank Limited at Peshawar for a period of six months @ 12.5% per annum on September 25, 1993 vide TDR No.007902, which was to mature on March 25, 1994. The aforesaid TDR could not be encashed because of the crisis of Mehran Bank's affairs which were being administered by the State Bank of Pakistan (SBP). Mehran Bank Limited was eventually merged into National Bank of Pakistan (NBP).

The Company, through its lawyers, had issued legal notices to SBP, NBP and the defunct Mehran Bank Limited. In response, the Company had received a letter from NBP dated November 05, 1995 stating that the investment by the Company was shown in Fund Management Scheme, which was an unrecorded liability of Mehran Bank Limited. The Company had filed a suit with the Civil Court for recovery of the said amount along with profit @ 12.5% per annum with effect from September 25, 1993 till the date of payment. The Civil Judge, Peshawar, vide his judgment dated May 13, 2004, had decreed against SBP. SBP, against the said judgment, has filed an appeal with the Peshawar High Court, which is pending adjudication. Full provision for the said doubtful amount exists in these financial statements.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		**2015**	2014
(No. of shares)			**Rupees in thousand**	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	**14,763**	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	**22,737**	22,737
3,750,000	3,750,000		**37,500**	37,500

16.1 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2015 and September 30, 2014.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

17.1 The Company, during the financial years ended September 30, 2000, September 30, 2009 and September 30, 2011 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million and Rs.110.992 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

17.2 The Company, as at September 30, 2014, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd., PBA Approved Assets Valuators, Gulberg Arcade, Main Market, Gulberg, Lahore] to replace the carrying amounts of these assets with their depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.438.066 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2015	2014
	Rupees in thousand	
Opening balance	**904,897**	506,365
Add: surplus arisen on revaluation carried-out during the preceding year	**0**	438,066
Less: transferred to accumulated loss		
- on account of incremental depreciation for the year	**(74,728)**	(39,479)
- upon sale of revalued plant and machinery	**0**	(55)
	830,169	904,897
Less: deferred tax on:		
- opening balance of surplus	**298,616**	172,164
- surplus on revaluation carried-out during the preceding year	**0**	148,943
- incremental depreciation for the year	**(24,660)**	(13,423)
- sale of revalued plant and machinery	**0**	(19)
	273,956	307,665
- resultant adjustment due to reduction in tax rate	**(8,302)**	(9,049)
	265,654	298,616
Closing balance	**564,515**	606,281

18. LONG TERM FINANCES - Secured

Soneri Bank Limited (SBL), during September, 2014, against a term finance facility has disbursed Rs.200 million. The finance facility carries mark-up at the rate of 6 months KIBOR + 1 %; effective mark-up rate charged by SBL ranged from 8.05% to 11.21% (2014: 11.18% to 11.20%) per annum. The finance facility is secured against first pari passu charge of Rs.267 million over plant and machinery of the Company and is repayable in six equal half-yearly instalments of Rs.33.333 million commencing March, 2017.

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2015			2014		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	--------------------------Rupees in thousand--------------------------					
Minimum lease payments	**2,796**	**5,081**	**7,877**	2,492	6,230	8,722
Less: finance cost allocated to future periods	**547**	**360**	**907**	640	651	1,291
	2,249	**4,721**	**6,970**	1,852	5,579	7,431
Less: security deposits adjustable on expiry of lease terms	**0**	**1,337**	**1,337**	0	1,174	1,174
Present value of minimum lease payments	**2,249**	**3,384**	**5,633**	1,852	4,405	6,257

19.1 The Company has entered into lease agreements with Bank Al-Habib Ltd. and MCB Bank Ltd. for lease of vehicles and a diesel generator respectively. The liabilities under the lease agreements are payable in monthly instalments by December, 2018. The Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These facilities are secured against title of the leased assets in the name of lessors and during the year carried finance cost at the rates ranging from 9.01% to 12.21% (2014: 11.04% to 12.17%) per annum.

20. DEFERRED TAXATION

	2015	2014
	Rupees in thousand	
This is comprised of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**20,921**	25,174
- surplus on revaluation of property, plant and equipment	**265,654**	298,616
- lease finances	**378**	64
	286,953	323,854
Deductible temporary differences arising in respect of:		
- available unused tax losses	**(200,983)**	(216,829)
- staff retirement benefits - gratuity	**(4,405)**	(3,027)
- provision for doubtful bank balance	**(1,600)**	(1,650)
- minimum tax recoverable against normal tax charge in future years	**(19,835)**	(17,580)
- tax credit for investment in plant and machinery	**(2,150)**	(8,187)
	(228,973)	(247,273)
	57,980	76,581

21. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	2015	2014
- discount rate - per annum	**9.00%**	11.50%
- expected rate of growth per annum in future salaries	**8.00%**	10.50%
- average expected remaining working life time of employees	**06 years**	08 years

Amount recognised in the balance sheet is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:

	2015	2014
	Rupees in thousand	
Opening balance	**9,175**	12,060
Current service cost	**418**	542
Past service cost	**3,490**	0
Interest cost	**1,019**	1,214
Benefits payable to outgoing Members - grouped under current liabilities	**(307)**	(156)
Benefits paid	**(322)**	(2,847)
Remeasurements: experience adjustments	**291**	(1,638)
Closing balance	**13,764**	9,175
Expense recognised in profit and loss account		
Current service cost	**418**	542
Past service cost	**3,490**	0
Interest cost	**1,019**	1,214
Charge for the year	**4,927**	1,756
Remeasurement recognised in other comprehensive income		
Experience adjustments	**291**	(1,638)

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2015	2014	2013	2012	2011
	Rupees in thousand				
Present value of defined benefit obligation	**13,764**	9,175	12,060	29,889	27,141
Experience adjustment on obligation	**291**	(1,638)	(741)	589	0

Year-end Sensitivity Analysis:

	Impact on defined benefit obligation		
	Change in assumption	**Increase**	**Decrease**
Discount rate	**1%**	**12,960**	**14,676**
Salary growth rate	**1%**	**14,686**	**12,937**

- The expected contribution to defined benefit obligation for the year ending September 30, 2016 is Rs.1.912 million.

22. TRADE AND OTHER PAYABLES

	Note	2015	2014
		Rupees in thousand	
Due to an Associated Company		**3,000**	0
Creditors		**20,965**	25,194
Accrued expenses		**11,658**	16,082
Security deposits	**22.1**	**2,549**	1,911
Advances from customers		**402**	9,517
Income tax deducted at source		**164**	209
Sales tax payable		**35**	143
Gratuity payable to ex-employees		**2,391**	2,084
Unclaimed dividends		**6,980**	6,980
Workers' (profit) participation fund - allocation for the year		**345**	0
Others		**105**	126
		48,594	62,246

22.1 Security deposits include Rs.404 thousand (2014: Rs.383 thousand) representing mark-up bearing deposits. The Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

23. ACCRUED MARK-UP

		2015	2014
Mark-up accrued on:			
- long term finances		**4,058**	640
- short term borrowings		**14,584**	16,740
		18,642	17,380

24. SHORT TERM BORROWINGS

	Note	2015	2014
Secured	**24.1**	**668,000**	403,650
Un-secured - temporary bank overdraft		**0**	2,321
		668,000	405,971

24.1 Short term finance facilities available from commercial banks under mark-up arrangements aggregate Rs.1,250 million (2014: Rs.1,300 million). These facilities are secured against pledge of stock of refined sugar and charge over present and future current assets of the Company. These facilities, during the year, carried mark-up at the rates ranging from 8.01% to 14% (2014: 9.40% to 11.67%) per annum and are expiring on various dates by March 31, 2016.

24.2 Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2014: Rs.125 million). Out of the available facilities, facilities aggregating Rs.115 million (2014: Rs.115 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts and shipping documents.

25. CONTINGENCIES AND COMMITMENTS

25.1 No commitments were outstanding as at September 30, 2015 and September 30, 2014.

25.2 The Additional Collector of Customs, Sales Tax and Central Excise (Adjudication), Peshawar, during the financial year ended September 30, 2001, had raised sales tax demands aggregating Rs.4.336 million along with additional tax on the grounds that the Company claimed input tax on the whole value of supplies made during that year which included taxable as well as exempt supplies, in contravention of section 8(2) read with S.R.O. 698(1)/96 dated August 22, 1996. Further, the Company had either not charged or charged lesser sales tax on these supplies. The Company had not accepted the said demands and filed an appeal with the Customs, Sales Tax & Central Excise Appellate Tribunal, which vide its judgment dated August 12, 2003 had partially allowed the appeal.

The Company, during the financial year ended September 30, 2005, had filed an appeal before the Peshawar High Court (PHC) against the order of the Tribunal, which is pending adjudication. The Company, however during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.

25.3 The Company has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a writ petition before the PHC against the Federation, Oil & Gas Regulatory Authority and Sui Northern Gas Pipelines Ltd.(SNGPL) under article 199 of the Constitution of Pakistan. The PHC has admitted the writ petition for regular hearing and restrained the Respondents to demand GIDC on the basis of GIDC Act, 2015. The Company is also negotiating with SNGPL for refund of GIDC aggregating Rs.9.073 million paid under protest during the period from December, 2011 to June, 2014.

25.4 The Company, by filing a writ petition before the PHC, has challenged the Notification issued by the Government of Khyber Pakhtunkhwa (KPK) dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.2.359 million approximately. The petition is pending adjudication.

25.5 Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at September 30, 2015 was for Rs.10 million (2014: Rs.10 million). The guarantee is valid upto May 26, 2016.

25.6 Also refer contents of note 5.5.

26. SALES - Net

		2015	2014
		Rupees in thousand	
Turnover:			
Local		**239,223**	507,278
Export		**0**	300,391
		239,223	807,669
Less: sales tax		**13,744**	26,544
		225,479	781,125

27. COST OF SALES

		2015	2014
Raw materials consumed		**327,630**	459,600
Chemicals and stores consumed		**11,005**	17,858
Salaries, wages and benefits	**27.1**	**107,740**	126,759
Power and fuel		**21,509**	59,769
Insurance		**3,409**	4,006
Repair and maintenance		**29,416**	21,473
Depreciation	**5.3**	**97,703**	51,883
		598,412	741,348
Adjustment of sugar-in-process:			
Opening		**3,779**	5,167
Closing		**(2,711)**	(3,779)
		1,068	1,388
Cost of goods manufactured		**599,480**	742,736
Adjustment of finished goods:			
Opening stock		**172,915**	354,410
Closing stock		**(580,010)**	(172,915)
		(407,095)	181,495
		192,385	924,231

27.1 These include Rs.1.745 million (2014: Rs.2.144 million) and Rs.3.794 million (2014: Rs.1.352 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

28. DISTRIBUTION COST	Note	2015	2014
		Rupees in thousand	
Commission		**180**	669
Salaries, wages and amenities		**389**	444
Stacking and loading		**244**	439
Spirit export expenses		**0**	1,457
Others		**28**	1,516
		841	4,525

29. ADMINISTRATIVE EXPENSES

Salaries and amenities	**29.1**	**27,087**	24,061
Travelling, vehicles' running and maintenance		**1,641**	1,442
Utilities		**1,146**	1,343
Directors' travelling		**116**	175
Rent, rates and taxes		**1,111**	1,034
Insurance		**931**	730
Repair and maintenance		**4,621**	4,527
Printing and stationery		**1,822**	2,056
Communication		**1,582**	1,991
Legal and professional charges (other than Auditors)		**1,404**	1,562
Subscription		**767**	1,157
Auditors' remuneration	**29.2**	**1,216**	1,036
Depreciation on:			
- operating fixed assets	**5.3**	**6,715**	3,302
- investment property	**6**	**1,361**	1,487
General office expenses		**2,450**	1,276
		53,970	47,179

29.1 These include Rs.0.758 million (2014: Rs.0.730 million) and Rs.1.133 million (2014: Rs.0.404 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

		Note	2015	2014
29.2	**Auditors' remuneration**		**Rupees in thousand**	
	Statutory Auditors:			
	Hameed Chaudhri & Co.			
	- statutory audit fee		**575**	500
	- half yearly review fee		**100**	83
	- consultancy, tax services and certification charges		**428**	345
	- out-of-pocket expenses		**60**	55
			1,163	983
	Other Auditors:			
	- cost audit fee (Munawar Associates)		**40**	40
	- audit fee of workers' (profit) participation fund (Usman Azeem & Co.)		**7**	7
	- out-of-pocket expenses		**6**	6
			53	53
			1,216	1,036

30. OTHER EXPENSES

Uncollectible receivable balances written-off	**29**	570
Loss on sale of beet seed	**0**	2,998
Exchange fluctuation loss	**0**	2,138
Workers' (profit) participation fund	**345**	0
	374	5,706

31. OTHER INCOME

	Note	2015	2014
		Rupees in thousand	
Income from financial assets:			
Mark-up on loan to Subsidiary Company		**28,494**	32,159
Mark-up / interest / profit on bank deposits / saving accounts and certificates		**599**	1,578
Income from other than financial assets:			
Gain on sale of operating fixed assets	**5.2**	**246**	14,514
Rent	**31.1**	**14,134**	7
Sale of scrap	**31.2**	**4,872**	277
Unclaimed payable balances written-back		**381**	166
Sale of agricultural produce - net of expenses aggregating Rs. 5.637 million	**31.3**	**66,150**	6,997
Sale of beet pulp		**0**	10,000
Profit from fertilizer sales	**31.4**	**1,690**	3,909
Excess recoveries of local clearing expenses incurred against export of sugar through Commission Agents		**0**	63,774
Miscellaneous - net of sales tax amounting Rs.190 thousand (2014: Rs.182 thousand)		**1,061**	1,070
		117,627	134,451

31.1 **(a)** As per the agreement entered into between the Company and Premier Board Mills Ltd. (PBM - an Associated Company) on June 23, 2015, the Company has leased-out a portion of its second floor situated at Head Office to PBM against consideration of Rs.2.100 million per annum. PBM has also paid to the Company rent arrears aggregating Rs.10.500 million not paid since July 01, 2009 to June 30, 2014.

(b) The Company, during the year, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM against consideration of Rs.6.750 million for the period from July 01, 2015 to June 30, 2016.

31.2 This includes bagasse sale to Chashma Sugar Mills Ltd. (a Subsidiary Company) amounting Rs. 4.860 million.

31.3 Income for the year mainly includes lease of land for melon amounting Rs.7.566 million, sale of sugar cane crop to PBM amounting Rs.6.750 million, sale of trees aggregating Rs.13.640 million and sale of cane seed aggregating Rs.41.929 million.

31.4 Profit from fertilizer sales

	Note	2015	2014
		Rupees in thousand	
Sales		**23,760**	24,424
Less: cost of sales			
opening stock		**5,908**	12,154
purchases		**18,145**	14,269
closing stock		**(1,983)**	(5,908)
		22,070	20,515
		1,690	3,909

32. FINANCE COST

Mark-up on:			
- long term finances		**20,227**	640
- short term borrowings		**66,728**	71,821
Lease finance charges		**709**	587
Bank charges		**1,309**	1,811
		88,973	74,859

33. TAXATION

Current:			
- for the year	33.2	**0**	0
- for prior years		**0**	1,439
		0	1,439
Deferred:			
- resultant adjustment due to reduction in tax rate	17	**8,302**	9,049
- on account of temporary differences		**(18,508)**	(72,903)
		(10,206)	(63,854)
		(10,206)	(62,415)

33.1 The returns for the Tax Years 2010 to 2015 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

33.2 No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 15 (income from property) and 113 (minimum tax on turnover) of the Ordinance aggregating Rs.6.046 million. The required provision for the current year has been fully adjusted against the preceding year's balance tax credit for investment in plant & machinery amounting Rs.8.187 million available under section 65B of the Ordinance; (2014: the required provision for tax for preceding year on profit on bank deposits and export proceeds payable under sections 151 and 154 of the Ordinance aggregating Rs.3.162 million was fully adjusted against the tax credit for investment in plant and machinery aggregating Rs.11.349 million available under section 65B of the Ordinance).

33.3 The Company has filed a writ petition before the Peshawar High Court (PHC) against selection for audit under sections 177 and 214C of the Ordinance; the PHC has stayed the Income Tax Department from finalising the proceedings. The petition is pending adjudication.

34. EARNINGS / (LOSS) PER SHARE

	2015	2014
	Rupees in thousand	
Profit / (loss) after taxation attributable to ordinary shareholders	**16,769**	(78,509)
	No. of shares	
Weighted average number of shares outstanding during the year	**3,750,000**	3,750,000
	--------- Rupees ---------	
Earnings / (loss) per share	**4.47**	(20.94)

34.1 Diluted earnings / (loss) per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2015 and September 30, 2014, which would have any effect on the earnings / (loss) per share of the Company if the option to convert is exercised.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

35.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on export of spirit and import of stores & spares mainly denominated in U.S. $. The Company is not exposed to foreign currency risk as at September 30, 2015 and September 30, 2014 as it has no foreign currency financial instrument at the respective year-ends.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2015	2014	**2015**	2014
	Effective rate Percentage		**Carrying amount Rupees in thousand**	
Fixed rate instruments				
Deposits with a non-banking finance company	**5%**	5%	**39,000**	39,000
Bank balances	**5% to 11.71%**	6% to 11.66%	**14,109**	11,503
Variable rate instruments				
Long term loan to Subsidiary Company	**8.51% to 11.71%**	10.94% to 11.67%	**279,500**	279,500
Long term finances	**8.05% to 11.21%**	11.18% to 11.20%	**200,000**	200,000
Short term borrowings	**8.01% to 14.00%**	9.40% to 11.67%	**668,000**	403,650

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2015, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs.11.475 million; (2014: loss after taxation for the year would have been Rs.8.832 million higher / lower) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

35.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, deposits with a non-bank finance company and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2015 along with comparative is tabulated below:

	2015	2014
	Rupees in thousand	
Security deposits	**1,030**	1,030
Trade debts	**27,396**	33,846
Trade deposits	**136**	136
Accrued profit and mark-up	**32**	16,447
Other receivables	**13,307**	8,989
Deposits with a non-banking finance company	**39,000**	39,000
Bank balances	**17,014**	18,717
	97,915	118,165

- The management does not expect any losses from non-performance by these counter parties except for deposits lying with a non-bank finance company as detailed in note 15.4.
- The management does not expect any losses from non-performance by these counter parties except for deposits lying with a non-bank finance company as detailed in note 15.4.
- All the trade debts at the balance sheet date represent domestic parties.

	2015	2014
The ageing of trade debts at the balance sheet date is as follows:	Rupees in thousand	
Past due 30 days	**27,101**	33,846
Past due 1 year	**295**	0
	27,396	33,846

No impairment loss allowance is necessary in respect of trade debts as major balance of trade debts has been realised subsequent to the year-end.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than one year	Between one to four years
2015	-------------- Rupees in thousand --------------			
Long term finances	**200,000**	**243,757**	**16,188**	**227,569**
Lease finances	**5,633**	**6,540**	**2,796**	**3,744**
Trade and other payables	**44,648**	**44,648**	**44,648**	**0**
Accrued mark-up	**18,642**	**18,642**	**18,642**	**0**
Short term borrowings	**668,000**	**680,560**	**680,560**	**0**
	936,923	**994,147**	**762,834**	**231,313**
2014				
Long term finances	200,000	283,069	22,360	260,709
Lease finances	6,257	7,548	2,492	5,056
Trade and other payables	52,377	52,377	52,377	0
Accrued mark-up	17,380	17,380	17,380	0
Short term borrowings	403,650	418,810	418,810	0
	679,664	779,184	513,419	265,765

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

35.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At September 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

36. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

37. TRANSACTIONS WITH RELATED PARTIES

37.1 No amount was due from Subsidiary and Associated Companies at any month-end during the current and preceding years.

37.2 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 year were

	2015	2014
Subsidiary Companies	**Rupees in thousand**	
- purchase of goods	**3,590**	4,544
- sale of goods	**6,133**	2,991
- mark-up earned on long term loan	**28,494**	32,159
Associated Companies		
- purchase of goods	**0**	7,125
- sale of sugar cane crop	**6,750**	0
- rent received	**14,125**	0

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	------------------------------ Rupees in thousand ---------------------------					
Managerial remuneration	**1,200**	1,200	**8,427**	9,999	**4,640**	4,781
Medical expenses reimbursed	**0**	0	**116**	34	**0**	0
	1,200	1,200	**8,543**	10,033	**4,640**	4,781
No. of persons	**1**	1	**2**	2	**2**	2

38.1 The Chief Executive, one director and the executives residing in the factory are provided free housing (with the Company's generated electricity in the residential colony within the factory compound). The Chief Executive, one director and executives are also provided with the Company maintained cars.

38.2 Remuneration of directors does not include amounts paid or provided for, if any, by the Subsidiary and Associated Companies.

39. CAPACITY AND PRODUCTION

		2015	2014
SUGAR CANE PLANT			
Rated crushing capacity per day	M.Tonnes	**3,810**	3,810
Cane crushed	M.Tonnes	**95,526**	117,589
Sugar produced	M.Tonnes	**9,019**	10,402
Days worked	Nos.	**141**	140
Sugar recovery	%	**9.49**	8.90
SUGAR BEET PLANT			
Rated slicing capacity per day	M.Tonnes	**2,500**	2,500
DISTILLERY			
Rated capacity per day	Gallons	**10,000**	10,000
Actual production	Gallons	**0**	340,694
Days worked	Nos.	**0**	82

- The normal season days are 150 days for Sugar Cane crushing.

- Production was restricted to the availability of raw materials to the Company.

- The operations of distillery have been temporarily closed during the year due to low prices of ethanol.

40. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund for the year ended September 30, 2015 and audited financial statements of the provident fund for the year ended September 30, 2014:

	2015	2014
	(Rupees in thousand)	
Size of the fund - total assets	**43,305**	53,118
Cost of investments made	**43,160**	52,701
Percentage of investments made	**99.67%**	99.21%
Fair value of investments made	**43,160**	52,975

40.1 The break-up of fair value of investments is as follows:

	2015	2014		
	-------- % --------			
Term deposit receipt (TDR)	**95.00%**	94.40%	**41,000**	50,010
Accrued profit on TDR	**0.00%**	0.52%	**0**	274
Saving account in a scheduled bank	**5.00%**	5.08%	**2,160**	2,691
	100.00%	100.00%	**43,160**	52,975

40.2 Investments out of the provident fund have been made in accordance with the requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated

41. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

41.1 Sugar sales represent 73% (2014: 90%) of the total gross sales of the Company.

41.2 Sales to domestic customers in Pakistan are 100.00% (2014: 62.81%) and to customers outside Pakistan are nil (2014: 37.19%) of the sales made during the year.

41.3 All non-current assets of the Company as at September 30, 2015 are located in Pakistan.

41.4 One (2014: two) of the Company's customers contributed towards 71.98% (2014: 60.80%) of the sugar sales during the year aggregating Rs.163 million (2014: Rs.475 million).

42. NUMBER OF EMPLOYEES

	2015	2014
Number of permanent employees as at September 30,	**470**	484
Average number of employees during the year,	**467**	483

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on December 29, 2015 by the board of directors of the Company.

44. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on December 29, 2015 has proposed a final cash dividend of Rs.2.00 per share (2014: Rs. nil) for the year ended September 30, 2015. The financial statements for the year ended September 30, 2015 do not include the effect of proposed dividend amounting Rs.7.500 million (2014: Rs. nil), which will be accounted for in the financial statements for the year ending September 30, 2016 after approval by the members in the annual general meeting to be held on January 30, 2016. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

45. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

annual report

2015

CHASHMA SUGAR MILLS LIMITED

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CHASHMA SUGAR MILLS LIMITED

Company Profile

Chashma Sugar Mills Limited (the Company) was incorporated on 05 May, 1988 as a Public Company and its shares are quoted on Islamabad, Lahore and Karachi Stock Exchanges. The Company is principally engaged in manufacturing and sale of white sugar including the following:

a) The exclusive object for which the Company established is to set up and operate an industrial undertaking at, Dera Ismail Khan in the Khyber Pakhtoon Khawa province to manufacture, produce, process, compound, prepare and sell sugar and other allied compounds, intermediates and by products thereto.

b) To appoint agents, sub-agents, attorneys, consultants, brokers, and contractors and connection with the exclusive object but not to act as managing agents.

c) To receive money on loan and borrow or raise money in such manner as the Company shall think fit in pursuance of the exclusive object, and in particular by the issue of debentures, or debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future), and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or any other person or company as the case may be, but not to act as a finance or banking company.

d) To purchase and import equipment, machinery, spare parts, or other articles and chemicals of use required by the Company for the purpose of carrying on the exclusive object and to export the products of the Company.

e) To employ and remunerate managers and other officers, employees and servants of the Company or any person or firm or company rendering services to the Company upon such terms as the Company may determine.

f) To accept or give security, including but not limited to promissory notes, indemnity bonds, guarantees, assignments, receipts, bailments pledges, hypothecations, liens, mortgages and charges, against the credit extended or moneys borrowed in connection with the exclusive object of the Company.

g) To open, close and operate banking accounts of the Company with any bank or banks, financial institutions or co-operative societies and to draw, make, accept, endorse, discount, execute and issue promissory notes bills of exchange, bill of lading, warrants, debentures and other negotiable or transferable instruments, but not to act as a finance or banking Company.

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Khan 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/Tax Consultants

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

Cost Auditors

M/s. Munawar Associates
Chartered Accountants

Legal Advisor

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

Shares Registrar

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

Bankers

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

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Mr. Sher Ali Jafar Khan (Independent Director)	Chairman
Mr. Iskander M. Khan (Non-Executive Director)	Member
Ms. Najda Sarfaraz (Non-Executive Director)	Member
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.
The terms of reference of the Audit Committee also include the following:

a) Determination of appropriate measures to safeguard the Company's assets;
b) Review of preliminary announcements of results prior to publication;
c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

d) Facilitating the external audit and discussion with external auditors of major observations arising form interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations and management's response thereto;

i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) Instituting special projects, value for money studies or other investigations on any matte specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) Determining of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and

n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Iskander M. Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

i) The overall system of remuneration and benefits for senior management and functional heads.

ii) Succession and career development within the senior management.

iii) The size and composition of the Board including the "mix" of Executive and Non-Executive Directors.

iv) Selection and nomination of Non-Executive Directors to the Board and the terms & conditions, wherever applicable and if any, on which Non-Executive Directors are appointed and hold office, for the ultimate approval of the shareholders.

CHASHMA SUGAR MILLS LIMITED

VISION STATEMENT

- Efficient organization with professional competence of top order is engaged to remain a market leader in the sugar industry in manufacturing and marketing of white sugar.

- To ensure attractive returns to business associates and optimizing the shareholders value as per their expectations.

MISSION STATEMENT

- Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.

- To be a good corporate citizen to fulfil the social responsibilities.

- Commitment to building, Safe, Healthy and Environment friendly atmosphere.

- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.

- The quality policy encompasses our long term **Strategic Goals** and **Core Values**, which are integral part of our business.

STRATEGIC GOALS

- Providing customer satisfaction by serving with superior quality production of white sugar and industrial alcohol at lowest cost.

- Ensuring security and accountability by creating an environment of security and accountability for employees, production facilities and products.

- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.

- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all strategic goals and to ensure highest possible value addition to stakeholders.

CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility.

- Treating stakeholders with respect, courtesy and competence.

- Practicing highest personal and professional integrity.

- Maintaining teamwork, trust and support with open and candid communication; and.

- Ensuring cost consciousness in all decision and operations.

CHASHMA SUGAR MILLS LIMITED

Code of Conduct

Chashma Sugar Mills Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The Company Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

The Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.

- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.
- The Code of Conduct aims at guiding the “Arpak team” with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

It is the basic principle of Chahma Sugar Mills Limited to obey the law of the land and comply with its legal system. Accordingly every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

CHASHMA SUGAR MILLS LIMITED

TEN YEARS PERFORMANCE AT A GLANCE

PARTICULARS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	(R U P E E S I N T H O U S A N D)									
Sales	7,559,896	5,831,752	6,673,731	5,848,891	5,882,738	6,362,700	3,968,673	2,579,812	1,638,595	1,187,913
Cost of sales	7,102,310	5,725,768	6,173,254	5,702,814	5,186,437	5,597,467	3,595,629	2,233,798	1,709,629	1,132,589
Operating profit/(Loss)	586,046	84,272	481,250	97,323	612,225	647,940	297,935	270,343	(128,111)	12,327
Profit/(Loss) before tax	125,969	(275,026)	56,728	(239,067)	165,491	347,799	(140,786)	(57,172)	(377,451)	(71,919)
Profit/(Loss) After tax	174,097	(128,619)	32,972	(218,971)	140,610	283,794	(217,910)	(63,163)	(358,007)	(32,338)
Share capital	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920	191,280	191,280
Shareholders' equity	2,621,405	2,423,137	2,524,899	1,397,464	1,645,127	423,572	66,712	203,438	128,232	486,239
Fixed assets - net	6,770,010	6,372,848	5,014,393	3,171,414	3,103,002	2,335,101	2,515,056	2,723,775	1,850,560	893,731
Total assets	10,265,039	9,303,424	7,485,951	5,835,443	5,647,181	2,975,098	3,535,462	4,509,239	3,460,459	2,422,106
Long term liabilities	2,890,982	3,223,672	2,270,940	1,451,512	1,357,532	1,059,164	1,229,686	1,464,166	949,167	1,245,000
Dividend										
Cash dividend	25%	0	0	0	10%	10%	0	0	0	0
Ratios:										
Profitability (%)										
Operating profit	7.75	1.45	7.21	1.66	10.41	10.18	7.51	10.48	(4.34)	4.66
Profit/ (Loss) before tax	1.67	(4.72)	0.85	(4.09)	2.81	5.47	(3.55)	(2.22)	23.04	(4.90)
Profit/(Loss) after tax	2.30	(2.21)	0.49	(3.74)	2.39	4.46	(5.49)	(2.45)	21.85	(2.72)
Return to Shareholders										
ROE - Before tax	4.81	(11.35)	2.25	(17.11)	10.06	82.11	(211.04)	(28.10)	(294.35)	(11.99)
ROE - After tax	6.64	(5.31)	1.31	(15.67)	8.55	67.00	(326.64)	(31.05)	(279.19)	(6.65)
Return on Capital Employed	4.26	(3.31)	0.83	(7.65)	4.52	15.03	(14.23)	(3.79)	(187.16)	(0.16)
E. P. S. - After tax	6.07	(4.48)	1.15	(7.63)	4.90	9.89	(7.59)	(2.20)	(18.72)	(1.69)
Activity										
Income to total assets	0.74	0.63	0.89	1.00	1.36	2.14	1.12	0.57	10.34	(0.01)
Income to fixed assets	1.12	0.92	1.33	1.84	2.16	2.72	1.58	0.95	18.79	(0.02)
Liquidity/Leverage										
Current ratio	0.74	0.80	0.92	0.87	0.96	0.87	0.92	0.93	1.53	1.07
Break up value per share	91.36	84.45	88.00	48.71	5.73	14.76	2.33	7.09	0.67	25.42
Total Liabilities to equity (Times)	2.91	2.83	1.96	3.17	2.43	6.02	20.06	21.17	25.66	3.98

TEN YEARS REVIEW

YEAR	CANE CRUSHED TONS	RECOVERY %	SUGAR PRODUCED TONS
2006	579,512	7.64	44,295
2007	1,277,817	8.09	102,496
2008	1,466,133	7.60	111,330
2009	1,050,807	8.20	85,234
2010	1,046,061	8.42	88,086
2011	1,353,553	8.69	117,474
2012	1,196,202	8.65	103,478
2013	1,326,905	9.18	121,771
2014	1,294,435	8.33	107,775
2015	1,588,226	9.16	145,502

PRODUCTION OF ETHANOL

YEAR	Molasses Consumed M. Tons	Recovery %	Production (Liters)
2014	19,590	18.56	4,540,945
2015	36,277	18.24	8,272,982

CHASHMA SUGAR MILLS LIMITED

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that 28th Annual General Meeting of the shareholders of **Chashma Sugar Mills Limited** will be held on 30 January, 2016 at 11:30 am, at the Registered Office of the Company at Nowshera Road, Mardan for transacting the following business: -

(1) To confirm the minutes of the last Annual General Meeting held on 31 January, 2015.

(2) To receive, consider and approve the Audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended 30 September, 2015.

(3) To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 2.50 per share (25%) for the year ended 30th September, 2015.

(4) To appoint the Auditors and to fix their remuneration for the financial year ending 30 September, 2016. The present auditors M/s Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

(5) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from 21 January to 30 January, 2016 (Both days inclusive).

BY ORDER OF THE BOARD

(Mujahid Bashir)
Company Secretary

Mardan:
29 December, 2015

N.B:

1. Members, unable to attend in person, may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. C.D.C shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards (CNIC), Account and participants I.D numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his/her CNIC.

4. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's CNIC or passport, account and participants ID numbers must be deposited along with the form of proxy. Representative of corporate members should bring the usual documents required for such purpose.

5. All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2015, effective July 01, 2015, reforms have been made with regards to deduction of income tax for cash dividend; the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

    1. Rate of tax deduction for filer of income tax returns 12.5 %
    2. Rate of tax deduction for non-filer of income tax returns 17.5 %

    In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into CDC are requested to send a copy of detail regarding tax payment status also the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Total Shares	Folio / CDS ID/AC#	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

7. In accordance with the SECP's Circular No. 18 of 2012 dated 5 June 2012, the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt for the dividend mandate option as stated, the dividend mandate Form is available at Company's website i.e. www.chashmasugarmills.com needs to be duly filled and submitted to the Company on its registered address.

8. Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5 July 2012 which provides that the dividend warrant should bear the CNIC number of the registered member. In case your CNIC copy is not available your dividend warrant will be no be issue/dispatched to you.

9. The Directive of SECP contained in SRO 787(1) 2014 of 8 September 2014 whereby SECP has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. along with notice of annual general meeting to its members through e-mail. Members are requested to provide their e-mail addresses on registered address of the Company.

10. Audited accounts of the Company for the year ended 30 September, 2015 will be provided on the website www.chashmasugarmills.com at least 21 days before the date of Annual General Meeting.

CHASHMA SUGAR MILLS LIMITED

DIRECTORS' REPORT

The Directors of Chashma Sugar Mills Limited are pleased to present Directors' Report of the Company together with the audited financial statements for the year ended 30 September, 2015.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2015	2014
	(Rupees in thousands)	
Profit / (Loss) before taxation	**125,969**	(275,026)
Taxation		
- Prior	**0**	(2,349)
- Deferred	**48,128**	(144,058)
	48,128	(146,407)
Profit / (Loss) after taxation	**174,097**	(128,619)
	---------- (Rupees) ----------	
Earnings / (Loss) per Share	**6.07**	(4.48)

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2014-15

The sugarcane crushing season 2014-15 commenced on 04 December, 2014 and continued till 07 April, 2015. The Mills crushed 1,588,226 tons of sugarcane to produced 145,502 tons of sugar at an average recovery of 9.15%. The Khyber Pakhtunkhwa Government fixed sugarcane price @ Rs. 180 /- per maund whereas the Sindh Government fixed Rs. 172/- per maund, out of which Rs. 12/- per maund was subsidized by the provincial government rendering it the lowest sugarcane rate of Rs 160 per mound contrary to the uniform sugarcane rates notifications by each province as sugar produced is sold throughout the country at the same rate. The Khyber Pakhtunkhwa and Punjab Sugar Mills suffered due to this disparity in sugarcane prices as most of the Sindh Sugar Mills dumped their low cost sugar in the Punjab and Khyber Pakhtunkhwa markets.

2.2 CURRENT SEASON 2015-2016

The sugarcane crushing season started on 14 December, 2015 and the mills have crushed 242,174 tons of sugarcane, producing 21,225 tons of sugar upto 28 December, 2015. The Provincial Government of Punjab and Khyber Pakhtunkhwa fixed sugarcane price @ Rs. 180/- per maund. Whereas, Sindh Government has yet to notify the price.

2.3 SUGARCANE CROP

The Management adopted the policy to provide good quality sugarcane seed, fertilizers and implements on easy terms to the farmers. This resulted in good quality, healthy sugarcane and improved recovery.

3. SUGAR PRICE

3.1 CRUSHING SEASON 2014-15

The Government of Pakistan allowed sugar export of 650,000 M. tons to be exported by the July 2015. The said target could not be met due to the low subsidy of Rs. 10/- per Kg that was to be shared equally by the Federal Government and the Provincial Governments. The Punjab and Sindh Governments paid their part of subsidy. Unfortunately, the Provincial Government of Khyber Pakhtunkhwa refused to pay the subsidy that was given to absorb the high cost of sugarcane. However, we are negotiating with the Government and are hopeful to convince them to agree with the ECC decision to offload surplus sugar. The sugar prices remained volatile throughout the year.

3.2 CRUSHING SEASON 2015-16

The Federal Government allowed to export 500,000 M. Tons of sugar and promised to pay Rs. 13/- per Kg subsidy. In case the export started on time, we expect steady prices throughout the year.

4. ETHANOL FUEL PLANT AT UNIT-II

The Ethanol fuel plant commenced production on 01 May, 2015 and produced 12,867 M. Tons up to 21 December, 2015. The installation of Bio Gas Plant is complete, however, construction of Waste Water treatment plant is in progress.

5. STAFF

The Management and Labor relations remained cordial during the year. Bonus to employees was paid at the rate of 3 months salary during the year.

6. PATTERN OF SHAREHOLDING

The pattern of shareholding as required under section 236(2)(d) of the Companies Ordinance, 1984 is annexed.

7. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of Chashma Sugar Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of account have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

- The system of internal controls is sound in design and has been effectively implemented and monitored.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- There are no significant doubts upon Chashma Sugar Mills Limited's ability to continue as a 'going concern'.

- Key operating and financial data for the last ten years in a summarized form is annexed.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 September, 2015, except for those disclosed in the financial statements.

- The Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year other than disclosed in the pattern of shareholding.

- The value of investments of staff provident fund, based on audited accounts, was Rs. 44.8 million as at 30 September, 2014.

- During the year five (05) meetings of the Board of Directors were held.

Attendance by each Director is as follow:-

	Name of Directors	**No. of Meetings Attended**
-	Mr. Aziz Sarfaraz Khan	5
-	Begum Laila Sarfaraz	5
-	Mr. Abbas Sarfaraz Khan	4
-	Ms. Zarmine Sarfaraz	4
-	Ms. Najda Sarfaraz	4
-	Mr. Iskander M Khan	5
-	Mr. Baber Ali Khan	2
-	Mr. Abdul Qadar Khattak	4
-	Mr. Sher Ali Jafar Khan	3

Leave of absence was granted to Directors who could not attend some of the Board meetings.

8. ROLE OF SHAREHOLDERS

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half yearly and annual reports. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability.

9. **DIVIDEND**

The Board has recommended payment of Final Cash Dividend for the year ended 30 September, 2015 @ Rs. 2.50 per share (25%) to all the shareholders of the Company.

10. **EXTERNAL AUDITORS**

The Audit Committee and Board of Directors have recommended to re-appoint M/s Hameed Chaudhri & Co., Chartered Accountants, Lahore as External Auditors for the financial year 2015-2016. The Board has recommended to approve the minimum audit fee as required by ATR-14 (Revised) issued by the ICAP.

11. **STATUS OF THE COMPANY**

In the light of the directions of the Securities and Exchange Commission of Pakistan, the Company has been treated a subsidiary of The Premier Sugar Mills & Distillery Company Limited with effect from the financial year 2010.

12. **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Rules, relevant for the year ended 30 September, 2015 have been duly complied with. A statement to this effect is annexed with the report.

13. **ACKNOWLEDGEMENT**

The Directors would like to express their gratitude for the hard work and dedication displayed by Staff and the Executives of the Organization and the valuable support of our Bankers.

Finally, the Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

ON BEHALF OF THE BOARD

(AZIZ SARFARAZ KHAN)
CHAIRMAN/CHIEF EXECUTIVE

Mardan
29 December, 2015

CHASHMA SUGAR MILLS LIMITED

Shareholders' Information

Registered Office
Nowshera Road Mardan, Khyber Pakhtunkhwa
Tel # 92 937 862051-52
Fax # 92 937 862989

Shares Registrar
Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel # 92 42 37235081-2
Fax # 92 42 37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchanges
Chashma Sugar Mills Limited Company's equity shares are listed on Lahore Karachi and Islamabad Stock Exchanges.

Listing Fees
The annual listing fee for the financial year 2015-16 has been paid to the stock exchanges within the prescribed time limit.

Statutory Compliance
During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code
The stock code for dealing in equity shares of Chashma Sugar Mills Limited at KSE, LSE and ISE is **Chas**.

Book Closure Dates
The Register of Members and Share Transfer books of the Company will remain closed from 21January to 30 January, 2016.

Web Presence
Updated information regarding the Company can be accessed at the website, www.chashmasugarmills.com. The website contains the latest financial results of the Company together with Company's profile.

CHASHMA SUGAR MILLS LIMITED

FORM - 34

PATTERN OF SHAREHOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2015

SHARE HOLDERS	SHAREHOLDING					TOTAL SHARESHELD
144	From	1	to	100	Shares	10,584
531	From	101	to	500	Shares	236,623
123	From	501	to	1,000	Shares	116,977
129	From	1,001	to	5,000	Shares	347,835
26	From	5,001	to	10,000	Shares	196,500
26	From	10,001	to	20,000	Shares	394,206
7	From	20,001	to	25,000	Shares	158,264
3	From	25,001	to	30,000	Shares	83,000
5	From	30,001	to	35,000	Shares	166,000
4	From	35,001	to	40,000	Shares	148,400
4	From	40,001	to	60,000	Shares	190,000
1	From	60,001	to	70,000	Shares	69,000
1	From	70,001	to	80,000	Shares	76,500
1	From	80,001	to	85,000	Shares	81,800
5	From	85,001	to	125,000	Shares	495,986
7	From	125,001	to	200,000	Shares	1,011,500
3	From	200,001	to	310,000	Shares	872,000
5	From	310,001	to	450,000	Shares	1,958,964
5	From	625,001	to	2,000,000	Shares	4,736,386
2	From	2,000,001	to	above	Shares	17,341,475
1,032						**28,692,000**

Categories of Shareholders	Numbers	Shares Held	Percentage
Associated Compaines	4	19,111,834	66.61
NIT and ICP			
Directors & Relatives	12	4,175,719	14.55
Executive			
Public Sector Companies & Corporation	5	1,051,185	3.66
Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and	6	45,600	0.16
Individuals	1,003	4,012,662	13.99
Charitable Trusts	2	295,000	1.03
	1,032	**28,692,000**	**100.00**

Categories of Shareholders	Numbers		Shares Held		Percentage of Paid-up Capital
Associated Companies, Undertakings and Related Parties	**4**		**19,111,834**		**66.61**
Phipson & Co. (Pak) (Pvt.) Limited		307,500		1.07	
Azlak Enterprises (Pvt) Limited		1,462,859		5.10	
The Premier Sugar Mills & Distillery Co., Ltd.		13,751,000		47.93	
Syntronics Limited		3,590,475		12.51	
Directors & Relatives	**12**		**4,001,719**		**13.95**
Public Sector Companies and Corporations	**5**		**34,900**		**0.12**
Asif Mushtaq & Company		1,500		0.01	
Shakil Express (Pvt) Ltd.		17,700		0.06	
Neelam Textile Mills Ltd.		12,400		0.04	
Amer Cotton Mills (Pvt) Ltd.		300		0.00	
Fikree's (SMC) (Pvt) Limited		3,000		0.01	
Banks, Development Finance Instituions, Non Banking Financial Instituitions, Insurance Companies, Modarabas and Mutual Funds	**6**		**945,421**		**3.31**
National Bank of Pakistan (Pension Fund)		86,142		0.30	
National Bank of Pakistan (Emp Benevolent Fund)		3,023		0.01	
National Bank of Pakistan		529		0.00	
Trustee National Investment (Unit) Trust		852,227		2.97	
IDBP (ICP) Unit		3,200		0.01	
State life Insurance Co. of Pakistan		300		0.00	
Individuals	**1,003**		**4,303,126**		**14.99**
Charitable Trusts	**2**		**295,000**		**1.03**
Sarfaraz District Hospital Charity Fund		290,000		1.01	
Trustees Moosa Lawari Foundation		5,000		0.02	
	1,032		**28,692,000**		**100.00**

Shareholders holding 10% or more voting Intesrest in the Company

The Premier Sugar Mills & Distillery Co., Ltd	13,751,000	47.93
Syntronics Limited	3,590,475	12.51

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of the Lahore, Karachi and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Sher Ali Jaffar Khan.
Executive Directors	Mr. Aziz Sarfaraz Khan, Mr. Abdul Qadar Khattak
Non-Executive Directors	Mr. Abbas Sarfaraz Khan, Begum Laila Sarfaraz, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz, Mr. Iskander M. Khan, Mr. Baber Ali Khan.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed Companies including this Company.

3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he/she, being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. While almost all the Directors are professionals and senior executives who possess wide experience and awareness of the duties of directors. Nevertheless training of directors is an on-going process and the Company intends to comply with the directors' training as required by the Code and completion of certification within the prescribed period of 30th September, 2015.

7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated among the directors.

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the corporate and other laws if any.

10. There was no new appointment of Company Secretary, CFO and Head of Internal Audit Department made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee, which is composed of non-executive directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

17. While almost all the directors are professionals and senior executives who possess wide experience and awareness of the duties of directors. Nevertheless training of the directors is an on-going process and the Company intends to comply with the directors' training as required by the code and completion of certification within the prescribed period.

18. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom one as executive director and the chairman of the Committee is a non-executive director.

19. The Board has set-up an effective internal audit function.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange (s).

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange (s).

24. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Islamabad
29 December, 2015

(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

CHASHMA SUGAR MILLS LIMITED
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of CHASHMA SUGAR MILLS LIMITED (the Company) for the year ended September 30, 2015 to comply with the requirements of Regulation No.35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended September 30, 2015.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;
30 December, 2015

CHASHMA SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CHASHMA SUGAR MILLS LIMITED** (the Company) as at September 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Hameed Chaudhri &co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE;
30 December, 2015

CHASHMA SUGAR MILLS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER, 2015

		2015	2014
ASSETS	**Note**	**(Rupees in thousand)**	
Non-current assets			
Property, plant and equipment	5	6,764,869	6,368,487
Intangible assets	6	983	233
Security deposits		4,158	4,128
		6,770,010	6,372,848
Current assets			
Stores and spares	7	267,775	294,389
Stock-in-trade	8	2,044,696	1,703,189
Trade debts	9	341,109	177,856
Loans and advances	10	213,904	185,188
Prepayments and other receivables	11	282,100	152,088
Tax refunds due from the Government	12	265,502	295,576
Bank balances	13	79,943	122,290
		3,495,029	2,930,576
TOTAL ASSETS		10,265,039	9,303,424
EQUITY AND LIABILITIES			
Equity			
Authorised capital			
50,000,000 (2014: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital			
28,692,000 (2014: 28,692,000) ordinary shares of Rs.10 each	14	286,920	286,920
General reserve		327,000	327,000
Unappropriated profit / (accumulated loss)		320,253	(18,206)
Shareholders' Equity		934,173	595,714
Surplus on revaluation of property, plant and equipment	15	1,687,232	1,827,423
Non-current liabilities			
Long term finances	16	1,765,383	2,027,408
Loans from related parties	17	437,000	437,000
Liabilities against assets subject to finance lease	18	18,688	17,054
Deferred taxation	19	669,911	742,210
		2,890,982	3,223,672
Current liabilities			
Trade and other payables	20	339,295	367,373
Accrued mark-up	21	183,281	203,522
Short term borrowings	22	3,816,799	2,930,723
Current maturity of non-current liabilities	23	413,277	154,997
		4,752,652	3,656,615
Total liabilities		7,643,634	6,880,287
TOTAL EQUITY AND LIABILITIES		10,265,039	9,303,424
Contingencies and commitments	24		

The annexed notes form an integral part of these financial statements.

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales - net	25	**7,559,896**	5,831,752
Cost of Sales	26	**(7,102,310)**	(5,725,768)
Gross Profit		**457,586**	105,984
Distribution Cost	27	**(56,533)**	(67,121)
Administrative Expenses	28	**(210,731)**	(175,782)
Other Income	29	**402,584**	222,229
Other Expenses	30	**(6,860)**	(1,038)
Profit from Operations		**586,046**	84,272
Finance Cost	31	**(460,077)**	(359,298)
Profit / (Loss) before Taxation		**125,969**	(275,026)
Taxation	32	**48,128**	146,407
Profit / (Loss) after Taxation		**174,097**	(128,619)
Other Comprehensive Income		**0**	0
Total Comprehensive Income / (Loss)		**174,097**	(128,619)
		------- Rupees -------	
Earnings / (Loss) per Share	33	**6.07**	(4.48)

The annexed notes form an integral part of these financial statements.

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	2015	2014
Cash flow from operating activities	**(Rupees in thousand)**	
Profit / (loss) for the year - before taxation	**125,969**	(275,026)
Adjustments for non-cash charges and other items:		
Depreciation	**400,852**	392,662
Amortisation of intangible assets	**550**	117
Profit on deposit accounts	**(7,281)**	(4,765)
Gain on sale of vehicles	**(904)**	(223)
Finance cost	**456,492**	355,501
Profit before working capital changes	**975,678**	468,266
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spares	**26,614**	166,770
Stock-in-trade	**(341,507)**	(384,521)
Trade debts	**(163,253)**	141,661
Loans and advances	**(28,716)**	(30,847)
Prepayments and other receivables	**(130,012)**	(63,922)
Sales tax refundable - net	**81,693**	(166,687)
(Decrease) / increase in trade and other payables	**(28,078)**	91,686
	(583,259)	(245,860)
Cash generated from operations	**392,419**	222,406
Income tax paid	**(51,619)**	(93,101)
Security deposits	**(30)**	(124)
Net cash generated from operating activities	**340,770**	129,181
Cash flow from investing activities		
Purchase of property, plant and equipment	**(797,380)**	(1,753,373)
Intangible assets acquired	**(1,300)**	(350)
Sale proceeds of vehicles	**1,050**	2,836
Profit on bank deposits received	**7,281**	4,765
Net cash used in investing activities	**(790,349)**	(1,746,122)
Cash flow from financing activities		
Long term finances - net	**(4,517)**	1,040,414
Lease finances - net	**2,406**	12,655
Short term borrowings - net	**867,948**	979,245
Dividend paid	**0**	(2)
Finance cost paid	**(476,733)**	(272,215)
Net cash generated from financing activities	**389,104**	1,760,097
Net (decrease) / increase in cash and cash equivalents	**(60,475)**	143,156
Cash and cash equivalents - at beginning of the year	**113,916**	(29,240)
Cash and cash equivalents - at end of the year	**53,441**	113,916
Cash and cash equivalents comprised of:		
Bank balances	**79,943**	122,290
Temporary bank overdrafts	**(26,502)**	(8,374)
	53,441	113,916

The annexed notes form an integral part of these financial statements.

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Total
	---------------- Rupees in thousand ----------------			
Balance as at September 30, 2013	286,920	327,000	(69,526)	544,394
Total comprehensive loss for the year ended September 30, 2014	0	0	(128,619)	(128,619)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net of deferred taxation	0	0	179,939	179,939
Balance as at September 30, 2014	286,920	327,000	(18,206)	595,714
Total comprehensive income for the year ended September 30, 2015	0	0	174,097	174,097
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net of deferred taxation	0	0	164,362	164,362
Balance as at September 30, 2015	**286,920**	**327,000**	**320,253**	**934,173**

The annexed notes form an integral part of these financial statements.

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

1. LEAGAL STATUS AND NATURE OF BUSINESS

1.1 Chashma Sugar Mills Limited (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 all Stock Exchanges in Pakistan. 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.

1.2 The Premier Sugar Mills & Distillery Company Limited (PSM) directly and indirectly controls / beneficially owns more than fifty percent of the Company's paid-up capital and also has the power to elect and appoint more than fifty percent of the Company's directors; accordingly, the Company has been treated a Subsidiary of PSM with effect from the financial year ended September 30, 2010.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

e) Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and legal Advisors' judgment, appropriate provision is made.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

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

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on October 01, 2014:

(a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 ,'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on October 01, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

(a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.

(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.

(c) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34,'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment and depreciation

Owned assets

These, other than freehold land, buildings & roads, plant & machinery and generators, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings & roads, plant & machinery and generators are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is taken to profit and loss account over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 5.1 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-

Finance cost and depreciation on leased assets are taken to profit and loss account.

4.2 Intangible assets and amortisation thereon

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is taken to profit and loss account applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 6.1.

4.3 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Finished goods	- At lower of cost and net realisable value.
Sugar-in-process	- At cost.
Molasses	- At net realisable value.

- Cost in relation to finished goods and sugar-in-process represents the annual average manufacturing cost, which consists of prime cost and appropriate production overheads.
- Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

4.5 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash & bank balances and temporary bank overdrafts.

4.7 Borrowings and borrowing cost

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.8 Staff retirement benefits (defined contribution plan)

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 8.25% of the basic salaries both by the employees and the Company.

4.9 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.11 Taxation

Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

4.12 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.13 Financial instruments

Financial instruments include security deposits, trade debts, loans & advances, other receivables, bank balances, long term finances, loans from related parties, lease finances, trade & other payables, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.15 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.16 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded on dispatch of goods.
- Income on deposit / saving accounts is accounted for on 'accrual basis'.

4.18 Development expenditure

Expenditure incurred on development of sugar cane is expensed in the year of

4.19 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure, the Company has been organised in two operating segments i.e. sugar and spirit.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		(Rupees in thousand)	
Operating fixed assets - tangible	5.1	**5,213,269**	3,765,102
Capital work-in-progress	5.5	**1,550,570**	2,601,473
Stores held for capital expenditure		**1,030**	1,912
		6,764,869	6,368,487

5.1 Operating fixed assets - tangible

	Owned									Leased	
	Freehold land	Buildings and roads	Plant and machinery	Genera-tors	Electric installati-ons	Office equip-ment	Farm equip-ment	Furniture and fixtures	Vehicles	Vehicles	Total
	---- Rupees in thousand ----										
As at September 30, 2013											
Cost / revaluation	279,654	803,035	3,525,458	11,238	165,131	31,731	962	20,025	51,322	23,848	4,912,404
Accumulated depreciation	0	(190,110)	(454,134)	(2,562)	(90,700)	(14,052)	(288)	(11,636)	(30,289)	(6,410)	(800,181)
Book value as at September 30, 2013	279,654	612,925	3,071,324	8,676	74,431	17,679	674	8,389	21,033	17,438	4,112,223
Year ended September 30, 2014:											
Additions	110	0	0	6,833	4,138	5,255	0	2,361	799	28,658	48,154
Disposals											
- cost	0	0	0	0	0	0	0	0	(2,599)	(3,472)	(6,071)
- depreciation	0	0	0	0	0	0	0	0	2,097	1,361	3,458
Depreciation charge for the year	0	(61,293)	(307,132)	(1,551)	(7,630)	(2,106)	(67)	(970)	(4,246)	(7,667)	(392,662)
Book value as at September 30, 2014	279,764	551,632	2,764,192	13,958	70,939	20,828	607	9,780	17,084	36,318	3,765,102
Year ended September 30, 2015:											
Additions	0	281,904	1,422,877	0	127,065	6,502	0	1,229	947	8,641	1,849,165
Disposals											
- cost	0	0	0	0	0	0	0	0	(2,238)	0	(2,238)
- depreciation	0	0	0	0	0	0	0	0	2,092	0	2,092
Depreciation charge for the year	0	(62,211)	(311,991)	(1,396)	(10,278)	(2,398)	(61)	(1,052)	(3,475)	(7,990)	(400,852)
Book value as at September 30, 2015	279,764	771,325	3,875,078	12,562	187,726	24,932	546	9,957	14,410	36,969	5,213,269
As at September 30, 2015											
Cost / revaluation	279,764	1,084,939	4,948,335	18,071	296,334	43,488	962	23,615	48,231	57,675	6,801,414
Accumulated depreciation	0	(313,614)	(1,073,257)	(5,509)	(108,608)	(18,556)	(416)	(13,658)	(33,821)	(20,706)	(1,588,145)
Book value	279,764	771,325	3,875,078	12,562	187,726	24,932	546	9,957	14,410	36,969	5,213,269
Depreciation rate (%)	0	10	10	10	10	10	10	10	20	20	

5.2 Had the revalued fixed assets of the Company been recognised under the cost model, the carrying values of these assets would have been as follows:

	2015	2014
	(Rupees in thousand)	
- freehold land	**71,795**	71,795
- buildings & roads	**435,223**	178,185
- plant and machinery	**2,037,870**	722,850
- generator	**10,487**	11,652
	2,555,375	984,482

5.3 Depreciation for the year has been allocated as follows:

Cost of sales	**385,937**	376,860
Administrative expenses	**14,915**	15,802
	400,852	392,662

5.4 Disposal of vehicles

Particulars	Cost	Accumu-lated deprec-iation	Book value	Sale proc-eeds	Gain	Sold through negotiation to:
	------- Rupees in thousand -------					
Owned						
Toyota Corolla	571	567	4	425	421	Mr. Mohammad Tehseen, Mardan.
Honda Civic	1,156	1,068	88	125	37	Mr. Fazl-e-Khaliq, Mardan.
Pothohar Jeep	305	252	53	165	112	Mr. Pir Wali Khan, Kohat.
Toyota Land Cruiser	206	205	1	335	334	-do-
	2,238	**2,092**	**146**	**1,050**	**904**	
2014	6,071	3,458	2,613	2,836	223	

5.5 Capital work-in-progress

	Note	2015	2014
		(Rupees in thousand)	
Buildings on freehold land		**255,453**	384,165
Plant and machinery	**5.6**	**1,068,246**	1,874,070
Electric installations		**90,742**	152,080
Vehicles - leased		**8,212**	1,827
Un-allocated capital expenditure - net	**5.8**	**0**	171,395
Advance payments:			
-freehold land		**13,131**	421
-buildings on freehold land		**11,957**	12,604
-plant and machinery		**102,829**	4,911
		127,917	17,936
		1,550,570	2,601,473

5.6 Plant and machinery additions for the year include mark-up on long term finances aggregating Rs.156.985 million; (2014: plant and machinery additions grouped under the head capital work-in-progress included mark-up on long term finances aggregating Rs.178.937 million); the rates of mark-up have been disclosed in note 16.

5.7 Un-allocated capital expenditure - net

	Balance as at September 30, 2014	Expenditure incurred during October 01, 2014 to June 30, 2015	Total
	----------(Rupees in thousand)----------		
Salaries and benefits	37,002	31,037	68,039
Fee for soil testing	750	0	750
Consultancy fee for Ethanol Fuel Plant and other charges	6,483	900	7,383
Damages to buildings, plant & machinery and stores due to riots - net of insurance claim amounting Rs.13 million (2014: Rs. 17 million)	30,623	(13,000)	17,623
Compensation paid to affectees	29,003	0	29,003
Mark-up on short term borrowings	29,377	50,414	79,791
Penalty imposed by the State Bank of Pakistan due to non-export of spirit - net	5,517	31,753	37,270
Other expenses	42,141	50,201	92,342
	180,896	151,305	332,201
Less: sale of spirit during trial run operations	9,501	203,663	213,164
	171,395	(52,358)	119,037

5.8 The installation of Ethanol Fuel Plant of 125,000 litres per day has been completed during the current year; trial run operations of this Plant continued till June 30, 2015. Unallocated capital expenditure aggregating Rs.119.037 million (net) on the said date have been allocated to buildings, plant & machinery and electric installations. The installation of Bio Gas Plant and Waste Water Treatment Plant is in progress.

6. INTANGIBLE ASSETS - Computer softwares

	2015	2014
	(Rupees in thousand)	
Cost at beginning of the year	**6,942**	6,592
Additions during the year	**1,300**	350
Cost at end of the year	**8,242**	6,942
Less: amortisation:		
- at beginning of the year	**6,709**	6,592
- charge for the year	**550**	117
-at end of the year	**7,259**	6,709
Book value as at September 30 ,	**983**	233

6.1 Amortisation is charged to income applying the straight-line method at the rate of 33.33% per annum.

7. STORES AND SPARES

	2015	2014
Stores including in-transit inventory valuing Rs. Nil (2014: Rs.4.955 million)	**239,373**	264,158
Spares	**28,402**	30,231
	267,775	294,389

8. STOCK-IN-TRADE

	2015	2014
Finished goods		
- sugar	**2,016,765**	1,690,948
- spirit	**17,694**	0
	2,034,459	1,690,948
Sugar-in-process	**10,237**	12,241
	2,044,696	1,703,189

9. TRADE DEBTS - Unsecured, considered good

9.1 Year-end balance of trade debts includes a debt amounting Rs.22.300 million (2014: Rs.32.300 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. The debtor, during the current year, has paid amounts aggregating Rs. 10 million to the Company.

9.2 The year-end balance of trade debts includes debtors aggregating Rs.79.097 million relating to spirit customers.

10. LOANS AND ADVANCES

	Note	2015	2014
		(Rupees in thousand)	
Advance payments to:			
- employees		**5,223**	6,732
- suppliers and contractors	10.1	**211,099**	180,874
Due from an Associated Company	10.2	**19**	19
		216,341	187,625
Less: provision for doubtful advances		**2,437**	2,437
		213,904	185,188

10.1 These are unsecured and considered good except for Rs.2.437 million (2014: Rs.2.437 million), which have been fully provided for in the books of account.

10.2 This represents due from Syntron Limited in respect of current account transactions.

10.3 (a) 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 year were as follows:

	2015	2014
The Holding Company		
- sale of goods	**3,538**	1,893
- sale of stores	**179**	2,651
- purchase of stores	**6,295**	2,991
- mark-up expensed	**28,494**	32,159
Associated Companies		
- purchase of goods	**73,638**	76,897
- mark-up expensed	**15,204**	17,904
- services received	**9,439**	0

(b) Maximum aggregate debit balance of the Holding Company and Associated Companies at any month-end during the year was Rs.1.766 million (2014: Rs.2.536 million).

11. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2015	2014
Prepayments		**3,935**	2,454
Sugar export subsidy receivable	11.1	**275,335**	146,889
Others		**2,830**	2,745
		282,100	152,088

11.1 This represents subsidy receivable from the Ministry of Commerce, Government of Pakistan against export of sugar at the following rates:

- financial year ended September 30, 2013 at the rate of Rs. 1.75 per kg
- financial year ended September 30, 2014 at the rate of Re. 1.00 per kg
- financial year ended September 30, 2015 at the rate of Rs. 10.00 per kg

The Company, during the current year, has accrued further subsidy aggregating Rs.216.090 million and received subsidy aggregating Rs.87.645 million.

12. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2015	2014
		(Rupees in thousand)	
Income tax refundable, advance tax and tax deducted at source		**154,754**	103,135
Sales tax refundable		**110,748**	192,441
		265,502	295,576

13. BANK BALANCES

	Note	2015	2014
Cash at banks on:			
- current accounts	13.1	69,734	31,842
- PLS accounts	13.2	9,984	71,828
- deposit accounts	13.2	225	18,620
		79,943	122,290

13.1 These include dividend account balance of Rs.1.722 million (2014: Rs.1.722 million).

13.2 These carry profit at the rates ranging from 3.76% to 4.94% (2014: 7%) per annum.

14. SHARE CAPITAL

	2015	2014
	(Number of shares)	
Ordinary shares held by the related parties at the year-end are as follows:		
Holding Company		
- The Premier Sugar Mills & Distillery Co. Ltd.	**13,751,000**	13,751,000
Associated Companies		
- Azlak Enterprises (Pvt.) Ltd.	**1,462,859**	1,462,859
- Phipson & Co. Pakistan (Pvt.) Ltd.	**307,500**	307,500
- Syntronics Ltd.	**3,590,475**	3,590,475
	19,111,834	19,111,834

15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

15.1 The Company had revalued its freehold land, buildings & roads and plant & machinery of its Unit-I on March 31, 2008, which resulted in revaluation surplus aggregating Rs.957.702 million. The Company as at September 30, 2011 had also revalued the aforementioned fixed assets of its both Units, which resulted in revaluation surplus aggregating Rs.880.755 million. These fixed assets were revalued by independent Valuers on the basis of replacement value / depreciated market values.

15.2 The Company as at September 30, 2013 has again revalued the aforementioned fixed assets of its both Units. The revaluation exercise has been carried-out by Independent Valuers - K.G. Traders (Pvt.) Ltd., Clifton Centre, Khayaban-e-Roomi, Clifton, Karachi. Freehold land has been revalued on the basis of current market value whereas buildings & roads and plant & machinery have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs. 1.594 billion has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2015	2014
	(Rupees in thousand)	
Opening balance	**2,625,064**	2,893,630
Less: transferred to unappropriated profit / accumulated loss on account of incremental depreciation for the year	**(241,709)**	(268,566)
	2,383,355	2,625,064
Less: deferred tax on:		
- opening balance of surplus	**797,641**	913,125
- incremental depreciation for the year	**(77,347)**	(88,627)
	720,294	824,498
	1,663,061	1,800,566
Resultant adjustment due to reduction in tax rate	**24,171**	26,857
Closing balance	**1,687,232**	1,827,423

16. LONG TERM FINANCES - Secured

From banking companies	Note	2015	2014
		(Rupees in thousand)	
Bank Alfalah Limited: (BAL)			
- Term finance	16.1	200,000	250,000
Bank Al-Habib Limited: (BAH)			
- Fixed loan	16.2	101,884	113,204
- Long term finance [(LTFF) - SBP]	16.2	362,067	364,810
		463,951	478,014
Faysal Bank Limited: (FBL)			
- Term finance	16.3	499,964	499,964
Soneri Bank Limited: (SBL)			
- Term finance	16.4	141,139	130,674
- LTFF (ERF)	16.4	345,581	240,595
		486,720	371,269
The Bank of Khyber: (BoK)			
- Demand finance	16.5	68,896	124,013
The Bank of Punjab: (BoP)			
- Demand finance	16.6	92,472	92,472
- LTFF	16.6	355,856	356,644
		448,328	449,116
		2,167,859	2,172,376
Less: current maturity grouped under current liabilities including an overdue instalment amounting Rs.25 million (2014: Rs.25 million)		402,476	144,968
		1,765,383	2,027,408

16.1 This term finance has been obtained for purchase of plant and machinery and is repayable in 10 equal half-yearly instalments with effect from September, 2014. These finances carry mark-up at the rate of 6-months KIBOR plus 2% per annum; the effective mark-up rates during the year ranged from 9.05% to 12.18% (2014: 11.06% to 12.18%) per annum and are secured against first registered joint pari passu charge on present and future fixed assets of the Company for Rs.386.670 million.

16.2 Fixed loan and LTFF (SBP) finance facilities aggregate Rs.500 million and are being utilised for establishment of ethanol plant. The finance facilities tenor is seven years with two years grace period from the date of first disbursement and are secured against joint pari passu charge over fixed assets of the Company; BAH's share amounts to Rs.933.333 million. Fixed loan carries mark-up at the rate of 6-months average KIBOR plus 1.5%; the effective mark-up rates during the year ranged from 8.50% to 11.67%

(2014: 10.52% to 11.67%) per annum. LTFF (SBP) finance facility carries mark-up at SBP rate + 3%; the effective mark-up rate during the year was 11.40% (2014: 11.40%) per annum.

16.3 Term finance facility available from FBL amounts to Rs.500 million and has been obtained for setting-up Ethanol Fuel Plant. The finance facility's tenor is five years including two years grace period and is secured against joint pari passu hypothecation and mortgage charge over all fixed assets of the Company for Rs. 667 million. The finance facility carries mark-up at the rate of 6-months KIBOR plus 1.5% per annum; the effective mark-up rates during the year ranged from 9.50% to 11.69% (2014: 11.05% to 11.69%) per annum.

16.4 Term finance and LTFF (ERF) facilities available from SBL aggregate Rs.500 million and have been obtained to finance plant and machinery. The finance facilities tenor is seven years with two years grace period and are secured against joint pari passu charge of Rs.666.667 million over present and future fixed assets of the Company. Term finance carries mark-up at the rate of 6-months KIBOR + 1.75%; the effective mark-up rates during the year ranged from 8.80% to 11.93% (2014: 10.92% to 11.93%) per annum. LTFF (ERF) carries mark-up at SBP rate + 3%; the effective mark-up rates during the year ranged from 9% to 11.40% (2014: 9% to 11.40%) per annum.

16.5 Demand finance facility available from BoK for purchase of plant & machinery amounts to Rs.250 million and carries mark-up at the rate of 6-months KIBOR plus 2% with no floor and no cap; the effective mark-up rates during the year ranged from 9.05% to 12.18% (2014: 11.06% to 12.18%) per annum. The finance facility is repayable in 16 equal quarterly instalments commenced from January, 2013 and is secured against first registered pari passu charge for Rs.350 million over all present and future fixed assets of the Company.

16.6 Demand finance and LTFF finance facilities available from BoP aggregate Rs.500 million and have been obtained to finance distillery / ethanol plant being established by the Company. The finance facilities tenor is seven years with two years grace period and are secured against joint pari passu hypothecation charge over fixed assets of the Company for Rs.666.670 million. Demand finance carries mark-up at the rate of 6-months KIBOR + 1.3%; the effective mark-up rates during the year ranged from 8.35% to 11.48% (2014: 10.62% to 11.48%) per annum. LTFF carries mark-up at SBP rate + 3%; the effective mark-up rate during the year was 11.40% (2014: 11.40%) per annum.

17. LOANS FROM RELATED PARTIES - Secured

	Note	2015	2014
		(Rupees in thousand)	
Holding Company			
The Premier Sugar Mills & Distillery Co. Ltd. **(PSM)**	17.1	**279,500**	279,500
Associated Companies			
Premier Board Mills Ltd. **(PBM)**	17.2	**113,750**	113,750
Arpak International Investments Ltd. **(AIIL)**	17.3	**43,750**	43,750
		437,000	437,000

17.1 The Company and PSM have entered into a loan agreement on May 20, 2008 whereby PSM has advanced amounts aggregating Rs.322.500 million to the Company. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rates charged by PSM during the year ranged from 8.51% to 11.71% (2014: 10.94% to 11.67%) per annum. As per the previous loan agreement, the loan was repayable in 8 equal half-yearly instalments with effect from August, 2013; however, the Company has made repayments aggregating Rs.43 million upto September 30, 2013. The Company and PSM have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing February, 2017. The loan is secured against a promissory note of Rs.397.810 million.

17.2 The Company and PBM have entered into a loan agreement on May 20, 2008 whereby PBM has advanced amounts aggregating Rs.130 million to the Company. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rates charged by PBM during the year ranged from 8.24% to 11.62% (2014: 10.44% to 11.63%) per annum. As per the previous loan agreement, the loan was repayable in 8 equal half-yearly instalments with effect from May, 2013. The Company and PBM have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.268.031 million.

17.3 The Company and AIIL have entered into a loan agreement on May 20, 2008 whereby AIIL has advanced amounts aggregating Rs.50 million to the Company. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rates charged by AIIL during the year ranged from 8.24% to 11.62% (2014: 10.44% to 11.63%) per annum. As per the previous loan agreement, the loan was repayable in 8 equal half-yearly instalments with effect from May, 2013. The Company and AIIL have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.55.615 million.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2015			2014		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	----- Rupees in thousand -----					
Minimum lease payments	**14,797**	**27,896**	**42,693**	13,372	25,915	39,287
Less: finance cost allocated to future periods	**2,540**	**2,413**	**4,953**	2,774	2,922	5,696
	12,257	**25,483**	**37,740**	10,598	22,993	33,591
Less: security deposits adjustable on expiry of lease terms	**1,456**	**6,795**	**8,251**	569	5,939	6,508
Present value of minimum lease payments	**10,801**	**18,688**	**29,489**	10,029	17,054	27,083

18.1 The Company has entered into lease agreements with Bank Al-Habib Ltd., Faysal Bank Ltd. and MCB Bank Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by September, 2019 and are subject to finance cost at the rates ranging from 5.71% to 10.18% (2014: 6.03% to 17.00%) per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

19. DEFERRED TAXATION - Net

	Note	2015	2014
		(Rupees in thousand)	
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**366,876**	207,066
- surplus on revaluation of property, plant and equipment		**696,123**	797,641
- lease finances		**0**	900
		1,062,999	1,005,607
Deductible temporary differences arising in respect of:			
- provision for doubtful advances		**(780)**	(804)
- unused tax losses	**19.1**	**(81,022)**	0
- minimum tax recoverable against normal tax charge in future years	**19.1**	**(284,828)**	(207,162)
- tax credit for investment in plant and machinery		**(26,212)**	(55,431)
- lease finances		**(246)**	0
		(393,088)	(263,397)
		669,911	742,210

19.1 As at September 30, 2015, deferred tax asset amounting Rs.197.944 million on unused tax losses has not been recognised in the financial statements on the ground of prudence; (2014: deferred tax asset amounting Rs.202.509 million on unused tax losses and Rs. 36.205 million on minimum tax recoverable against normal tax charge in future years was not recognised in the financial statements). The management intends to re-assess the recognition of deferred tax asset as at September 30, 2016.

Deferred tax liability as at September 30, 2015 and September 30, 2014 represents deferred tax on surplus on revaluation of property, plant and equipment and on tax credit available under section 65B of the Income Tax Ordinance, 2001.

20. TRADE AND OTHER PAYABLES

	Note	2015	2014
		(Rupees in thousand)	
Creditors		**214,452**	252,101
Due to related parties	20.1	**9,615**	28,005
Accrued expenses		**59,620**	35,124
Retention money		**26,196**	21,616
Security deposits - interest free repayable on demand		**778**	743
Advance payments		**3,549**	4,498
Income tax deducted at source		**2,097**	814
Workers' (profit) participation fund	20.2	**10,490**	3,439
Workers' welfare fund	32.9	**0**	11,633
Unclaimed dividends		**3,274**	3,274
Due to employees		**9,224**	6,126
		339,295	367,373

20.1 This represents amounts due to:

	2015	2014
The Holding Company		
- The Premier Sugar Mills & Distillery Company Ltd.	**0**	846
Associated Companies		
- Phipson & Co. Pakistan (Pvt.) Ltd.	**0**	185
- Syntronics Ltd.	**0**	26,897
- The Frontier Sugar Mills & Distillery Ltd.	**0**	77
- Azlak Enterprises (Pvt.) Ltd.	**9,439**	0
- Arpak International Investments Ltd.	**176**	0
	9,615	28,005

20.2 Workers' (profit) participation fund

	2015	2014
Opening balance	**3,439**	3,046
Add: interest on funds utilised in the Company's business	**421**	393
	3,860	3,439
Add: allocation for the year	**6,630**	0
Closing balance	**10,490**	3,439

21. ACCRUED MARK-UP

	Note	2015	2014
		(Rupees in thousand)	
Mark-up accrued on:			
- long term finances		**62,043**	74,677
- loans from related parties		**34,022**	38,170
- short term borrowings		**87,216**	90,675
		183,281	203,522

22. SHORT TERM BORROWINGS

	Note	2015	2014
Secured	22.1	**3,790,297**	2,922,349
Un-secured	22.2	**26,502**	8,374
		3,816,799	2,930,723

22.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.6,750 million (2014: Rs.5,850 million) and, during the year, carried mark-up at the rates ranging from 4.50% to 14.00% (2014: 8.50% to 12.18%) per annum. Facilities available for opening letters of credit aggregate Rs.352 million (2014: Rs.625 million). These facilities are secured against charge over the Company's current assets, lien over export documents, pledge of white refined sugar stocks and banks' lien over import documents. These facilities are expiring on various dates by August 31, 2016.

22.2 These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in the bank accounts.

23. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2015	2014
Long term finances	16	**402,476**	144,968
Liabilities against assets subject to finance lease	18	**10,801**	10,029
		413,277	154,997

24. CONTINGENCIES AND COMMITMENTS

24.1 The Company, during the period from July, 2008 to September, 2010, had paid special excise duty (the duty) on sugar at value higher than the value fixed by the Federal Board of Revenue vide SRO. No. 564(I)/2006 dated June 05, 2006. This resulted in excess payment of duty amounting Rs.35.825 million. The refund application was submitted to the Deputy Commissioner Inland Revenue (DCIR), who had rejected the application. The Company had filed an appeal before the Commissioner Inland Revenue - Appeals [CIR(A)] against the impugned order. The CIR(A), during the financial year ended September 30, 2013, had upheld the order of DCIR. The Company, thereafter, has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), Peshawar Bench, which has heard and reserved the judgment on June 19, 2013. The Company's legal Advisors are of the opinion that in view of highly meritorious arguments placed before the Tribunal, the Company's refund claim shall be sanctioned.

24.2 The Company's appeal is pending adjudication before the ATIR against order passed by the CIR(A), who has 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.

24.3 A sales tax appeal of the Company is pending before the ATIR against order passed by the CIR(A), who has reduced the assessed amount from Rs.36.842 million to Rs.28.063 million vide order dated December 02, 2014.

24.4 A sales tax appeal of the Company is pending before the ATIR against order passed by the CIR(A), who has upheld the assessment order passed by the DCIR dated September 10, 2014 and the Company was directed to pay Rs.30.021 million.

24.5 A sales tax appeal of the Company is pending before the ATIR against order passed by the CIR(A), who has upheld the assessment order passed by the Officer Inland Revenue dated November 26, 2014 for claiming input tax adjustment of Rs. 0.880 million.

24.6 A sales tax appeal of the Company is pending before the ATIR against order passed by the CIR(A) on May 26, 2015 under section 37A(4) of the Sales Tax Act, 1990.

24.7 The Company, by filing a writ petition before the Peshawar High Court, has challenged the Notification issued by the Government of Khyber Pakhtunkhwa (KPK) dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by PHC will create additional wage liabilities aggregating Rs.9.682 million approximately. The petition is pending adjudication.

Commitments in respect of :	**2015**	2014
	(Rupees in million)	
- foreign letters of credit for purchase of plant and machinery	**133.890**	0.000
- in land letters of credit for capital expenditure	**0.000**	100.755
- capital expenditure other than for letters of credit	**61.792**	97.612

24.8 Also refer contents of taxation notes detailed in note 32.

25. SALES - Net

	Note	2015	2014
		(Rupees in thousand)	
Turnover:			
Local		**6,348,673**	2,839,491
Export		**1,424,986**	3,035,726
		7,773,659	5,875,217
Less: sales tax		**213,763**	43,465
		7,559,896	5,831,752

26. COST OF SALES

	Note	2015	2014
Raw materials consumed		**6,454,720**	5,233,444
Chemicals and stores consumed		**173,204**	132,492
Salaries, wages and benefits	**26.1**	**297,867**	257,994
Power and fuel		**35,912**	30,437
Repair and maintenance		**84,894**	66,962
Insurance		**11,283**	8,795
Machinery lease rentals		**0**	3,305
Depreciation	**5.3**	**385,937**	376,860
		7,443,817	6,110,289
Adjustment of sugar-in-process:			
Opening		**12,241**	3,924
Closing		**(10,237)**	(12,241)
		2,004	(8,317)
Cost of goods manufactured		**7,445,821**	6,101,972
Adjustment of finished goods :			
Opening stock		**1,690,948**	1,314,744
Closing stock		**(2,034,459)**	(1,690,948)
		(343,511)	(376,204)
		7,102,310	5,725,768

26.1 These include Rs.3.553 million (2014: Rs.3.361 million) in respect of contribution to staff provident fund.

27. DISTRIBUTION COST

	Note	2015	2014
		(Rupees in thousand)	
Salaries and benefits	27.1	**5,289**	5,119
Commission		**7,674**	2,816
Loading and stacking		**16,724**	12,268
Export development surcharge		**3,111**	7,041
Freight expenses on export of sugar		**11,035**	26,606
Other expenses on export of sugar		**12,700**	13,271
		56,533	67,121

27.1 These include Rs.49 thousand (2014: Rs.49 thousand) in respect of contribution to staff provident fund.

28. ADMINISTRATIVE EXPENSES

	Note	2015	2014
Salaries and benefits	28.1	**141,156**	112,901
Travelling and conveyance:			
- directors'		**12,761**	9,354
- others		**6,501**	3,431
Vehicles' running / maintenance and lease rentals		**9,911**	7,351
Rent, rates and taxes		**729**	2,721
Communication		**5,205**	4,666
Printing and stationery		**4,977**	3,677
Insurance		**835**	1,272
Repair and maintenance		**7,765**	9,203
Fees and subscription		**1,739**	1,756
Depreciation	5.3	**14,915**	15,802
Amortisation of intangible assets	6	**550**	117
Auditors' remuneration	28.2	**1,564**	1,484
Legal and professional charges (other than Auditors)		**1,721**	1,417
General		**402**	630
		210,731	175,782

28.1 These include Rs.1.691 million (2014: Rs.1.485 million) in respect of contribution to staff provident fund.

28.2 Auditors' remuneration:

	Note	2015	2014
		(Rupees in thousand)	
Hameed Chaudhri & Co.			
- statutory audit		**1,110**	1,000
- half yearly review		**200**	190
- consultancy and certification charges		**89**	124
- out-of-pocket expenses		**105**	55
		1,504	1,369
Other Auditors			
- cost audit fee		**40**	40
- provident fund's audit fee		**9**	7
- workers' (profit) participation fund's audit fee		**0**	52
- out-of-pocket expenses		**11**	16
		60	115
		1,564	1,484

29. OTHER INCOME

	Note	2015	2014
Income from financial assets			
Profit on deposit accounts		**7,281**	4,765
Income from other than financial assets			
Sale of press mud - net of sales tax amounting Rs.415 thousand (2014: Rs.310 thousand)		**2,443**	1,825
Gain on sale of vehicles	**5.4**	**904**	223
Seed sales net of expenses		**164,233**	151,873
Sugar export subsidy	**11.1**	**216,090**	62,056
Sale of scrap- 2014 net of sales tax amounting Rs.253 thousand		**0**	1,487
Workers' welfare fund liabilities - reversed	**32.9**	**11,633**	0
		402,584	222,229

30. OTHER EXPENSES

	Note	2015	2014
Donations (without directors' interest)		**230**	1,038
Workers' (profit) participation fund	**20.2**	**6,630**	0
		6,860	1,038

31. FINANCE COST	Note	2015	2014
		(Rupees in thousand)	
Mark-up on:			
- long term finances		**81,673**	55,986
- loans from related parties		**43,698**	50,063
- short term borrowings		**327,729**	246,219
Lease finance charges		**2,971**	2,840
Interest on workers' (profit) participation fund	20.2	**421**	393
Bank charges		**3,585**	3,797
		460,077	359,298

32. TAXATION			
Current:			
- for the year	32.2	**0**	0
- for prior years		**0**	(2,349)
		0	(2,349)
Deferred:			
- resultant adjustment due to reduction in tax rate	15.2	**24,171**	26,857
- on account of temporary differences	19	**(72,299)**	(170,915)
		(48,128)	(144,058)
		(48,128)	(146,407)

32.1 Returns filed by the Company for tax years 2004 to 2015, except for tax years 2011 and 2012, have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

32.2 No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Ordinance aggregating Rs.76.249 million. The required provision for the current year has been fully adjusted against current and preceding years' tax credits for investment in plant & machinery aggregating Rs.102.461 million available under section 65B of the Ordinance.

32.3 A tax reference for the assessment year 1999-2000, filed by the Income Tax Department (the Department), is pending before the Peshawar High Court (PHC); the issue involved is taxation of accumulated profit under section 12(9A) of the repealed Income Tax Ordinance, 1979.

32.4 A tax reference for the assessment year 2002-03, filed by the Department, is pending before the PHC. The amount of revenue involved in the tax reference is Rs.2.993 million, which was initially assessed by the Assessing Officer and later-on annulled by the Commissioner Inland Revenue - Appeals [CIR(A)].

32.5 A reference for the tax year 2006, filed by the Department, is pending before the PHC; the issue involved is regarding deletion of tax amounting Rs.9.082 million under sections 161/205 of the Ordinance by the Appellate Tribunal Inland Revenue (ATIR).

32.6 A writ petition, filed by the Company, is pending before the Islamabad High Court regarding deduction of tax under sections 231A (cash withdrawals from bank) and 235 (electricity consumption) of the Ordinance.

32.7 The Department has filed an appeal before the Supreme Court of Pakistan against judgment of the PHC dated June 18, 2014. The said writ petition was filed before the PHC against selection for audit under section 177 of the Ordinance, which was succeeded and the Department was restrained from audit for the tax year 2009.

32.8 The Company has filed a writ petition before the PHC against selection for audit under sections 177 and 214C of the Ordinance by the Department for the tax year 2011. The PHC has stayed the Department from finalising the proceedings.

32.9 The Department has filed an appeal before the Supreme Court of Pakistan against order passed by the PHC in the tax reference for the tax year 2009. The said tax reference was filed by the Department against the Company challenging decision of the Appellate Tribunal dated August 29, 2012. The workers' welfare fund levy was initially assessed by the Assessing Officer, which was later on annulled by the Commissioner Appeals. Appeal of the Department before the Appellate Tribunal was also dismissed. The Company, during the current year, has written-back the workers' welfare fund liabilities aggregating Rs.11.633 million appearing in its books of account.

32.10 The Department has issued a show cause notice under sections 161/205 of the Ordinance for tax year 2012. The Company had challenged the said show cause notice before the Federal Tax Ombudsman, who, after hearing the complaint, treated the impugned show cause notice as unlawful proceedings and recommended dropping it. The Department has challenged these findings before the President of Pakistan, who has accepted the representation vide order dated December 06, 2013. The Department has created no demand as it was only a show cause notice. The Company, against the Presidential order, has filed a writ petition before the Islamabad High Court, which is pending adjudication.

33. EARNINGS / (LOSS) PER SHARE

	2015	2014
	(Rupees in thousand)	
Profit / (loss) after taxation attributable to ordinary shareholders	**174,097**	(128,619)
	No. of shares	
Weighted average number of shares outstanding during the year	**28,692,000**	28,692,000
	-------- Rupees --------	
Earnings / (loss) per share	**6.07**	(4.48)

33.1 Diluted earnings / (loss) per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2015 and September 30, 2014, which would have any effect on the earnings / (loss) per share of the Company if the option to convert is exercised.

34. SEGMENT INFORMATION

These financial statements have been prepared on the basis of two reportable segments.

Information on assets and liabilities by segment is as follows:

As at September 30, 2015	Sugar	Ethanol	Total
	-------Rupees in thousand-------		
Segment assets	**7,767,161**	**2,497,878**	**10,265,039**
Segment liabilities	**4,752,467**	**2,891,167**	**7,643,634**
As at September 30, 2014			
Segment assets	7,302,758	2,000,666	9,303,424
Segment liabilities	4,389,873	2,490,414	6,880,287

34.1 Sugar sales represent 91.05% (2014: 95.52%) of the total sales of the Company.

34.2 81.15% (2014: 47.94%) of the Company's sales relate to customers in Pakistan.

34.3 All non-current assets of the Company as at September 30, 2015 are located in Pakistan.

34.4 The Company sells sugar to commission agents. Sugar sales to four (2014: five) of the Company's customers during the year aggregated Rs.6,072 million (2014: Rs.2,562 million) constituting 85.69% (2014: 46%) of the total sugar sales. Three (2014: two) of the Company's customers individually exceeded 10% of the sugar sales.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

35.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, stores & spares and export of goods mainly denominated in U.S. $, U.K Pound (GBP) and Euro. The Company's exposure to foreign currency risk at year-end is as follows:

	2015	2014
	(Rupees in thousand)	
Trade debts (U.S. $ 757,829)	**79,097**	0
Outstanding letters of credit (Euro 70,680 and U.S. $ 1,202,888)	**133,890**	0

The following significant average exchange rates have been applied:

	2015	2014
U.S. $ to Rupee	**104.40**	103.90
GBP to Rupee	**162.63**	168.76
Euro to Rupee	**117.55**	136.42

The Company is not exposed to currency risk at the year-end as it has no funded foreign currency liabilities as at September 30, 2015 and September 30, 2014.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2015	2014	**2015**	2014
	Effective rate		**Carrying amount**	
	%	**%**	**(Rupees in thousand)**	
Fixed rate instruments				
Financial assets				
Bank balances	**3.76 to 4.94**	7	**10,209**	90,448
Variable rate instruments				
Financial liabilities				
Long term finances	**8.35 to 12.18**	10.52 to 12.18	**2,167,859**	2,172,376
Loans from related parties	**8.24 to 11.71**	10.44 to 11.67	**437,000**	437,000
Liabilities against assets subject to finance lease	**5.71 to 10.18**	6.03 to 17.00	**29,489**	27,083
Short term borrowings	**4.50 to 14.00**	8.50 to 12.18	**3,790,297**	2,922,349

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2015, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs.64.246 million; (2014: loss after taxation for the year would have been higher / lower by Rs.55.588 million) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk as at September 30, 2015.

35.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, loans & advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2015 along with comparative is tabulated below:

	2015	2014
	(Rupees in thousand)	
Security deposits	**4,158**	4,128
Trade debts	**341,109**	177,856
Loans and advances	**208,681**	178,456
Other receivables	**278,165**	149,634
Bank balances	**79,943**	122,290
	912,056	632,364

The management does not expect any losses from non-performance by these counter parties.

Trade debts exposure by geographic region is as follows:

Domestic	**263,032**	177,856
Export	**78,077**	0
	341,109	177,856

- Export debts of the Company are situated in Asia.
- The ageing of trade debts at the year-end was as follows:

Not past due	**308,539**	108,601
Past due less than 3 months	**75**	0
Past due less than 6 months	**1,064**	1,865
Past due more than 6 months	**31,431**	67,390
	341,109	177,856

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.299.168 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

35.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
2015	------------------------Rupees in thousand				------------------------
Long term finances	**2,167,859**	**2,720,298**	**524,872**	**2,083,580**	**111,846**
Loans from related parties	**437,000**	**540,076**	**36,864**	**503,212**	**0**
Liabilities against assets subject to finance lease	**29,489**	**29,489**	**10,801**	**18,688**	**0**
Trade and other payables	**313,935**	**313,935**	**313,935**	**0**	**0**
Accrued mark-up	**183,281**	**183,281**	**183,281**	**0**	**0**
Short term borrowings	**3,816,799**	**3,897,998**	**3,897,998**	**0**	**0**
	6,948,363	**7,685,077**	**4,967,751**	**2,605,480**	**111,846**
2014					
Long term finances	2,172,376	6,442,364	198,913	5,163,917	1,079,534
Loans from related parties	437,000	782,271	50,734	518,492	213,045
Liabilities against assets subject to finance lease	27,083	27,083	10,029	17,054	0
Trade and other payables	340,863	340,863	340,863	0	0
Accrued mark-up	203,522	203,522	203,522	0	0
Short term borrowings	2,930,723	3,020,659	3,020,659	0	0
	6,111,567	10,816,762	3,824,720	5,699,463	1,292,579

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

35.5 Fair values of financial instruments and hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At September 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

36. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	------------------------------ **Rupees in thousand** ------------------------------					
Managerial remuneration including bonus	**1,200**	1,200	**1,200**	1,200	**26,650**	35,839
Allowances and utilities	**0**	0	**0**	0	**17,034**	12,812
Contribution to provident fund	**0**	0	**0**	0	**1,355**	1,155
Medical expenses reimbursed	**630**	500	**323**	108	**0**	0
	1,830	1,700	**1,523**	1,308	**45,039**	49,806
No. of persons	**1**	1	**4**	4	**22**	23

37.1 The Chief Executive and all the Executives have been provided with free use of the Company maintained cars. Fourteen (2014: Nineteen) of the Executives have also been provided with free housing (with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound).

38. CAPACITY AND PRODUCTION

	2015	2014
Sugar Cane Plant	--------- M.Tons ---------	
Rated crushing capacity (based on 150 working days)	**2,700,000**	2,700,000
Cane crushed	**1,588,226**	1,294,435
Sugar produced	**145,502**	107,775
Ethanol Fuel Plant	--------- Litres ---------	
Rated capacity per day	**125,000**	125,000
Actual production	**8,272,982**	4,540,945
Days worked:	--------- Number ---------	
Unit - I	**117**	109
Unit - II	**125**	111
Ethanol Fuel Plant	**150**	47

38.1 The Government of Khyber Pakhtunkhwa, on April 21, 2015, has granted to the Company D-2 license to manufacture rectified spirit, denatured spirit, B-grade spirit, CO2, fuel oil, fuel ethanol and all distillery products at Ramak on provisional basis for a period of one year with requisite conditions.

39. NUMBER OF EMPLOYEES

	2015	2014
	--------- Number ---------	
Number of persons employed as at September 30,		
- permanent	**864**	849
- contractual	**755**	767
Average number of employees during the year		
- permanent	**859**	860
- contractual	**1,123**	1,106

40. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund for the year ended September 30, 2015 and audited financial statements of the provident fund for the year ended September 30, 2014:

	2015	2014
	(Rupees in thousand)	
Size of the fund - total assets	**66,446**	59,442
Cost of investments made	**48,203**	44,824
Percentage of investments made	**72.54%**	75.41%
Fair value of investments made	**65,536**	58,611

40.1 The break-up of fair value of investments is as follows:

	2015	2014	2015	2014
	----------- % -----------			
Saving account in a scheduled bank	**14.96%**	7.89%	**9,803**	4,624
Deposit certificates	**58.59%**	68.59%	**38,400**	40,200
Accrued profit	**26.45%**	23.52%	**17,333**	13,787
	100.00%	100.00%	**65,536**	58,611

40.2 Investments out of the provident fund have been made in accordance with the requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on December 29, 2015 by the board of directors of the Company.

42. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on December 29, 2015 has proposed a final cash dividend of Rs.2.50 per share (2014: Rs. nil) for the year ended September 30, 2015. The financial statements for the year ended September 30, 2015 do not include the effect of proposed dividend amounting Rs.71.730 million (2014: Rs. nil), which will be accounted for in the financial statements for the year ending September 30, 2016 after approval by the members in the annual general meeting to be held on January 30, 2016. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

43. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these financial statements.

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

annual report

2015

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

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THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRPERSON /CHIEF EXECUTIVE	BEGUM LAILA SARFARAZ
DIRECTORS	KHAN AZIZ SARFARAZ KHAN MR. ABBAS SARFARAZ KHAN MS. ZARMINE SARFARAZ MS. NAJDA SARFARAZ MR. BABER ALI KHAN MR. ISKANDER M. KHAN MR. ABDUL QADAR KHATTAK
COMPANY SECRETARY	MR. MUJAHID BASHIR
CHIEF FINANCIAL OFFICER	MR. RIZWAN ULLAH KHAN
AUDITORS	MESSRS HAMEED CHAUDHRI & CO., CHARTERED ACCOUNTANTS
TAX CONSULTANTS	SHAUKAT AMIN SHAH, CHARTERED ACCOUNTANTS.
LEGAL ADVISOR	MR. ISAAC ALI QAZI ADVOCATE
BANKERS	MCB BANK LIMITED THE BANK OF KHYBER BANK AL-FALAH LIMITED NATIONAL BANK OF PAKISTAN INNOVATIVE INVESTMENT BANK LIMITED
REGISTERED OFFICE	NOWSHERA ROAD, MARDAN
FACTORY	TAKHT-BHAI DISTT. MARDAN (KHAYBER PAKHTOON KHAWA) PHONES: (0937) 551051-551049-551041 FAX: (0937) 552878

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that 78th Annual General Meeting of the shareholders of **The Frontier Sugar Mills & Distillery Limited** will be held on 30 January, 2016 at 12.00 Noon at the Registered Office of the Company at Nowshehra Road, Mardan for transacting the following business:-

(1) To confirm the minutes of the last Annual General Meeting held on 31 January, 2015.

(2) To receive, consider and approve the Audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended 30 September, 2015.

(3) To appoint Auditors of the Company and fix their remunerations for the financial year ending 30 September, 2016. The present auditors M/s Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

(4) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from 21 January to 30 January, 2016 (Both days inclusive).

BY ORDER OF THE BOARD

(Mujahid Bashir)
Company Secretary

Mardan:
29 December, 2015

N.B:

1. Members, unable to attend in person, may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.

2. Members are requested to notify any change in their addresses immediately.

3. In case of proxy, an individual must deposit copy of CNIC or passport, along with the form of the proxy. Representative of corporate members should bring the usual documents required for such purpose.

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

DIRECTORS' REPORT

The Directors of The Frontier Sugar Mills & Distillery Limited are pleased to present the Directors' report of the Company together with the audited financial statements for the year ended 30 September, 2015.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2015	2014
	(Rupees in thousand)	
Other Income	**4,959**	7,205
Fixed Production Overheads	**5,148**	6,251
Administrative expenses	**9,986**	10,848
Finance cost	**3**	5
Other expenses	**0**	1,176
Loss before taxation	**(10,178)**	(11,075)
Taxation- Current	**107**	81
Loss after taxation	**(10,285)**	(11,156)
Other Comprehensive (Loss)	**(625)**	6,648
Total Comprehensive Loss for the year	**(10,910)**	(4,508)
	----- Rupees -----	
Loss per Share	**(7.62)**	(8.26)

The Company suffered loss during the year as it could not operate due to the non-availability of sugarcane.

2. GENERAL

2.1 REVIVAL OF THE CRUSHING

The completion and inauguration of canal “Bai Zai Irrigation Scheme” that will irrigate 20,000 acres in Mardan District and 5,000 acres in Malakand Agency is complete but construction of water distributaries has been delayed due to shortage of funds. As the growers of this area prefer to cultivate sugarcane, therefore, we are hopeful that increased sugarcane crop because of above said irrigation scheme will help us to commence operations. However, revival may require material investment for BMR.

3. REPLY TO AUDITORS OBSERVATIONS

Note 7.1

The Auditors have raised doubts regarding the Company'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" the area under sugarcane cultivation will increase to the extent, that the Mills achieve profitable operations.

Note 11.2

The Company is representing / monitoring through CM No. 454/2011 in winding of proceedings filed by SECP before Honorable Lahore High Court Lahore. The Court has appointed a liquidator by accepting the Winding up petition and Company has filed statement of claims before the court. Furthermore, the balance confirmation letter has been circulated to the bank for direct confirmation to the auditors and the reply will be received by the auditors directly.

4. EXTERNAL AUDITORS

The present auditors Messrs Hameed Chaudhri & Co., Chartered Accountants, Lahore retire and being eligible for re-appointment offers themselves for the financial year ending 30 September, 2016.

5. PATTERN OF SHAREHOLDING

The pattern of Shareholding, as required under Section 236(2)(d) of the Companies Ordinance 1984, is enclosed.

6. ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD

CHIEF EXECUTIVE/DIRECTOR

Mardan:
29 December, 2015

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED** (the Company) as at September 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) The Company has been unable to carry-out manufacturing operations during the current and prior years due to non-availability of raw materials; the management has also decided to close down operations till the availability of substantial quantity of raw materials. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern; however, these financial statements have been prepared on the going concern basis. The financial statements and annexed notes do not include any adjustment that might result from the outcome of this uncertainty.

(b) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(c) in our opinion

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **(iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(d) except for the omission of information detailed in the aforementioned paragraph (a), non-provision against deposits with a non-bank finance company due to pending Court case as well as non-receipt of year-end balance confirmation certificate (note 11.2) and the contents of note 7.1 and the extent to which these may affect the annexed financial statements, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2015 and of the loss, its cash flows and changes in equity for the year then ended; and

(e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Hameed Chaudhri & Co.

LAHORE;
30 December, 2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER, 2015

	Note	2015	2014
ASSETS	**Note**	**---Rupees in thousand---**	
Non-current Assets			
Property, plant and equipment	5	**95,867**	97,824
Long term investments	6	**24,584**	25,209
Security deposits		**92**	92
		120,543	123,125
Current Assets			
Stores and spares	7	**32,581**	32,581
Advances	8	**96**	175
Short term prepayments		**17**	21
Other receivables	9	**878**	819
Tax deducted at source		**5,931**	5,538
Short term investments	10	**0**	27,487
Bank balances	11	**63,467**	66,636
		102,970	133,257
TOTAL ASSETS		**223,513**	256,382
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorised capital	12.1	**20,000**	20,000
Issued, subscribed and paid-up capital	12.2	**14,000**	14,000
General reserve		**134,000**	134,000
Fair value reserve on available-for-sale investments	6	**18,904**	19,529
Accumulated loss		**(47,158)**	(38,101)
Shareholders' Equity		**119,746**	129,428
Surplus on Revaluation of Property, Plant and Equipment	13	**91,292**	92,520
Liabilities			
Non-current Liabilities			
Staff retirement benefits - gratuity	14	**2,339**	2,321
Current Liabilities			
Trade and other payables	15	**10,029**	1,232
Advances against sale of land	16	**0**	30,881
Taxation	22.3	**107**	0
		10,136	32,113
Total Liabilities		**12,475**	34,434
TOTAL EQUITY AND LIABILITIES		**223,513**	256,382
Contingencies and Commitments	17		

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Note	2015	2014
		Rupees in thousand	
Other Income	18	**4,959**	7,205
Fixed Production Overheads	19	**5,148**	6,251
Administrative Expenses	20	**9,986**	10,848
Other Expenses	21	**0**	1,176
		(15,134)	(18,275)
Loss from Operations		**(10,175)**	(11,070)
Bank Charges		**3**	5
Loss before Taxation		**(10,178)**	(11,075)
Taxation	22.3	**107**	81
Loss after Taxation		**(10,285)**	(11,156)
Other Comprehensive (Loss) / Income			
Fair value (loss) / gain on available-for-sale investments	6	**(625)**	6,316
Gain on remeasurement of staff retirement benefit obligation	14	**0**	332
		(625)	6,648
Total Comprehensive Loss		**(10,910)**	(4,508)
		------ Rupees ------	
Loss per Share	23	**(7.62)**	(8.26)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	2015	2014
	Rupees in thousand	
Cash flow from operating activities		
Loss for the year - before taxation	**(10,178)**	(11,075)
Adjustments for non-cash charges and other items:		
Depreciation	**1,942**	2,161
Staff retirement benefits - gratuity (net)	**18**	317
Profit on bank deposits	**(1,415)**	(448)
Gain on sale of vehicle	**(465)**	(530)
Uncollectible receivable balances written-off	**0**	1,176
Unclaimed payable balances written-back	**(112)**	0
Gain on redemption / re-measurement of short term investments to fair value	**(2,317)**	(2,137)
Dividend income	**0**	(811)
Loss before working capital changes	**(12,527)**	(11,347)
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Advances	**79**	32
Short term prepayments	**4**	0
Other receivables	**(59)**	(166)
Increase / (decrease) in current liabilities		
Trade and other payables	**8,909**	(405)
Advances against sale of land	**(30,881)**	30,881
	(21,948)	30,342
Cash (used in) / generated from operations	**(34,475)**	18,995
Taxes paid	**(393)**	(190)
Net cash (used in) / generated from operating activities	**(34,868)**	18,805
Cash flow from investing activities		
Sale proceeds of vehicles	**480**	535
Profit on bank deposits received	**1,415**	448
Short term investments - made	**(26,000)**	0
- redeemed	**55,804**	5,675
Dividend received	**0**	811
Net cash generated from investing activities	**31,699**	7,469
Net (decrease) / increase in cash and cash equivalents	**(3,169)**	26,274
Cash and cash equivalents - at beginning of the year	**66,636**	40,362
Cash and cash equivalents - at end of the year	**63,467**	66,636

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Share capital	General reserve	Fair value reserve on available-for-sale investments	Accumulated loss	Total
	------------------ Rupees in thousand ------------------				
Balance as at September 30, 2013	14,000	134,000	13,213	(28,602)	132,611
Total comprehensive loss for the year ended September 30, 2014					
- loss for the year	0	0	0	(11,156)	(11,156)
- other comprehensive income	0	0	6,316	332	6,648
	0	0	6,316	(10,824)	(4,508)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year	0	0	0	1,325	1,325
Balance as at September 30, 2014	14,000	134,000	19,529	(38,101)	129,428
Total comprehensive loss for the year ended September 30, 2015					
- loss for the year	0	0	0	(10,285)	(10,285)
- other comprehensive loss	0	0	(625)	0	(625)
	0	0	(625)	(10,285)	(10,910)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year	0	0	0	1,228	1,228
Balance as at September 30, 2015	**14,000**	**134,000**	**18,904**	**(47,158)**	**119,746**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

1. LEGAL STATUS AND NATURE OF OPERATIONS

1.1 The Frontier Sugar Mills & Distillery Limited (the Company) was incorporated on March 31, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan; the Company was delisted from the Stock Exchanges as detailed in note 1.3. The principal activity of the Company is manufacturing and sale of white sugar and its Mills and Registered Office are located at Takht-i-Bhai, Mardan (Khyber Pakhtunkhwa). The Company is a Subsidiary of The Premier Sugar Mills & Distillery Company Limited (the Holding Company).

1.2 The Company has been suffering losses over the years and during the current and prior years had not carried-out manufacturing operations due to non-availability of raw materials.

1.3 De-listing of the Company

The Holding Company, the majority shareholder of the Company, had decided to purchase all the ordinary and preference shares of the Company held by Others. The shareholders of the Company had passed a special resolution for de-listing of the Company from the Stock Exchanges at the annual general meeting held on January 30, 2010. The shareholders 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, the Company 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

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International

Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

b) Stores and spares

The Company estimates the net realisable value of stores and spares to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

c) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 14.

d) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

e) Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and legal Advisors' judgment, appropriate provision is made.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

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

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on October 01, 2014:

(a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 ,'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on October 01, 2014 are considered not to be relevant or to have any significant effect on the Company’s financial reporting and operations.

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

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

(a) IFRS 9 'Financial instruments' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.

(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.

(c) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34,'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Freehold land, buildings on freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on fixed assets is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Investments (available-for-sale)

Investments available-for-sale represent investments which are not held for trading. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value of investments available-for-sale is recognised in other comprehensive income / (loss) as unrealised, unless sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in the equity is included in the profit and loss account for the year.

4.3 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date.

4.4 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in income.

4.5 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash & bank balances and temporary bank overdrafts.

4.6 Staff retirement benefits

Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 8% of the basic salaries both by the employees and the Company.

Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2014 on the basis of projected unit credit method by an independent Actuary.

4.7 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.8 Taxation (current and prior year)

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

4.9 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.10 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

(a) Sales are recorded on dispatch of goods to customers.

(b) Dividend income is accounted for when the right of receipt is established.

(c) Return on bank deposits is accounted for on `accrual basis'.

(d) Rental income is accounted for on `accrual basis'.

4.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.14 Financial instruments

Financial instruments include investments, security deposits, bank balances and trade & other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.15 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

5. PROPERTY, PLANT AND EQUIPMENT - Tangible

Particulars	Freehold land	Buildings on freehold land	Plant and machinery	Tools	Railway sidings and weigh bridges	Beet water line	Electric and gas equipment	Laboratory equipment	Furniture and fixtures	Vehicles	Tube well	Arms	Total
	Rupees in thousand												
As at September 30, 2013													
Cost / revaluation	78,419	14,305	96,604	914	531	206	1,035	120	974	1,322	59	54	194,543
Accumulated depreciation	0	9,613	79,875	912	489	206	1,018	116	930	1,292	58	44	94,553
Book value	78,419	4,692	16,729	2	42	0	17	4	44	30	1	10	99,990
Year ended September 30, 2014:													
Disposal													
- cost	0	0	0	0	0	0	0	0	0	(333)	0	0	(333)
- depreciation	0	0	0	0	0	0	0	0	0	328	0	0	328
Depreciation charge	0	470	1,673	0	6	0	2	0	4	5	0	1	2,161
Book value as at September 30, 2014	78,419	4,222	15,056	2	36	0	15	4	40	20	1	9	97,824
Year ended September 30, 2015:													
Disposal													
- cost	0	0	0	0	0	0	0	0	0	(881)	0	0	(881)
- depreciation	0	0	0	0	0	0	0	0	0	866	0	0	866
Depreciation charge	0	422	1,506	0	5	0	2	0	4	2	0	1	1,942
Book value as at September 30, 2015	78,419	3,800	13,550	2	31	0	13	4	36	3	1	8	95,867
As at September 30, 2014													
Cost / revaluation	78,419	14,305	96,604	914	531	206	1,035	120	974	989	59	54	194,210
Accumulated depreciation	0	10,083	81,548	912	495	206	1,020	116	934	969	58	45	96,386
Book value	78,419	4,222	15,056	2	36	0	15	4	40	20	1	9	97,824
As at September 30, 2015													
Cost / revaluation	78,419	14,305	96,604	914	531	206	1,035	120	974	108	59	54	193,329
Accumulated depreciation	0	10,505	83,054	912	500	206	1,022	116	938	105	58	46	97,462
Book value	78,419	3,800	13,550	2	31	0	13	4	36	3	1	8	95,867
Depreciation rate (%)	0	10	10	15	15	15	10	10	10	20	10	10	

5.1 Had the aforementioned operating fixed assets of the Company been recognised under the cost model, the carrying amounts of these assets would have been as follows:

	2015	2014
	Rupees in thousand	
- freehold land	**325**	325
- buildings on freehold land	**63**	70
- plant & machinery	**1,035**	1,151
	1,423	1,546

		2015	2014
5.2	**Depreciation for the year has been apportioned as under:**	**Rupees in thousand**	
	- fixed production overheads	**1,798**	2,000
	- administrative expenses	**144**	161
		1,942	2,161

5.3 Sale of vehicle

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Sold through negotiation to:
	----------------------- Rupees in thousand -----------------------					
Pajero jeep	**881**	**866**	**15**	**480**	**465**	Mr. Malik Abdul Razzaq, Dera Ismail Khan.
2014	333	328	5	535	530	

6. LONG TERM INVESTMENTS - Available-for-sale (Quoted)

	2015	2014
Ibrahim Fibres Limited 405,670 (2014: 405,670) ordinary shares of Rs.10 each	**5,680**	5,680
Add: adjustment arising from re-measurement to fair value	**18,904**	19,529
	24,584	25,209

7. STORES AND SPARES

	2015	2014
Stores	**22,650**	22,650
Spares	**9,931**	9,931
	32,581	32,581

7.1 The Company has not carried-out manufacturing operations during the current and prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the year-end stores and spares inventory have not been adjusted for any potential impairment loss.

7.2 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

8. ADVANCES - Considered good

	Note	2015	2014
		Rupees in thousand	
Unsecured advances to employees		**96**	98
Due from an Associated Company (Chashma Sugar Mills Ltd.) on account of sharing of expenses		**0**	77
		96	175

9. OTHER RECEIVABLES

Sales tax refundable	**878**	819

9.1 The Appellate Tribunal Inland Revenue, Peshawar, vide its order dated October 09, 2012, had allowed the Company's appeal; the Company prayed that the order passed by the Department during July, 2007 be set-aside and refund claims pertaining to the period April to December, 2006 aggregating Rs. 421 thousand be sanctioned.

10. SHORT TERM INVESTMENTS

- At fair value through profit or loss

	2015	2014
MCB Cash Management Optimizer:		
Opening balance - 269,230 Units (2014: 310,018 Units)	**27,487**	31,025
Investments made during the year - 246,593 Units (2014: 16,965 bonus Units received)	**26,000**	0
Gain on redemption / adjustment on re-measurement to fair value	**2,317**	2,137
Units redeemed during the year - 515,823 Units (2014: 57,753 Units)	**(55,804)**	(5,675)
Closing balance - nil Units (2014: 269,230 Units)	**0**	27,487

11. BANK BALANCES

	Note	2015	2014
Cash at banks on:			
- current accounts		**50**	110
- saving accounts	**11.1**	**24,417**	27,526
- deposits with a non-banking finance company - unsecured	**11.2**	**39,000**	39,000
		63,467	66,636

11.1 Saving accounts during the year carried profit at the rates ranging from 5% to 7% (2014: 5% to 7%) per annum.

11.2 (a) These represent deposits lying with Innovative Investment Bank Limited (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits were as follows:

Date of maturity	Amount of deposit
	Rs. in '000
July 29, 2009	**7,800**
July 29, 2010	**7,800**
July 29, 2011	**7,800**
July 29, 2012	**15,600**
	39,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-end direct 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 in the LHC under Civil Procedure Code, 1908 to be made party in the winding-up proceedings.

(c) The Company has not accrued profit on these deposits during the current and preceding financial years.

12. SHARE CAPITAL

12.1 Authorised capital

2015	2014		2015	2014
(No. of shares)			Rupees in thousand	
50,000	50,000	7% irredeemable preference shares of Rs.10 each	**500**	500
1,950,000	1,950,000	ordinary shares of Rs.10 each	**19,500**	19,500
2,000,000	2,000,000		**20,000**	20,000

12.2 Issued, subscribed and paid-up capital

50,000	50,000	7% irredeemable preference shares of Rs.10 each issued for cash	**500**	500
1,037,500	1,037,500	ordinary shares of Rs.10 each fully paid in cash	**10,375**	10,375
1,087,500	1,087,500		**10,875**	10,875
312,500	312,500	ordinary shares of Rs.10 each issued as fully paid bonus shares	**3,125**	3,125
1,400,000	1,400,000		**14,000**	14,000

12.3 The Premier Sugar Mills & Distillery Company Limited (the Holding Company) holds 1,113,637 (2014: 1,113,637) ordinary shares and 42,984 (2014: 42,984) 7% irredeemable preference shares as at September 30, 2015.

13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

13.1 The Company, during the financial year ended September 30, 2000, had revalued buildings on freehold land and plant & machinery. The revaluation exercise was carried-out on the basis of depreciated market values and it produced appraisal surplus aggregating Rs.55.414 million, which was credited to this account.

13.2 The Company, during the financial year ended September 30, 2009, had again revalued its aforementioned fixed assets and freehold land. The latest revaluation exercise was carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd., Consulting Engineers, Surveyors & Loss Adjusters and Valuation Consultants] to replace the carrying amounts of these assets with their fair present market values. The appraisal surplus arisen on latest revaluation aggregating Rs.87.718 million was credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2015	2014
	Rupees in thousand	
Opening balance	**92,520**	93,845
Less: transferred to accumulated loss on account of incremental depreciation for the year	**1,228**	1,325
Closing balance	**91,292**	92,520

14. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

- discount rate - per annum	**13.5%**	13.5%
- expected rate of growth per annum in future salaries	**12.5%**	12.5%
- average expected remaining working life time of employees	**05 years**	05 years

Amount recognised in the balance sheet is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:

Opening balance	**2,321**	2,336
Current service cost	**55**	49
Interest cost	**313**	268
Benefits paid	**(350)**	0
Remeasurements: experience adjustments	**0**	(332)
Closing balance	**2,339**	2,321

Expense recognised in profit and loss account

Current service cost	**55**	49
Interest cost	**313**	268
	368	317

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2015	2014	2013	2012	2011
	Rupees in thousand				
Present value of defined benefit obligation	**2,339**	2,321	2,336	2,434	3,594
Experience adjustment on obligation	**0**	(332)	0	(1,073)	0

15. TRADE AND OTHER PAYABLES

	2015	2014
	Rupees in thousand	
Accrued expenses	**429**	636
Interest free deposits	**21**	21
Income tax deducted at source	**3**	2
Unclaimed dividends	**572**	572
Advance received against sale of scrap	**9,000**	0
Others	**4**	1
	10,029	1,232

16. ADVANCES AGAINST SALE OF LAND

Opening balance	**30,881**	0
Advances received during the year	**10,353**	30,881
Advances refunded during the year	**(41,234)**	0
	0	30,881

These represent advances received from various parties against proposed sale of the Company's freehold land. The management, during the current year, has changed its intention and the entire amount has been refunded-back to the respective parties.

17. CONTINGENCIES AND COMMITMENTS

17.1 The Additional Collector of Sales Tax, Peshawar, had served a show cause notice raising sales tax demands aggregating Rs.1.528 million along with additional tax on the grounds that the Company under-valued the price of spirit during the financial years 1994-95 & 1995-96 and paid lesser sales tax. The Company paid Rs.0.248 million against the said demands and filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Peshawar Bench, which is pending adjudication.

17.2 The Company, by filing a writ petition before the Peshawar High Court (PHC), has challenged the Notification issued by the Government of Khyber Pakhtunkhwa (KPK) dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by the PHC will create additional wage liabilities aggregating million approximately. The petition is pending adjudication.

17.3 No commitments were outstanding as at September 30, 2015 and September 30, 2014.

18. OTHER INCOME	Note	**2015**	2014
		Rupees in thousand	
Income from financial assets:			
Profit on saving accounts		**1,415**	448
Dividend		**0**	811
Gain on redemption of short term investments		**2,317**	124
Fair value gain on re-measurement of short term investments		**0**	2,137
Income from other than financial assets:			
Sale of trees, wheat, etc.		**650**	3,155
Gain on sale of vehicle	**5.3**	**465**	530
Unclaimed payable balances written-back		**112**	0
		4,959	7,205

19. FIXED PRODUCTION OVERHEADS			
Salaries and benefits	**19.1**	**1,725**	1,714
Power and fuel		**1,564**	2,451
Depreciation	**5.2**	**1,798**	2,000
Insurance		**61**	86
		5,148	6,251

19.1 These include Rs.12 thousand (2014: Rs.13 thousand) and Rs.332 thousand (2014: Rs.286 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

	Note	2015	2014
		Rupees in thousand	
20. ADMINISTRATIVE EXPENSES			
Salaries and benefits	**20.1**	**8,455**	8,901
Travelling and vehicles' running		**242**	631
Rent, rates and taxes		**122**	123
Communication		**80**	84
Printing and stationery		**66**	77
Insurance		**141**	139
Repair and maintenance		**89**	115
Subscription		**20**	15
Auditors' remuneration	**20.2**	**221**	254
Legal and professional charges (other than Auditors)		**258**	42
General		` **148**	` 306
Depreciation	**5.2**	**144**	161
		9,986	10,848

20.1 These include Rs.92 thousand (2014: Rs.94 thousand) and Rs.37 thousand (2014: Rs.31 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

20.2 Auditors' remuneration:

	2015	2014
Hameed Chaudhri & Co.		
- statutory audit	**125**	125
- half-yearly review	**60**	60
- out-of-pocket expenses	**36**	36
	221	221
Munawar Associates		
- cost audit	**0**	30
- out-of-pocket expenses	**0**	3
	0	33
	221	254

21. OTHER EXPENSES

	2015	2014
Uncollectible receivable balances written-off	**0**	1,176

22. TAXATION

22.1 The Tax Department against the judgment of the Peshawar High Court, Peshawar (PHC) dated October 22, 2008 has filed an appeal before the Supreme Court of Pakistan. The PHC, vide its aforementioned judgment had rejected the departmental application and upheld the order of the Income Tax Appellate Tribunal (ITAT) dated April 28, 2007. Earlier, the ITAT had upheld the Commissioner of Income Tax - Appeals' action of annulment of amendment of assessment orders passed by the Additional Commissioner (Audit) under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance).

22.2 The returns for Tax Years 2010 to 2015 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

22.3 No numeric tax rate reconciliation is given in these financial statements as provision made during the current year represents tax payable under section 37A (Capital gain on disposal of securities) of the Ordinance; (2014: tax provision represented tax payable on dividend income under section 5 of the Ordinance).

22.4 Deferred tax asset arising on unused tax losses has not been recognised in these financial statements due to uncertainty about the availability of taxable profits in the foreseeable future.

23. LOSS PER SHARE

	2015	2014
	Rupees in thousand	
Loss after taxation attributable to ordinary shareholders	**(10,285)**	(11,156)
	No. of shares	
Weighted average number of shares outstanding during the year	**1,350,000**	1,350,000
	------- Rupees -------	
Loss per share	**(7.62)**	(8.26)

23.1 Diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2015 and September 30, 2014, which would have any effect on the loss per share of the Company if the option to convert is exercised.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

24.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is not exposed to currency risk as it has no foreign currency liabilities at respective year-ends.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2015	2014	**2015**	2014
	Effective rate		**Carrying amount**	
	Percentage		**Rupees in thousand**	
Fixed rate instruments				
Deposits with a non - banking finance company	**5%**	5%	**39,000**	39,000
Bank balances	**5% to 7%**	5% to 7%	**24,417**	27,526

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

Not applicable as no variable rate financial liability was outstanding as at September 30, 2015 and September 30, 2014.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at September 30, 2014, price risk arose from the Company's investments in Units of a Mutual Fund classified as short term investments at fair value through profit or loss. To manage its price risk, the Company diversifies its portfolio and continuously monitors developments in the market. In addition, the Company's management actively monitors the key factors that affect price movement.

As at September 30, 2014, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have decreased / increased loss before taxation for the preceding year by Rs.2,749 thousand.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss account and investments of the Company.

24.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from long term investments, short term investments, deposits with a non-banking finance company and balances with banks. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2015 along with comparative is tabulated below:

	2015	2014
	Rupees in thousand	
Long term investments	**24,584**	25,209
Security deposits	**92**	92
Short term investments	**0**	27,487
Deposits with a non-banking finance company	**39,000**	39,000
Bank balances	**24,467**	27,636
	88,143	119,424

The management does not expect any loss from non-performance by these counter parties except for deposits lying with a non-banking finance company as detailed in note 11.2.

Credit quality of the Company's investments as at September 30, 2014:

	Fund stability rating assigned by PACRA
MCB Cash Management Optimizer	AA

24.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Contractual maturity of financial liabilities:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year
2015	------------------	Rupees in thousand	-------------
Trade and other payables	**1,026**	**1,026**	**1,026**
2014			
Trade and other payables	1,230	1,230	1,230

24.5 Fair values of financial instruments and hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At September 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's investments in equity instruments of a listed Company have been measured at fair value using year-end quoted prices. Fair value of these investments falls within level 1 of fair value hierarchy as mentioned above.

As at September 30, 2014, the Company's investments in a Mutual Fund were measured at fair value using year-end Net Assets Value as computed by the Assets Management Company. Fair value of these investments fell within level 2 of fair value hierarchy as mentioned above.

25. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

26. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its Holding Company, Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. The Company had carried-out no transaction with any related party during the current and preceding financial years.

27. REMUNERATION OF DIRECTORS

27.1 No managerial remuneration was paid to chief executive and directors during the current and preceding years; however, they are provided with free use of the Company's maintained cars.

27.2 No employee of the Company can be categorised as executive as per the definition contained in the Companies Ordinance, 1984.

28. CAPACITY AND PRODUCTION		**2015**	2014
Sugar Cane Plant			
Rated crushing capacity per day	**M.Tonnes**	**880**	880
Sugar Beet Plant			
Rated slicing capacity per day	**M.Tonnes**	**1,000**	1,000

28.1 Due to non-availability of raw materials, sugar cane and beet plants had remained closed during the current and preceding years.

29. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund for the year ended September 30, 2015 and audited financial statements of the provident fund for the year ended September 30, 2014:

	2015	2014
	Rupees in thousand	
Size of the fund - total assets	**11,147**	13,353
Cost of investments made	**10,000**	9,525
Percentage of investments made	**89.71%**	71.33%
Fair value of investments made	**10,000**	9,525

29.1 The break-up of fair value of investments is as follows:

	2015	2014		
	-------- %	--------		
Term deposit receipt (TDR)	**90.00%**	94.49%	**9,000**	9,000
Saving account in a scheduled bank	**10.00%**	5.51%	**1,000**	525
	100.00%	100.00%	**10,000**	9,525

29.2 Investments out of the provident fund have been made in accordance with the requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

30. NUMBER OF EMPLOYEES

Number of permanent employees as at September 30, 2015 was 19 (2014: 19) and average number of employees during the year was 20 (2014: 20).

31. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on December 29, 2015 by the board of directors of the Company.

32. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED MARDAN

FORM - 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

AS ON 30 SEPTEMBER, 2015

NUMBER OF SHAREHOLDERS	RANGE OF SHARES HELD		SHARES HELD		TOTAL SHARES HELD
	FROM	TO	PREFERENCE	ORDINARY	
572	1	100	1,458	10,688	12,146
113	101	500	3,558	26,326	29,884
32	501	1,000	2,000	21,711	23,711
31	1,001	5,000	0	73,318	73,318
5	5,001	10,000	0	39,246	39,246
3	10,001	20,000	0	41,097	41,097
1	20,001	50,000	42,984	23,977	66,961
1	1,050,001	1,150,000	0	1,113,637	1,113,637
758			**50,000**	**1,350,000**	**1,400,000**

S.No.	Categories of shareholders	No of shares held	Preference	TOTAL
1.	**Directors and Chief Executive Officer**			
	Khan Aziz Sarfaraz Khan	23,977		23,977
	Begum Laila Sarfaraz	500		500
	Mr. Abbas Sarfaraz Khan	1,342		1,342
	Ms. Zarmine Sarfaraz	500		500
	Ms. Najda Sarfaraz	500		500
	Mr. Iskander M. Khan	500		500
	Mr. Babar Ali Khan	1,903	210	2,113
	Mr. Abdul Qadar Khattak	100		100
2.	**Company Secretary/Chief Financial Officer**			
	Mr. Mujahid Bashir	2		2
3.	**Shares held by relatives**			
4.	**Associated Companies**			
	The Premier Sugar Mills & Distillery Co. Limited	1,113,637	42,984	1,156,621
5.	**Financial Institutions, Investment & Securities Companies**			
	The Frontier Cooperative Bank Limited	5,501	-	5,501
	Investmen Corporation of Pakistan	3	300	303
	District Council Mardan	72	1,000	1,072
	Municipal Committee Mardan	73	1,000	1,073
6.	**Shares held by General Public**			
	Held by General Public	201,390	4,506	205,896
		1,350,000	**50,000**	**1,400,000**
7.	**Shareholders holding 10% or more voting Interest in the Company**			
	The Premier Sugar Mills & Distillery Limited	1,113,637	42,984	1,156,621

annual report

2015

THE PREMIER SUGAR MILLS & DISTILLERY CO. LIMITED CONSOLADITED FINANCIAL STATEMENTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors have pleasure in presenting the Director's Report on the Consolidated Audited Financial Statements for the year ended 30 September, 2015.

1. **GENERAL REVIEW**

Chashma Sugar Mills Limited earned profit of Rs. 174.097 million and The Frontier Sugar Mills & Distillery Limited suffered loss of Rs. 10.91 million for the year due to the closure of operations.

2. **SUMMARISED FINANCIAL OVERVIEW**

Following are the consolidated financial results for the year-ended 30 September, 2015 with the preceding year comparatives:

	2015	2014
	(Rupees in thousand)	
- Profit / (Loss) before taxation	142,610	(422,229)
- **Taxation**		
- Current year	107	81
- Prior	0	(910)
- Deferred	(58,334)	(207,912)
- Associated Companies	3,262	1,167
	(54,965)	(207,574)
- Profit / (Loss) after taxation	197,575	(214,655)
- Other comprehensive Income for the year	(801)	9,435
- **Total comprehensive Income/ (Loss) for the year**	196,774	(205,520)
	------------Rupees------------	
- **Combined Earnings /(Loss) per share**	29.94	(39.56)

3. **REVIEW OF OPERATIONS**

The Directors' Reports on the financial statements of the Holding Company and the Subsidiary Companies fully cover all the important events that took place during the financial year under review.

4. **CURRENT SEASON 2015-2016**

The sugarcane crushing season in The Premier Sugar Mills & Distillery Company Limited started on 11 November, 2015 and the mills have crushed 98,370 tons of sugarcane producing 9,310 tons of sugar up to 28 December, 2015.

5. SUGAR PRICE

The Government of Pakistan allowed sugar export of 650,000 M. tons to be exported by the July 2015. The said target could not be met due to the low subsidy of Rs. 10/- per Kg that was to be shared equally by the Federal Government and the Provincial Governments. The Punjab and Sindh Governments paid their part of subsidy. Unfortunately, the Provincial Government of Khyber Pakhtunkhwa refused to pay the subsidy that was given to absorb the high cost of sugarcane. However, we are negotiating with the Government and are hopeful to convince them to agree with the ECC decision to offload surplus sugar. The sugar prices remained volatile throughout the year.

6. DIVIDEND

The Board of Directors of the Holding Company has recommended payment of final cash dividend @ Rs. 2.00 per share and the Board of Directors of Chashma Sugar Mills Limited has proposed a final cash dividend of Rs. 2.50 per share, for the year ended 30 September, 2015.

7. REPLIES TO AUDITORS RESERVATION

Note 10.1
The Auditors have raised doubts regarding The Frontier Sugar Mills & Distillery Limited'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" the area under sugarcane cultivation will increase to the extent, that the Mills achieve profitable operations.

Note 17.4
We are representing / monitoring through CM No. 454/2011 in winding of proceedings filed by SECP before Honorable Lahore High Court Lahore. The Court has appointed a liquidator by accepting the Winding up petition and we have filed statement of claims before the court. Furthermore, the balance confirmation letter has been circulated to the bank for direct confirmation to the auditors and the reply will be received by the auditors directly.

8. CUSTOMERS' SUPPORT AND STAFF RELATIONS

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

9. PATTERN OF SHAREHOLDING

The pattern of shareholding is included in the Holding Company's shareholders' information annexed to the Directors' report.

ON BEHALF OF THE BOARD

Mardan:
29 December, 2015

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising the consolidated balance sheet of **The Premier Sugar Mills & Distillery Company Limited** (the Holding Company) and its Subsidiary Companies (Chashma Sugar Mills Limited and The Frontier Sugar Mills & Distillery Limited) as at September 30, 2015 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of **The Premier Sugar Mills & Distillery Company Limited** and its Subsidiary Companies. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

> The Frontier Sugar Mills & Distillery Limited (Subsidiary Company) has been unable to carry-out manufacturing operations during the current and prior years due to non-availability of raw materials; the management has also decided to close down operations till the availability of substantial quantity of raw materials. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Subsidiary Company's ability to continue as a going concern; however, the financial statements of the Subsidiary Company have been prepared on the going concern basis. These consolidated financial statements and annexed notes do not include any adjustment that might result from the outcome of this uncertainty.

Except for the omission of information detailed in the aforementioned paragraph, non-provision against deposits with a non-banking finance company due to pending court cases (note 17.4) and the contents of note 10.1 and the extent to which these may affect the annexed consolidated financial statements, in our opinion the consolidated financial statements present fairly the financial position of **The Premier Sugar Mills & Distillery Company Limited** and its Subsidiary Companies as at September 30, 2015 and the results of their operations for the year then ended.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE;
30 December, 2015

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER, 2015

Assets		**2015**	2014
Non-current Assets	**Note**	**Rupees in thousand**	
Property, plant and equipment	**6**	**7,876,324**	7,584,238
Intangible assets	**7**	**983**	233
Investment property	**8**	**31,041**	32,402
Long term investments	**9**	**99,082**	84,641
Security deposits		**5,280**	5,250
		8,012,710	7,706,764
Current Assets			
Stores and spares	**10**	**410,209**	447,552
Stock-in-trade	**11**	**2,627,417**	1,879,883
Trade debts	**12**	**368,505**	211,702
Loans and advances	**13**	**245,827**	222,044
Trade deposits, short term prepayments and other receivables	**14**	**296,883**	168,330
Accrued profit / mark-up on bank deposits		**32**	50
Tax refunds due from the Government	**15**	**317,468**	347,856
Short term investments	**16**	**0**	27,487
Bank balances	**17**	**199,424**	246,643
		4,465,765	3,551,547
TOTAL ASSETS		**12,478,475**	11,258,311
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital 5,750,000 (2014: 5,750,000) ordinary shares of Rs.10 each		**57,500**	57,500
Issued, subscribed and paid-up capital	**18**	**37,500**	37,500
Reserves		**1,026,044**	1,026,560
Unappropriated profit / (accumulated loss)		**189,573**	(53,792)
Equity Attributable to Equity Holders of the Holding Company		**1,253,117**	1,010,268
Non-Controlling Interest		**493,098**	325,462
		1,746,215	1,335,730
Surplus on Revaluation of Property, Plant and Equipment	**19**	**2,343,039**	2,526,224
Non-current Liabilities			
Long term finances	**20**	**1,965,383**	2,227,408
Loans from Associated Companies	**21**	**157,500**	157,500
Liabilities against assets subject to finance lease	**22**	**22,072**	21,459
Deferred taxation	**23**	**727,891**	818,791
Staff retirement benefits - gratuity	**24**	**16,103**	11,496
		2,888,949	3,236,654
Current Liabilities			
Trade and other payables	**25**	**394,072**	426,082
Advances against sale of land	**26**	**0**	30,881
Accrued mark-up	**27**	**201,923**	205,351
Short term borrowings	**28**	**4,484,799**	3,336,694
Current portion of non-current liabilities	**29**	**415,526**	156,849
Dividends payable to non-controlling interest		**3,846**	3,846
Taxation	**30**	**107**	0
		5,500,273	4,159,703
TOTAL LIABILITIES		**8,389,222**	7,396,357
TOTAL EQUITY AND LIABILITIES		**12,478,475**	11,258,311
Contingencies and Commitments	**31**		

The annexed notes form an integral part of these consolidated financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	Note	2015	2014
		Rupees in thousand	
Sales - net	32	7,781,837	6,610,984
Cost of Sales	33	7,291,445	6,654,357
Gross Profit / (Loss)		490,392	(43,373)
Distribution Cost	34	57,374	71,646
Administrative Expenses	35	274,687	233,809
Other Expenses	36	7,234	7,920
		339,295	313,375
		151,097	(356,748)
Other Income	37	491,817	331,726
Profit / (Loss) from Operations		642,914	(25,022)
Finance Cost	38	520,559	402,003
		122,355	(427,025)
Share of Profit from Associated Companies	9.3	20,255	4,796
Profit / (Loss) before Taxation		142,610	(422,229)
Taxation			
Group			
- Current	30	107	81
- Prior years	30	0	(910)
- Deferred		(58,334)	(207,912)
		(58,227)	(208,741)
Associated Companies	9.3	3,262	1,167
		(54,965)	(207,574)
Profit / (Loss) after Taxation		197,575	(214,655)
Other Comprehensive Income / (Loss)			
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) / gain on available-for-sale investments	9	(625)	6,316
Share of other comprehensive income from Associated Companies	9.3	21	1,690
Item that will not be reclassified to profit or loss:			
- (Loss) / gain on remeasurement of staff retirement benefit obligations (net of deferred tax)		(197)	1,429
		(801)	9,435
Total Comprehensive Income / (Loss)		196,774	(205,220)
Attributable to:			
- Equity holders of the Holding Company		111,583	(140,083)
- Non-controlling interest		85,191	(65,137)
		196,774	(205,220)
Combined Earnings / (Loss) per Share		------ Rupees-----	
	39	29.94	(39.56)

The annexed notes form an integral part of these consolidated financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	2015	2014
Cash flow from operating activities	**Rupees in thousand**	
Profit / (loss) for the year - before taxation	**142,610**	(422,229)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**507,212**	450,008
Depreciation on investment property	**1,361**	1,487
Amortisation of intangible assets	**550**	117
Profit from Associated Companies - net	**(20,255)**	(4,796)
Interest / profit on bank deposits and saving accounts	**(9,295)**	(6,791)
Staff retirement benefits - gratuity (net)	**4,660**	(921)
Un-claimed payable balances written-back	**(381)**	(166)
Gain on disposal of operating fixed assets	**(1,615)**	(15,267)
Gain on re-measurement of short term investments to fair value	**0**	(2,137)
Uncollectible receivable balances written-off	**29**	1,746
Dividend income	**0**	(811)
Finance cost	**515,662**	396,390
Profit before working capital changes	**1,140,538**	396,630
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets		
Stores and spares	**37,343**	178,383
Stock-in-trade	**(747,534)**	(201,638)
Trade debts	**(156,803)**	111,658
Loans and advances	**(23,812)**	(52,252)
Trade deposits, short term prepayments and other receivables	**(128,553)**	(66,922)
Sales tax refundable - net	**85,243**	(175,396)
(Decrease) / increase in current liabilities		
Trade and other payables	**(31,972)**	(8,354)
Advances against sale of land	**(30,881)**	30,881
	(996,969)	(183,640)
Cash generated from operations	**143,569**	212,990
Income tax paid	**(54,855)**	(106,991)
Security deposits	**(30)**	(584)
Net cash generated from operating activities	**88,684**	105,415
Cash flow from investing activities		
Additions to property, plant and equipment	**(800,495)**	(1,797,199)
Sale proceeds of operating fixed assets	**2,812**	17,943
Intangible assets acquired	**(1,300)**	(350)
Interest / profit on bank deposits and saving accounts	**9,313**	7,762
Short term investments - net	**27,487**	5,675
Dividend received	**0**	811
Net cash used in investing activities	**(762,183)**	(1,765,358)
Cash flow from financing activities		
Long term finances - net	**(4,517)**	1,240,414
Lease finances - net	**1,782**	18,015
Short term borrowings - net	**1,148,105**	813,737
Finance cost paid	**(519,090)**	(325,109)
Dividends paid	**0**	(19)
Net cash generated from financing activities	**626,280**	1,747,038
Net (decrease) / increase in cash and cash equivalents	**(47,219)**	87,095
Cash and cash equivalents - at beginning of the year	**246,643**	159,548
Cash and cash equivalents - at end of the year	**199,424**	246,643

The annexed notes form an integral part of these consolidated financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

	------- Attributable to equity holders of the Holding Company------								
		Reserves							
		Capital	Revenue						
	Share capital	Share redem-ption	General	Fair value reserve on available-for-sale investments	Sub-total	(Accumu-lated loss) / unappro-priated profit	Total	Non-controlling interest	Total equity
	-- Rupees in thousand --								
Balance as at September 30, 2013	37,500	1	1,010,537	10,870	1,021,408	(25,952)	1,032,956	300,344	1,333,300
Total comprehensive income / (loss) for the year ended September 30, 2014									
Loss after taxation	0	0	0	0	0	(148,354)	(148,354)	(66,301)	(214,655)
Other comprehensive income	0	0	0	5,152	5,152	3,119	8,271	1,164	9,435
	0	0	0	5,152	5,152	(145,235)	(140,083)	(65,137)	(205,220)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	330	330	0	330
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net of deferred taxation	0	0	0	0	0	117,065	117,065	90,255	207,320
Balance as at September 30, 2014	37,500	1	1,010,537	16,022	1,026,560	(53,792)	1,010,268	325,462	1,335,730
Total comprehensive income / (loss) for the year ended September 30, 2015									
Profit after taxation	0	0	0	0	0	112,275	112,275	85,300	197,575
Other comprehensive income	0	0	0	(516)	(516)	(176)	(692)	(109)	(801)
	0	0	0	(516)	(516)	112,099	111,583	85,191	196,774
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	(1,948)	(1,948)	0	(1,948)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net of deferred taxation	0	0	0	0	0	133,213	133,213	82,445	215,658
Balance as at September 30, 2015	37,500	1	1,010,537	15,506	1,026,044	189,573	1,253,117	493,098	1,746,215

The annexed notes form an integral part of these consolidated financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2015

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 Islamabad and Karachi Stock Exchanges. 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. Its shares are quoted on all the Stock Exchanges of Pakistan. 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 the 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 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

These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Group estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Group assesses the recoverability of its trade debts if there is objective evidence that the Group will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 24.

(e) Income taxes

In making the estimates for income taxes, the Group takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Group's view differs with the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

(f) Contingencies

The Group reviews the status of all the legal cases on a regular basis. Based on the expected outcome and legal Advisors' judgment, appropriate provision is made.

2.5 No critical judgment has been used in applying the accounting policies.

3. PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Companies (CSM and FSM) as at September 30, 2015. The Holding Company's direct interest, as at September 30, 2015, in CSM was 47.93% (2014: 47.93%) and in FSM was 82.49% (2014: 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.

4. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

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

The amendments to the following standards have been adopted by the Group for the first time for financial year beginning on October 01, 2014:

(a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 ,'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Group's financial statements.

(b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Group's financial statements.

(c) The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on October 01, 2014 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

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

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Group:

(a) IAS 27 (revised 2011) 'Separate financial statements' is effective from accounting periods beginning on or after January 01, 2015. IAS 27 (revised 2011) will concurrently apply with IFRS 10. The revised standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised standard are carried forward unchanged from the previous standard. The IASB has issued the amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

(b) IAS 28 (revised 2011) 'Investments in associates and joint ventures' is effective from accounting periods beginning on or after January 01, 2015. Similar to the previous standard, the new standard deals with how to apply the equity method of accounting. However, the scope of this revised standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

(c) IFRS 9 'Financial instruments' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Group does not expect to have a material impact on its financial statements due to application of this standard.

(d) IFRS 10 'Consolidated financial statements' is effective from accounting periods beginning on or after January 01, 2015 and replaces the part of IAS 27. IFRS 10 introduces a new approach to determine which investee should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(e) 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 Group.

(f) 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 Group.

(g) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34,'Interim financial reporting'. The Group does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Group and therefore have not been presented here.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

Owned assets

Freehold land of the Subsidiary Companies, buildings on leasehold & freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment, except freehold land of the Holding Company and capital work-in-progress, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Freehold land of the Holding Company and capital work-in-progress are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 6.1.Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

Assets subject to finance lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease terms.

Depreciation on assets subject to finance lease is charged to income at the rates stated in note 6.1 applying reducing balance method to write-off the cost of the asset over their estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased asset is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are taken to profit and loss account.

5.2 Intangible assets and amortisation thereon

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is charged to income applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 7.1.

5.3 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Group uses cost model for valuation of its investment property; freehold land has been valued at cost whereas buildings on freehold land have been valued at cost less accumulated depreciation and any identified impairment loss.

Depreciation on investment property is taken to profit and loss account applying reducing balance method at the rates stated in note 8. Depreciation on additions is charged from the month in which the asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Impairment loss or its reversal, if any, is taken to profit and loss account.

5.4 Investments

Investments in equity instruments of Associated Companies are stated at the Group's share of their underlying net assets using the equity method.

Investments available-for-sale represent investments, which are not held for trading. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value of investments available-for-sale is recognised in other comprehensive income / (loss) as unrealised, unless sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in the equity is included in the profit and loss account for the year.

5.5 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

5.6 Stock-in-trade

(a) Stock of manufactured products is valued at the lower of cost and net realisable value except stock of molasses-in-hand and component of molasses included in the distillery products, which are taken at nil value.

(b) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.

(c) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

5.7 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

5.8 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is taken to profit and loss account.

5.9 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash & bank balances and temporary bank overdrafts.

5.10 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

5.11 Staff retirement benefits

(a) Defined contribution plans

The Group is operating provident fund schemes for all its permanent employees; equal monthly contributions to the funds are made at the rates ranging from 8% to 9% of the basic salaries both by the employees and the Group.

(b) **Defined benefit plans**

The Holding Company and FSM also operate un-funded retirement gratuity schemes for their eligible employees. Provisions for gratuity are made annually to cover obligation under the schemes in accordance with the actuarial recommendations. Latest actuarial valuations were conducted on September 30, 2014 and September 30, 2015 on the basis of the projected unit credit method by an independent Actuary.

5.12 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5.13 Taxation

(a) **Current**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) **Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.14 Dividend and appropriation to reserves

Dividend distribution to the shareholders and appropriation to reserves are recognised in the period in which these are approved.

5.15 Impairment loss

The carrying amounts of the Group's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

5.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

(a) Sales are recorded on dispatch of goods.

(b) Dividend income is accounted for when the right of receipt is established.

(c) Income on long term deposit accounts is accounted for on `accrual basis'.

5.17 Development expenditure

Expenditure incurred on development of sugar cane and beet is expensed in the year of incurrence.

5.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

5.20 Financial instruments

Financial instruments include long term investments, security deposits, trade debts, loans & advances, trade deposits, accrued profit / mark-up, other receivables, short term investments, bank balances, long term finances, loans from Associated Companies, lease finances, trade & other payables, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.21 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		Rupees in thousand	
Operating fixed assets - tangible	**6.1**	**6,324,120**	4,980,853
Capital work-in-progress	**6.6**	**1,551,174**	2,601,473
Stores held for capital expenditure		**1,030**	1,912
		7,876,324	7,584,238

6.1 Operating fixed assets - tangible

Particulars	Leasehold land	Owned														Leased		Total
		Freehold land	Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Genera-tors	Tools	Beet water line	Electric and gas equipment	Laboratory equipment	Furniture, fittings & office equipment	Farm equipment	Railway rolling stock and vehicles	Tube well	Arms	Vehicles	Genera-tors	
	Rupees in thousand																	
As at September 30, 2013																		
Cost / revaluation	2,725	370,139	959,258	138,024	4,256,613	11,238	914	206	166,166	120	77,387	962	76,162	59	54	24,908	0	6,084,935
Accumulated depreciation	443	0	235,428	35,277	834,424	2,562	913	205	91,718	116	44,885	288	46,413	58	44	6,445	0	1,299,219
Book value	2,282	370,139	723,830	102,747	3,422,189	8,676	1	1	74,448	4	32,502	674	29,749	1	10	18,463	0	4,785,716
Year ended September 30, 2014:																		
Additions	110	0	8,393	0	113,489	6,833	0	0	4,138	0	39,687	0	906	0	0	30,499	5,700	209,755
Revaluation adjustments:																		
- cost	0	0	37,721	37,271	0	0	0	0	0	0	0	0	0	0	0	0	0	74,992
- depreciation	0	0	39,439	38,969	284,666	0	0	0	0	0	0	0	0	0	0	0	0	363,074
Disposals:																		
- cost	0	0	0	0	(1,000)	0	0	0	0	0	0	0	(2,999)	0	0	(3,472)	0	(7,471)
- depreciation	0	0	0	0	944	0	0	0	0	0	0	0	2,490	0	0	1,361	0	4,795
Depreciation charge	28	0	70,167	8,304	343,320	1,551	0	0	7,632	0	4,344	67	5,988	0	1	8,179	427	450,008
Book value as at September 30, 2014	2,364	370,139	739,216	170,683	3,476,968	13,958	1	1	70,954	4	67,845	607	24,158	1	9	38,672	5,273	4,980,853
Year ended September 30, 2015:																		
Additions	0	0	281,904	0	1,422,977	0	0	0	127,065	0	8,171	0	1,227	0	0	10,332	0	1,851,676
Revaluation adjustments:																		
Disposals:																		
- cost	0	0	0	0	0	0	0	0	0	0	0	0	(5,702)	0	0	0	0	(5,702)
- depreciation	0	0	0	0	0	0	0	0	0	0	0	0	4,505	0	0	0	0	4,505
Depreciation charge	28	0	75,975	13,182	383,433	1,396	0	0	10,280	0	8,948	61	4,751	0	1	8,630	527	507,212
Book value as at September 30, 2015	2,336	370,139	945,145	157,501	4,516,512	12,562	1	1	187,739	4	67,068	546	19,437	1	8	40,374	4,746	6,324,120
As at September 30, 2014																		
Cost / revaluation	2,835	370,139	1,005,372	175,295	4,369,102	18,071	914	206	170,304	120	117,074	962	74,069	59	54	51,935	5,700	6,362,211
Accumulated depreciation	471	0	266,156	4,612	892,134	4,113	913	205	99,350	116	49,229	355	49,911	58	45	13,263	427	1,381,358
Book value	2,364	370,139	739,216	170,683	3,476,968	13,958	1	1	70,954	4	67,845	607	24,158	1	9	38,672	5,273	4,980,853
As at September 30, 2015																		
Cost / revaluation	2,835	370,139	1,287,276	175,295	5,792,079	18,071	914	206	297,369	120	125,245	962	69,594	59	54	62,267	5,700	8,208,185
Accumulated depreciation	499	0	342,131	17,794	1,275,567	5,509	913	205	109,630	116	58,177	416	50,157	58	46	21,893	954	1,884,065
Book value	2,336	370,139	945,145	157,501	4,516,512	12,562	1	1	187,739	4	67,068	546	19,437	1	8	40,374	4,746	6,324,120
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	10-12	15	15	10	10	10-15	10	10-20	10	10	20	10-12	

6.2 Had the aforementioned revalued fixed assets of the Group been recognised under the cost model, the carrying values of these assets would have been as follows:

	2015	2014
	Rupees in thousand	
- freehold land	**71,795**	72,120
- buildings on freehold land and roads	**455,201**	194,861
- buildings on leasehold land	**5,114**	5,920
- plant & machinery	**2,218,080**	923,059
- generators	**10,487**	11,652
	2,760,677	1,207,612

6.3 The Holding Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011 and September 30, 2014 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million and Rs. 76.240 million respectively was incorporated in the books of account.

Clause 6 of the lease agreement dated July 09, 1947, which was for a period of 60 years, empowers the Holding Company to renew the lease. On August 10, 2007, the Holding Company, in terms of the aforesaid clause 6, had exercised the option of renewal of the lease and indicated its desire to extend the lease for a further period of 60 years (commencing from January 01, 2008) on such terms as may be agreed between the parties and invited the legal heirs of the lessor to negotiate the terms of the extended lease agreement. The legal heirs of the lessor had failed to agree on the terms of the extended lease; hence, the matter was referred to arbitration.

Presently, the matter is pending before the sole Arbitrator (a Senior Advocate Supreme Court of Pakistan). In the opinion of lawyers, the Holding Company has an excellent case and there is high probability that the terms of the extended lease will be decided in the Holding Company's favour.

Two of the legal heirs of the lessor have filed civil suits impugning the validity of arbitration. These suits are frivolous, barred by law and liable to be dismissed in due course under relevant provisions of the Arbitration Act, 1940. One suit has already been stayed till the outcome of Arbitration Award.

6.4 Depreciation for the year has been allocated as follows:

	Note	2015	2014
		Rupees in thousand	
Cost of sales		**485,438**	430,743
Administrative expenses		**21,774**	19,265
		507,212	450,008

6.5 Disposal of operating fixed assets

Particulars	Cost	Accumu-lated deprec-iation	Book value	Sale proc-eeds	Gain	Mode of Disposal
	------- Rupees in thousand -------					
Vehicles - owned						**Sold through negotiation to:**
Honda City	1,625	620	1,005	1,040	35	Mr. Irfan (ex- employee)
Pick-up Van	903	894	9	205	196	Mr. Pir Wali, Sardar Khail.
Toyota Corolla	571	567	4	425	421	Mr. Mohammad Tehseen, Mardan.
Honda Civic	1,156	1,068	88	125	37	Mr. Fazl-e-Khaliq, Mardan.
Pothohar Jeep	305	252	53	165	112	Mr. Pir Wali Khan, Kohat.
Toyota Land Cruiser	206	205	1	335	334	-do-
Pajero jeep	881	866	15	480	465	Mr. Malik Abdul Razzaq, Dera Ismail Khan.
						Insurance claim received from:
Motorcycle	55	33	22	37	15	IGI Insurance Company Ltd.
	5,702	**4,505**	**1,197**	**2,812**	**1,615**	
2014	7,471	4,795	2,676	17,943	15,267	

6.6 Capital work-in-progress

	Note	2015	2014
Buildings on freehold land		**255,453**	384,165
Plant and machinery	6.7	**1,068,246**	1,874,070
Electric installations		**90,742**	152,080
Vehicles		**8,816**	1,827
Un-allocated capital expenditure - net	6.8	**0**	171,395
Advance payments:			
-freehold land		**13,131**	421
-buildings on freehold land		**11,957**	12,604
-plant and machinery		**102,829**	4,911
		127,917	17,936
		1,551,174	2,601,473

6.7 Plant and machinery additions for the year include mark-up on long term finances aggregating Rs.156.985 million; (2014: plant and machinery additions grouped under the head capital work-in-progress included mark-up on long term finances aggregating Rs.178.937 million); the rates of mark-up have been disclosed in note 20.

6.8 Un-allocated capital expenditure - net

	Balance as at September 30, 2014	Expenditure incurred during October 01, 2014 to June 30, 2015	Total
	----------(Rupees in thousand)----------		
Salaries and benefits	37,002	31,037	68,039
Fee for soil testing	750	0	750
Consultancy fee for Ethanol Fuel Plant and other charges	6,483	900	7,383
Damages to buildings, plant & machinery and stores due to riots - net of insurance claim amounting Rs.13 million (2014: Rs. 17 million)	30,623	(13,000)	17,623
Compensation paid to affectees	29,003	0	29,003
Mark-up on short term borrowings	29,377	50,414	79,791
Penalty imposed by the State Bank of Pakistan due to non-export of spirit - net	5,517	31,753	37,270
Other expenses	42,141	50,201	92,342
	180,896	151,305	332,201
Less: sale of spirit during trial run operations	9,501	203,663	213,164
	171,395	(52,358)	119,037

6.9 In case of CSM, the installation of Ethanol Fuel Plant of 125,000 litres per day has been completed during the current year; trial run operations of this Plant continued till June 30, 2015. Unallocated capital expenditure aggregating Rs.119.037 million (net) on the said date have been allocated to buildings, plant & machinery and electric installations. The installation of Bio Gas Plant and Waste Water Treatment Plant is in progress.

		2015	2014
7.	**INTANGIBLE ASSETS** - Computer softwares	**Rupees in thousand**	
	Cost at beginning of the year	**6,942**	6,592
	Additions during the year	**1,300**	350
	Cost at end of the year	**8,242**	6,942
	Less: amortisation:		
	- at beginning of the year	**6,709**	6,592
	- charge for the year	**550**	117
	-at end of the year	**7,259**	6,709
	Book value as at September 30 ,	**983**	233

7.1 Amortisation is charged to income applying the straight-line method at the rate of 33.33% per annum.

8. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
	------------- Rupees in thousand -------------		
As at September 30, 2013:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	44,363	44,363
Book value	14,544	19,345	33,889
Year ended September 30, 2014:			
Depreciation charge	0	1,487	1,487
Book value	14,544	17,858	32,402
Year ended September 30, 2015:			
Depreciation charge	0	1,361	1,361
Book value	**14,544**	**16,497**	**31,041**
As at September 30, 2014			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	45,850	45,850
Book value	14,544	17,858	32,402
As at September 30, 2015			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	47,211	47,211
Book value	**14,544**	**16,497**	**31,041**
Depreciation rate (%)	0	5-10	

8.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2015 was Rs.260 million (2014: Rs.260 million).

9. LONG TERM INVESTMENTS

	2015	2014	2015	2014
	Equity held (%)		Rupees in thousand	
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd.				
229,900 (2014: 229,900) ordinary shares of Rs.10 each	**5.75**	5.75	**14,456**	13,843
Market value Rs.11.575 million (2014: Rs.2.540 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd.				
14,450 (2014: 14,450) ordinary shares of Rs.100 each	**48.17**	48.17	**0**	0
Premier Board Mills Ltd.				
47,002 (2014: 47,002) ordinary shares of Rs.10 each	**0.83**	0.83	**4,207**	3,894
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2014: 200,000) ordinary shares of Rs.10 each	**40.00**	40.00	**55,835**	41,695
			74,498	59,432
OTHERS - QUOTED (available-for-sale)				
Ibrahim Fibres Ltd.				
405,670 (2014: 405,670) ordinary shares of Rs.10 each			**5,680**	5,680
Add: adjustment arising from re-measurement to fair value			**18,904**	19,529
			24,584	25,209
			99,082	84,641

9.1 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.

9.2 NCPL has no known assets and liabilities as at June 30, 2015 and June 30, 2014 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

9.3 Investments in equity instruments of Associated Companies

	2015	2014
	Rupees in thousand	
Opening balance - cost	**5,638**	5,638
Add: post acquisition profit brought forward	**53,794**	48,145
	59,432	53,783
Add: share for the year:		
- profit - net	**20,255**	4,796
- other comprehensive income	**21**	1,690
- items directly credited in equity	**(1,948)**	330
Less: taxation - net	**(3,262)**	(1,167)
	15,066	5,649
Balance as at 30 September,	**74,498**	59,432

9.4 Summarised financial information of the Associated Companies, based on the audited financial statements for the year ended June 30, 2015, is as follows:

Name of the Associated Company	Assets	Liabilities	Operating revenues	Profit / (loss) after tax
	2015			
	Rupees in thousand			
Arpak International Investments Ltd.	**254,732**	**3,321**	**13,636**	**6,086**
Premier Board Mills Ltd.	**522,815**	**15,989**	**21,002**	**33,585**
Azlak Enterprises (Pvt.) Ltd.	**191,680**	**52,093**	**51,623**	**40,906**
	2014 - Restated			
Arpak International Investments Ltd.	243,761	3,014	13,169	312
Premier Board Mills Ltd.	484,764	15,579	21,527	(3,147)
Azlak Enterprises (Pvt.) Ltd.	150,077	45,839	45,270	8,773

10. STORES AND SPARES

	2015	2014
Stores including in-transit inventory valuing Rs. nil (2014: Rs.4.955 million)	**306,726**	340,218
Spares	**103,483**	107,334
	410,209	447,552

10.1 FSM has not carried-out manufacturing operations during the current and prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the year-end stores and spares inventory valuing Rs. 32.581 million have not been adjusted for any potential impairment loss.

10.2 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

11. STOCK-IN-TRADE

	Note	2015	2014
		Rupees in thousand	
Sugar-in-process		**12,948**	16,020
Finished goods:			
- sugar		**2,594,429**	1,857,923
- spirit	11.1	**20,040**	5,940
		2,614,469	1,863,863
		2,627,417	1,879,883

11.1 The year-end component of molasses used in distillery stock-in-hand and the actual molasses-in-hand aggregated 6.00 metric tonnes (2014: 558.595 metric tonnes) valued at Rs. Nil.

12. TRADE DEBTS - Unsecured, considered good

In case of CSM, year-end balance of trade debts includes a debt amounting Rs.22.300 million (2014: Rs.32.300 million), which is overdue since September 30, 2011. 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 year, has paid amounts aggregating Rs.10 million to CSM.

13. LOANS AND ADVANCES

	Note	2015	2014
Advances to:			
- suppliers and contractors - considered good	13.1	**241,088**	215,979
- employees - considered good		**7,157**	8,483
Due from an Associated Company	13.2	**19**	19
		248,264	224,481
Less: provision for doubtful advances		**2,437**	2,437
		245,827	222,044

13.1 These are unsecured and considered good except for Rs.2.437 million (2014: Rs.2.437 million), which have been fully provided for in the books of account of CSM.

13.2 This represents due from Syntron Limited in respect of current account transactions.

14. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	2015	2014
		Rupees in thousand	
Sugar export subsidy receivable	14.1	**278,326**	149,880
Prepayments		**5,275**	3,250
Excise duty deposits		**136**	136
Export refinance charges refundable		**5,960**	2,444
Advance made to Arbitrator		**0**	6,000
Gas infrastructure development cess paid under protest - refundable		**3,018**	3,018
Other receivables		**4,168**	3,602
		296,883	168,330

14.1 This represents subsidy receivable from the Ministry of Commerce, Government of Pakistan against export of sugar at the following rates:

- financial year ended September 30, 2013 at the rate of Rs.1.75 per kg
- financial year ended September 30, 2014 at the rate of Re.1.00 per kg
- financial year ended September 30, 2015 at the rate of Rs.10.00 per kg

CSM, during the current year, has accrued further subsidy aggregating Rs.216.090 million and received subsidy aggregating Rs.87.645 million.

15. TAX REFUNDS DUE FROM THE GOVERNMENT

	2015	2014
Income tax refundable, advance tax and tax deducted at source	**202,054**	147,199
Sales tax refundable	**115,414**	200,657
	317,468	347,856

16. SHORT TERM INVESTMENTS

- At fair value through profit or loss

	2015	2014
MCB Cash Management Optimizer:		
Opening balance - 269,230 Units (2014: 310,018 Units)	**27,487**	31,025
Investments made during the year - 246,593 Units (2014: 16,965 bonus Units received)	**26,000**	0
Gain on redemption / adjustment on re-measurement to fair value	**2,317**	2,137
Units redeemed during the year - 515,823 Units (2014: 57,753 Units)	**(55,804)**	(5,675)
Closing balance - nil Units (2014: 269,230 Units)	**0**	27,487

17. BANK BALANCES

	Note	2015	2014
		Rupees in thousand	
Cash at banks on:			
- PLS accounts	17.1 & 17.2	16,580	75,819
- saving accounts	17.2	24,417	27,526
- deposit accounts	17.2 & 17.3	7,738	26,132
- current accounts		75,722	42,199
- deposits with a non-banking finance company - unsecured	17.4	78,000	78,000
- dividend accounts		1,967	1,967
		204,424	251,643
Less: provision for doubtful bank balance	17.5	5,000	5,000
		199,424	246,643

17.1 These include Rs.405 thousand (2014: Rs.383 thousand) in security deposit account.

17.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 3.76% to 11.71% (2014: 6% to 11.66%) per annum.

17.3 These include deposit amounting Rs.2.500 million, which is under lien of a bank against guarantee issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

17.4 **(a)** These represent deposits lying with Innovative Investment Bank Limited (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits were as follows:

Date of maturity	Amount of deposit
	Rs. in 000'
July 29, 2009	15,600
July 29, 2010	15,600
July 29, 2011	15,600
July 29, 2012	31,200
	78,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-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

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

(c) The Group has not accrued profit on these deposits during the current and preceding financial years.

17.5 The Holding Company had deposited Rs.5 million in Term Deposit with Mehran Bank Ltd. at Peshawar for a period of six months @ 12.5% per annum on September 25, 1993 vide TDR No.007902, which was to mature on March 25, 1994. The aforesaid TDR could not be encashed because of the crisis of Mehran Bank Ltd.'s affairs, which were being administered by the State Bank of Pakistan (SBP). Mehran Bank Ltd. was eventually merged into National Bank of Pakistan (NBP).

The Holding Company, through its lawyers, had issued legal notices to SBP, NBP and the defunct Mehran Bank Ltd. In response, the Holding Company, had received a letter from NBP dated November 05, 1995 stating that the investment by the Holding Company, was shown in Fund Management Scheme, which was an unrecorded liability of Mehran Bank Ltd. The Holding Company, had filed a suit with the Civil Court for recovery of the said amount along with profit @ 12.5% per annum with effect from September 25, 1993 till the date of payment. The Civil Judge, Peshawar, vide his judgment dated May 13, 2004, had decreed against SBP. SBP, against the said judgment, has filed an appeal with the Peshawar High Court, which is pending adjudication. Full provision for the said doubtful amount exists in these financial statements.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		**2015**	2014
(No. of shares)			**Rupees in thousand**	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	**14,763**	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	**22,737**	22,737
3,750,000	3,750,000		**37,500**	37,500

18.1 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2015 and September 30, 2014.

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

19.1 The Holding Company, during the financial years ended September 30, 2000, September 30, 2009 and September 30, 2011 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million and Rs.110.992 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

19.2 The Holding Company, as at September 30, 2014, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd., PBA Approved Assets Valuators, Gulberg Arcade, Main Market, Gulberg, Lahore] to replace the carrying amounts of these assets with their depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.438.066 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984 (the Ordinance).

19.3 FSM, during the financial year ended September 30, 2000, had revalued buildings on freehold land and plant & machinery. The revaluation exercise was carried-out on the basis of depreciated market values and it produced appraisal surplus aggregating Rs.55.414 million, which was credited to this account.

19.4 FSM, during the financial year ended September 30, 2009, had again revalued its aforementioned fixed assets and freehold land. The latest revaluation exercise was carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd., Consulting Engineers, Surveyors & Loss Adjusters and Valuation Consultants] to replace the carrying amounts of these assets with their fair present market values. The appraisal surplus arisen on latest revaluation aggregating Rs.87.718 million was credited to this account to comply with the requirements of section 235 of the Ordinance.

19.5 CSM had revalued its freehold land, building & roads and plant & machinery of its Unit - I on March 31, 2008, which resulted in revaluation surplus aggregating Rs.957.702 million. CSM as at September 30, 2011 had also revalued the aforementioned fixed assets of its both Units, which resulted in revaluation surplus aggregating Rs.880.755 million. These fixed assets were revalued by independent Valuers on the basis of replacement value / depreciated market values.

19.6 CSM as at September 30, 2013 has again revalued the aforementioned fixed assets of its both Units. The revaluation exercise has been carried-out by Independent Valuers - K.G. Traders (Pvt.) Ltd., Clifton Centre, Khayaban-e-Roomi, Clifton, Karachi. Freehold land has been revalued on the basis of current market value whereas buildings & roads and plant & machinery have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs. 1.594 billion has been credited to this account to comply with the requirements of section 235 of the Ordinance.

19.7 The year-end balance has been arrived at as follows:

	2015	2014
	Rupees in thousand	
Opening balance	**3,622,481**	3,493,840
Add: surplus arisen on revaluation carried-out during the preceding year	**0**	438,066
Less: transferred to unappropriated profit / (accumulated loss)		
- on account of incremental depreciation for the year	**(317,665)**	(309,370)
- upon sale of revalued plant and machinery	**0**	(55)
	3,304,816	3,622,481
Less: deferred tax on:		
- opening balance of surplus	**1,096,257**	1,085,289
- surplus on revaluation carried-out during the preceding year	**0**	148,943
- incremental depreciation for the year	**(102,007)**	(102,050)
- sale of revalued plant and machinery	**0**	(19)
	994,250	1,132,163
	2,310,566	2,490,318
Resultant adjustment due to reduction in tax rate	**32,473**	35,906
Closing balance	**2,343,039**	2,526,224

20. LONG TERM FINANCES - Secured

From banking companies	Note	2015	2014
		Rupees in thousand	
The Holding Company			
Soneri Bank Limited: (SBL)			
- Term finance	20.1	200,000	200,000
CSM			
Bank Alfalah Limited: (BAL)			
- Term finance - III	20.2	200,000	250,000
Bank Al-Habib Limited: (BAH)			
- Fixed loan	20.3	101,884	113,204
- Long term finance [(LTFF) - SBP]	20.3	362,067	364,810
		463,951	478,014
Faysal Bank Limited: (FBL)			
- Term finance	20.4	499,964	499,964
Soneri Bank Limited: (SBL)			
- Term finance	20.5	141,139	130,674
- LTFF (ERF)	20.5	345,581	240,595
		486,720	371,269
The Bank of Khyber: (BoK)			
- Demand finance	20.6	68,896	124,013
The Bank of Punjab: (BoP)			
- Demand finance	20.7	92,472	92,472
- LTFF	20.7	355,856	356,644
		448,328	449,116
		2,367,859	2,372,376
Less: current maturity grouped under current liabilities including an overdue instalment amounting Rs.25 million (2014: Rs.25 million)		402,476	144,968
		1,965,383	2,227,408

20.1 SBL, during September, 2014, against a term finance facility has disbursed Rs.200 million. The finance facility carries mark-up at the rate of 6 months KIBOR + 1 %; effective mark-up rate charged by SBL ranged from 8.05% to 11.21% (2014:11.18% to 11.20%) per annum. The finance facility is secured against first pari passu charge of Rs.267 million over plant and machinery of the Holding Company and is repayable in six equal half-yearly instalments of Rs.33.333 million commencing March, 2017.

20.2 Term finance III has been obtained for purchase of plant and machinery and is repayable in 10 equal half-yearly instalments with effect from September, 2014. These finances carry mark-up at the rate of 6-months KIBOR plus 2% per annum; the effective mark-up rates during the year ranged from 9.05% to 12.18% (2014: 11.06% to 12.18%) per annum and are secured against first registered joint pari passu charge on present and future fixed assets of CSM for Rs.386.670 million.

20.3 Fixed loan and LTFF (SBP) finance facilities aggregate Rs.500 million and are being utilised for establishment of ethanol plant. The finance facilities tenor is seven years with two years grace period from the date of first disbursement and are secured against joint pari passu charge over fixed assets of CSM; BAH's share amounts to Rs.933.333 million. Fixed loan carries mark-up at the rate of 6-months average KIBOR plus 1.5%; the effective mark-up rates during the year ranged from 8.50% to 11.67% (2014: 10.52% to 11.67%) per annum. LTFF (SBP) finance facility carries mark-up at SBP rate + 3%; the effective mark-up rate during the year was 11.40% (2014: 11.40%) per annum.

20.4 Term finance facility available from FBL amounts to Rs.500 million and has been obtained for setting-up ethanol fuel plant. The finance facility's tenor is five years including two years grace period and is secured against joint pari passu hypothecation and mortgage charge over all fixed assets of CSM for Rs. 667 million. The finance facility carries mark-up at the rate of 6-months KIBOR plus 1.5% per annum; the effective mark-up rates during the year ranged from 9.50% to 11.69% (2014: 11.05% to 11.69%) per annum.

20.5 Term finance and LTFF (ERF) facilities available from SBL aggregate Rs.500 million and have been obtained to finance plant and machinery. The finance facilities tenor is seven years with two years grace period and are secured against joint pari passu charge of Rs.666.667 million over present and future fixed assets of CSM. Term finance carries mark-up at the rate of 6-months KIBOR + 1.75%; the effective mark-up rates during the year ranged from 8.80% to 11.93% (2014: 10.92% to 11.93%) per annum. LTFF (ERF) carries mark-up at SBP rate + 3%; the effective mark-up rates during the year ranged from 9% to 11.40% (2014: 9% to11.40%) per annum.

20.6 Demand finance facility available from BoK for purchase of plant & machinery amounts to Rs.250 million and carries mark-up at the rate of 6-months KIBOR plus 2% with no floor and no cap; the effective mark-up rates during the year ranged from 9.05% to 12.18% (2014: 11.06% to 12.18%) per annum. The finance facility is repayable in 16 equal quarterly instalments commenced from January, 2013 and is secured against first registered pari passu charge for Rs.350 million over all present and future fixed assets of CSM.

20.7 Demand finance and LTFF finance facilities available from BoP aggregate Rs.500 million and have been obtained to finance distillery / ethanol plant being established by CSM. The finance facilities tenor is seven years with two years grace period and are secured against joint pari passu hypothecation charge over fixed assets of CSM for Rs.666.670 million. Demand finance carries mark-up at the rate of 6-months KIBOR + 1.3%; the effective mark-up rates during the year ranged from 8.35% to 11.48% (2014: 10.62% to 11.48%) per annum. LTFF carries mark-up at SBP rate + 3%; the effective mark-up rate during the year was 11.40% (2014: 11.40%) per annum.

21. LOANS FROM ASSOCIATED COMPANIES - Secured

	Note	2015	2014
		Rupees in thousand	
Premier Board Mills Ltd. (PBM)	21.1	**113,750**	113,750
Arpak International Investments Ltd. (AIIL)	21.2	**43,750**	43,750
		157,500	157,500

21.1 CSM and PBM have entered into a loan agreement on May 20, 2008 whereby PBM has advanced amounts aggregating Rs.130 million to CSM. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rates charged by PBM during the year ranged from 8.24% to 11.62% (2014: 10.44% to 11.63%) per annum. As per the previous loan agreement, the loan was repayable in 8 equal half-yearly instalments with effect from May, 2013. CSM and PBM have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.268.031 million.

21.2 CSM and AIIL have entered into a loan agreement on May 20, 2008 whereby AIIL has advanced amounts aggregating Rs.50 million to CSM. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rates charged by AIIL during the year ranged from 8.24% to 11.62% (2014: 10.44% to 11.63%) per annum. As per the previous loan agreement, the loan was repayable in 8 equal half-yearly instalments with effect from May, 2013. CSM and AIIL have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.55.615 million.

22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2015			2014		
	Upto one year	From one to five	Total	Upto one year	From one to five years	Total
	---------------------- Rupees in thousand ----------------------					
Minimum lease payments	**17,593**	**32,977**	**50,570**	15,864	32,145	48,009
Less: finance cost allocated to future periods	**3,087**	**2,773**	**5,860**	3,414	3,573	6,987
	14,506	**30,204**	**44,710**	12,450	28,572	41,022
Less: security deposits adjustable on expiry of lease terms	**1,456**	**8,132**	**9,588**	569	7,113	7,682
Present value of minimum lease payments	**13,050**	**22,072**	**35,122**	11,881	21,459	33,340

22.1 The Holding Company has entered into lease agreements with Bank Al-Habib Ltd. and MCB Bank Ltd. for lease of vehicles and a diesel generator respectively. The liabilities under the lease agreements are payable in monthly instalments by December, 2018. The Holding Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These facilities are secured against title of the leased assets in the name of lessors and during the year carried finance cost at the rates ranging from 9.01% to 12.21% (2014: 11.04% to 12.17%) per annum.

22.2 CSM has entered into lease agreements with Bank Al-Habib Ltd., Faysal Bank Ltd. and MCB Bank Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by September, 2019 and are subject to finance cost at the rates ranging from 5.71% to 10.18% (2014: 6.03% to 17.00%) per annum. CSM intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

23. DEFERRED TAXATION - Net

	2015	2014
	Rupees in thousand	
This is composed of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**387,797**	232,240
- surplus on revaluation of property, plant & equipment	**961,777**	1,096,257
- lease finances	**132**	964
	1,349,706	1,329,461
Deductible temporary differences arising in respect of:		
- staff retirement benefits - gratuity	**(4,405)**	(3,027)
- provision for doubtful bank balance	**(1,600)**	(1,650)
- provision for doubtful advances	**(780)**	(804)
- unused tax losses	**(282,005)**	(216,829)
- minimum tax recoverable against normal tax charge in future years	**(304,663)**	(224,742)
- tax credit for investment in plant and machinery	**(28,362)**	(63,618)
	(621,815)	(510,670)
	727,891	818,791

23.1 In case of CSM, as at September 30, 2015, deferred tax asset amounting Rs.197.944 million on unused tax losses has not been recognised in the financial statements on the ground of prudence; (2014: deferred tax asset amounting Rs.202.509 million on unused tax losses and Rs. 36.205 million on minimum tax recoverable against normal tax charge in future years was not recognised in the financial statements). The management intends to re-assess the recognition of deferred tax asset as at September 30, 2016.

24. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of these schemes include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	**2015**	2014
- discount rate - per annum	**9% to 13.50%**	9% to 11.5%
- expected rate of growth per annum in future salaries	**8% to 12.50%**	10.5% to 12.50%
- average expected remaining working life time of employees	**5 to 6 years**	5 to 8 years

Amount recognised in the consolidated balance sheet is the present value of defined benefit obligations at the reporting date:

The movement in the present value of defined benefit obligations is as follows:	**Rupees in thousand**	
Opening balance	**11,496**	14,396
Current service cost	**473**	591
Past service cost	**3,490**	0
Interest cost	**1,332**	1,482
Benefits payable to outgoing members - grouped under current liabilities	**(307)**	(156)
Benefits paid	**(672)**	(2,847)
Remeasurements: experience adjustments	**291**	(1,970)
Closing balance	**16,103**	11,496
Expense recognised in profit and loss account		
Current service cost	**473**	591
Past service cost	**3,490**	0
Interest cost	**1,332**	1,482
Charge for the year	**5,295**	2,073
Remeasurement recognised in other comprehensive income		
Experience adjustments	**291**	(1,970)

Comparison of present value of defined benefit obligation and experience adjustment on obligations for five years is as follows:

	2015	2014	2013	2012	2011
	Rupees in thousand				
Present value of defined benefit obligations	**16,103**	11,496	14,396	32,323	30,735
Experience adjustment on obligations	**291**	(1,970)	(741)	(1,662)	0

25. TRADE AND OTHER PAYABLES

	Note	**2015**	2014
		Rupees in thousand	
Creditors		**235,417**	277,295
Due to Associated Companies	**25.1**	**12,615**	27,082
Accrued expenses		**71,707**	51,842
Retention money		**26,196**	21,616
Security deposits - interest free repayable on demand	**25.2**	**3,348**	2,675
Advances from customers		**3,951**	14,015
Income tax deducted at source		**2,264**	1,025
Sales tax payable		**35**	143
Gratuity payable to ex-employees		**2,391**	2,084
Workers' (profit) participation fund	**25.3**	**10,835**	3,439
Workers' welfare fund	**30.12**	**0**	11,633
Unclaimed dividends		**6,980**	6,980
Due to employees		**9,224**	6,126
Advance received against sale of scrap		**9,000**	0
Others		**109**	127
		394,072	426,082

25.1 This represents amounts due to:

	2015	2014
- Azlak Enterprises (Pvt.) Ltd.	**9,439**	0
- Phipson & Co. Pakistan (Pvt.) Ltd.	**0**	185
- Syntronics Ltd.	**0**	26,897
- Arpak International Investments Ltd.	**176**	0
- Premier Board Mills Ltd.	**3,000**	0
	12,615	27,082

25.2 Security deposits include Rs.404 thousand (2014: Rs.383 thousand) representing mark-up bearing deposits. The Holding Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

	Note	2015	2014
		Rupees in thousand	
25.3 Workers' (profit) participation fund			
Opening balance		**3,439**	3,046
Add: 3			
- interest on funds utilised in the Group's business		**421**	393
- allocation for the year		**6,975**	0
		7,396	393
Closing balance		**10,835**	3,439
26. ADVANCES AGAINST SALE OF LAND			
Opening balance		**30,881**	0
Advances received during the year		**10,353**	30,881
Advances refunded during the year		**(41,234)**	0
		0	30,881

26.1 These represent advances received from various parties against proposed sale of the FSM's freehold land. The management, during the current year, has changed its intention and the entire amount has been refunded-back to the respective parties.

	Note	2015	2014
27. ACCRUED MARK-UP			
Mark-up accrued on:			
- long term finances		**66,101**	75,317
- loans from Associated Companies		**34,022**	22,619
- short term borrowings		**101,800**	107,415
		201,923	205,351
28. SHORT TERM BORROWINGS			
Secured	**28.1 & 28.2**	**4,458,297**	3,325,999
Un-secured	**28.3**	**26,502**	10,695
		4,484,799	3,336,694

28.1 In case of the Holding Company, short term finance facilities available from commercial banks under mark-up arrangements aggregate Rs.1,250 million (2014: Rs.1,300 million). These facilities are secured against pledge of stock of refined sugar and charge over present and future current assets of the Holding Company. These facilities, during the year, carried mark-up at the rates ranging from 8.01% to 14% (2014: 9.40% to 11.67%) per annum and are expiring on various dates by March 31, 2016.

Facilities available to the Holding Company for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2014: Rs.125 million). Out of the available facilities, facilities aggregating Rs.115 million (2014: Rs.115 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts and shipping documents.

28.2 In case of CSM, short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.6,750 million (2014: Rs.5,850 million) and, during the year, carried mark-up at the rates ranging from 4.50% to 14.00% (2014: 8.50% to 12.18%) per annum. Facilities available for opening letters of credit aggregate Rs.352 million (2014: Rs.625 million). These facilities are secured against charge over CSM's current assets, lien over export documents, pledge of white refined sugar stocks and banks' lien over import documents. These facilities are expiring on various dates by August 31, 2016.

28.3 These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in the bank accounts of CSM.

29. CURRENT PORTION OF NON-CURRENT LIABILITIES		**2015**	2014
	Note	**Rupees in thousand**	
Long term finances	**20**	**402,476**	144,968
Liabilities against assets subject to finance lease	**22**	**13,050**	11,881
		415,526	156,849

30. TAXATION - Net			
Opening balance		**0**	86,671
Add: provision / (reversal) made during the year:			
- current	**30.16**	**107**	81
- prior years - net		**0**	(910)
		107	(829)
Less: adjustments made during the year against completed assessments		**0**	85,842
Closing balance		**107**	0

The Holding Company

30.1 The returns for the tax years 2010 to 2015 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

30.2 No numeric tax rate reconciliation is presented in these financial statements as the Holding Company is mainly liable to pay tax due under sections 15 (income from property) and 113 (minimum tax on turnover) of the Ordinance aggregating Rs.6.046 million. The required provision for the current year has been fully adjusted against the preceding year's balance tax credit for investment in plant & machinery amounting Rs.8.187 million available under section 65B of the Ordinance; (2014: the required provision for tax for preceding year on profit on bank deposits and export proceeds payable under sections 151 and 154 of the Ordinance aggregating Rs.3.162 million was fully adjusted against the tax credit for investment in plant and machinery aggregating Rs.11.349 million available under section 65B of the Ordinance).

30.3 The Holding Company has filed a writ petition before the Peshawar High Court (PHC) against selection for audit under sections 177 and 214C of the Ordinance; the PHC has stayed the Income Tax Department (the Department) from finalising the proceedings. The petition is pending adjudication.

CSM

30.4 Returns filed by CSM for tax years 2004 to 2015, except for tax years 2011 and 2012, have been assessed under the self assessment scheme envisaged in section 120 of the Ordinance .

30.5 No numeric tax rate reconciliation is presented in these financial statements as CSM is mainly liable to pay tax due under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Ordinance aggregating Rs.76.249 million. The required provision for the current year has been fully adjusted against current and preceding years' tax credits for investment in plant & machinery aggregating Rs.102.461 million available under section 65B of the Ordinance.

30.6 A tax reference for the assessment year 1999-2000, filed by the the Department, is pending before the PHC; the issue involved is taxation of accumulated profit under section 12(9A) of the repealed Income Tax Ordinance, 1979.

30.7 A tax reference for the assessment year 2002-03, filed by the Department, is pending before the PHC. The amount of revenue involved in the tax reference is Rs.2.993 million, which was initially assessed by the Assessing Officer and later-on annulled by the Commissioner Inland Revenue - Appeals [CIR(A)].

30.8 A reference for the tax year 2006, filed by the Department, is pending before the PHC; the issue involved is regarding deletion of tax amounting Rs.9.082 million under sections 161/205 of the Ordinance by the Appellate Tribunal Inland Revenue (ATIR).

30.9 A writ petition, filed by CSM, is pending before the Islamabad High Court regarding deduction of tax under sections 231A (cash withdrawals from bank) and 235 (electricity consumption) of the Ordinance.

30.10 The Department has filed an appeal before the Supreme Court of Pakistan against judgment of the PHC dated June 18, 2014. The said writ petition was filed before the PHC against selection for audit under section 177 of the Ordinance, which was succeeded and the Department was restrained from audit for the tax year 2009.

30.11 CSM has filed a writ petition before the PHC against selection for audit under sections 177 and 214C of the Ordinance by the Department for the tax year 2011. The PHC has stayed the Department from finalising the proceedings.

30.12 The Department has filed an appeal before the Supreme Court of Pakistan against order passed by the PHC in the tax reference for the tax year 2009. The said tax reference was filed by the Department against CSM challenging decision of the Appellate Tribunal dated August 29, 2012. The workers' welfare fund levy was initially assessed by the Assessing Officer, which was later on annulled by the Commissioner Appeals. Appeal of the Department before the Appellate Tribunal was also dismissed. CSM, during the current year, has written-back the workers' welfare fund liabilities aggregating Rs.11.633 million appearing in its books of account.

30.13 The Department has issued a show cause notice under sections 161/205 of the Ordinance for tax year 2012. CSM had challenged the said show cause notice before the Federal Tax Ombudsman, who, after hearing the complaint, treated the impugned show cause notice as unlawful proceedings and recommended dropping it. The Department has challenged these findings before the President of Pakistan, who has accepted the representation vide order dated December 06, 2013. The Department has created no demand as it was only a show cause notice. CSM, against the Presidential order, has filed a writ petition before the Islamabad High Court, which is pending adjudication.

FSM

30.14 The Department against the judgment of the PHC dated October 22, 2008 has filed an appeal before the Supreme Court of Pakistan. The PHC, vide its aforementioned judgment had rejected the departmental application and upheld the order of the Income Tax Appellate Tribunal (ITAT) dated April 28, 2007. Earlier, the ITAT had upheld the Commissioner of Income Tax - Appeals' action of annulment of amendment of assessment orders passed by the Additional Commissioner (Audit) under section 122(5A) of the Ordinance.

30.15 The returns for tax years 2010 to 2015 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

30.16 Provision made during the current year represents tax payable under section 37A (Capital gain on disposal of securities) of the Ordinance; (2014: tax provision represented tax payable on dividend income under section 5 of the Ordinance).

30.17 In case of FSM, deferred tax asset arising on unused tax losses has not been recognised due to uncertainty about the availability of taxable profits in the foreseeable future.

31. CONTINGENCIES AND COMMITMENTS

The Holding Company

31.1 No commitments were outstanding as at September 30, 2015 and September 30, 2014.

31.2 The Additional Collector of Customs, Sales Tax and Central Excise (Adjudication), Peshawar, during the financial year ended September 30, 2001, had raised sales tax demands aggregating Rs.4.336 million along with additional tax on the grounds that the Holding Company claimed input tax on the whole value of supplies made during that year which included taxable as well as exempt supplies, in contravention of section 8(2) read with S.R.O. 698(1)/96 dated August 22, 1996. Further, the Holding Company had either not charged or charged lesser sales tax on these supplies. The Holding Company had not accepted the said demands and filed an appeal with the Customs, Sales Tax & Central Excise Appellate Tribunal, which vide its judgment dated August 12, 2003 had partially allowed the appeal.

The Holding Company, during the financial year ended September 30, 2005, had filed an appeal before the Peshawar High Court (PHC) against the order of the Tribunal, which is pending adjudication. The Holding Company, however during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.

31.3 The Holding Company has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a writ petition before the PHC against the Federation, Oil & Gas Regulatory Authority and Sui Northern Gas Pipelines Ltd.(SNGPL) under article 199 of the Constitution of Pakistan. The PHC has admitted the writ petition for regular hearing and restrained the Respondents to demand GIDC on the basis of GIDC Act, 2015. The Holding Company is also negotiating with SNGPL for refund of GIDC aggregating Rs.9.073 million paid under protest during the period from December, 2011 to June, 2014.

31.4 The Holding Company, by filing a writ petition before the PHC, has challenged the Notification issued by the Government of Khyber Pakhtunkhwa (KPK) dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.2.359 million approximately. The petition is pending adjudication.

31.5 Guarantee given to SNGPL by a commercial bank on behalf of the Holding Company outstanding as at September 30, 2015 was for Rs.10 million (2014: Rs.10 million). The guarantee is valid upto May 26, 2016.

31.6 Also refer contents of note 6.3.

CSM

31.7 CSM, during the period from July, 2008 to September, 2010, had paid special excise duty (the duty) on sugar at value higher than the value fixed by the Federal Board of Revenue vide SRO. No. 564(I)/2006 dated June 05, 2006. This resulted in excess payment of duty amounting Rs.35.825 million. The refund application was submitted to the Deputy Commissioner Inland Revenue (DCIR), who had rejected the application. CSM had filed an appeal before the Commissioner Inland Revenue - Appeals [CIR(A)] against the impugned order. The CIR(A), during the financial year ended September 30, 2013, had upheld the order of DCIR. CSM, thereafter, has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), Peshawar Bench, which has heard and reserved the judgment on June 19, 2013. CSM's legal Advisors are of the opinion that in view of highly meritorious arguments placed before the Tribunal, CSM's refund claim shall be sanctioned.

31.8 CSM's appeal is pending adjudication before the ATIR against order passed by the CIR(A), who has 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.

31.9 A sales tax appeal of CSM is pending before the ATIR against order passed by the CIR(A), who has reduced the assessed amount from Rs.36.842 million to Rs.28.063 million vide order dated December 02, 2014.

31.10 A sales tax appeal of CSM is pending before the ATIR against order passed by the CIR(A), who has upheld the assessment order passed by the DCIR dated September 10, 2014 and CSM was directed to pay Rs.30.021 million.

31.11 A sales tax appeal of CSM is pending before the ATIR against order passed by the CIR(A), who has upheld the assessment order passed by the Officer Inland Revenue dated November 26, 2014 for claiming input tax adjustment of Rs. 0.880 million.

31.12 A sales tax appeal of CSM is pending before the ATIR against order passed by the CIR(A) on May 26, 2015 under section 37A(4) of the Sales Tax Act, 1990.

31.13 CSM, by filing a writ petition before the PHC, has challenged the Notification issued by the Government of KPK dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by PHC will create additional wage liabilities aggregating Rs.9.682 million approximately. The petition is pending adjudication.

	2015	2014
In case of CSM, commitments in respect of :	**(Rupees in million)**	
- foreign letters of credit for purchase of plant and machinery	**133.890**	0.000
- in land letters of credit for capital expenditure	**0.000**	100.755
- capital expenditure other than for letters of credit	**61.792**	97.612

31.14 Also refer contents of taxation notes detailed in note 30.

FSM

31.15 The Additional Collector of Sales Tax, Peshawar, had served a show cause notice raising sales tax demands aggregating Rs.1.528 million along with additional tax on the grounds that FSM under-valued the price of spirit during the financial years 1994-95 & 1995-96 and paid lesser sales tax. FSM paid Rs.0.248 million against the said demands and filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Peshawar Bench, which is pending adjudication.

31.16 FSM, by filing a writ petition before the PHC, has challenged the Notification issued by the Government of KPK dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.1.148 million approximately. The petition is pending adjudication.

32. SALES - Net

	Note	2015	2014
		Rupees in thousand	
Turnover - local		**6,584,358**	3,344,876
Turnover - export		**1,424,986**	3,336,117
		8,009,344	6,680,993
Less: sales tax		**227,507**	70,009
		7,781,837	6,610,984

33. COST OF SALES

	Note	2015	2014
Raw materials consumed		**6,782,350**	5,693,044
Chemicals and stores consumed		**179,349**	150,350
Salaries, wages and benefits	33.1	**407,332**	386,467
Power and fuel		**55,447**	90,764
Insurance		**14,753**	12,887
Repair and maintenance		**114,310**	88,435
Machinery lease rentals		**0**	3,305
Depreciation	6.4	**485,438**	430,743
		8,038,979	6,855,995
Adjustment of sugar-in-process:			
Opening		**16,020**	9,091
Closing	11	**(12,948)**	(16,020)
		3,072	(6,929)
Cost of goods manufactured		**8,042,051**	6,849,066
Adjustment of finished goods:			
Opening stock		**1,863,863**	1,669,154
Closing stock	11	**(2,614,469)**	(1,863,863)
		(750,606)	(194,709)
		7,291,445	6,654,357

33.1 These include Rs.5.310 million (2014: Rs.5.518 million) and Rs. 4.126 million (2014: Rs.1.638 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

34. DISTRIBUTION COST

	Note	2015	2014
		Rupees in thousand	
Commission		**7,854**	3,485
Salaries, wages and amenities	34.1	**5,678**	5,563
Stacking and loading		**16,968**	12,707
Spirit export expenses		**0**	1,457
Export development surcharge		**3,111**	7,041
Freight expenses on export of sugar		**11,035**	26,606
Other expenses on export of sugar		**12,700**	13,271
Others		**28**	1,516
		57,374	71,646

34.1 These include Rs. 49 thousand (2014: Rs.49 thousand) in respect of contributions to staff provident funds.

35. ADMINISTRATIVE EXPENSES

	Note	2015	2014
Salaries and benefits	35.1	**176,698**	145,863
Travelling:			
- directors		**12,877**	9,529
- others		**8,384**	5,504
Utilities		**1,146**	1,343
Vehicles' running / maintenance and lease rentals		**9,911**	7,351
Rent, rates and taxes		**1,962**	3,878
Insurance		**1,907**	2,141
Repair and maintenance		**12,475**	13,845
Printing and stationery		**6,865**	5,810
Communication		**6,867**	6,741
Fees and subscription		**2,526**	2,928
Auditors' remuneration	35.2	**3,001**	2,774
Legal and professional charges (other than Auditors)		**3,383**	3,021
Depreciation on:			
- operating fixed assets	6.4	**21,774**	19,265
- investment property	8	**1,361**	1,487
Amortisation of intangible assets	7	**550**	117
General		**3,000**	2,212
		274,687	233,809

35.1 These include Rs. 2.541 million (2014: Rs.2.309 million) and Rs. 1.170 million (2014 Rs.0.435 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

35.2 Auditors' remuneration	**2015**	2014
	Rupees in thousand	
Hameed Chaudhri & Co.		
- statutory audit	**1,810**	1,625
- half-yearly review	**360**	333
- consultancy, tax services and certification charges	**517**	469
- out-of-pocket expenses	**201**	146
	2,888	2,573
Other Auditors		
- cost audit fee	**80**	110
- employees' provident fund's audit fee	**9**	7
- workers' (profit) participation fund's audit fee	**7**	59
- out-of-pocket expenses	**17**	25
	113	201
	3,001	2,774

36. OTHER EXPENSES

Donations (without directors' interest)	**230**	1,038
Uncollectible receivable balances written-off	**29**	1,746
Exchange fluctuation loss	**0**	2,138
Loss on sale of beet seed	**0**	2,998
Workers' (profit) participation fund	**6,975**	0
	7,234	7,920

37. OTHER INCOME

	Note	2015	2014
		Rupees in thousand	
Income from financial assets:			
Interest / profit on bank deposits and saving accounts		**9,295**	6,791
Gain on redemption of short term investments		**2,317**	124
Fair value gain on re-measurement of short term investments		**0**	2,137
Dividend		**0**	811
Income from other than financial assets:			
Rent	**37.1**	**14,134**	7
Sale of scrap - net		**12**	1,487
Sale of press mud - net		**2,443**	2,102
Unclaimed payable balances written-back		**381**	166
Gain on sale of operating fixed assets - net	**6.5**	**1,615**	15,267
Sugar export subsidy	**14.1**	**216,090**	62,056
Sale of agricultural produce	**37.2**	**66,800**	10,152
Profit from fertilizer sales	**37.3**	**1,690**	3,909
Seed sales net of expenses		**164,233**	151,873
Sale of beet pulp		**0**	10,000
Excess recoveries of local clearing expenses incurred against export of sugar through Commission Agents		**0**	63,774
Workers' welfare fund liabilities - reversed	**30.12**	**11,633**	0
Miscellaneous - net		**1,174**	1,070
		491,817	331,726

37.1 **(a)** As per the agreement entered into between the Holding Company and Premier Board Mills Ltd. (PBM - an Associated Company) on June 23, 2015, the Holding Company has leased-out a portion of its second floor situated at Head Office to PBM against consideration of Rs.2.100 million per annum. PBM has also paid to the Holding Company rent arrears aggregating Rs.10.500 million not paid since July 01, 2009 to June 30, 2014.

(b) The Holding Company, during the year, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM against consideration of Rs.6.750 million for the period from July 01, 2015 to June 30, 2016.

37.2 Income of the Holding Company for the year mainly includes lease of land for melon amounting Rs.7.566 million, sale of sugar cane crop to PBM amounting Rs.6.750 million, sale of trees aggregating Rs.13.640 million and sale of cane seed aggregating Rs.41.929 million.

37.3 Profit from fertilizer sales

	Note	2015	2014
		Rupees in thousand	
Sales		**23,760**	24,424
Less: cost of sales			
opening stock		**5,908**	12,154
purchases		**18,145**	14,269
closing stock		**(1,983)**	(5,908)
		22,070	20,515
		1,690	3,909

38. FINANCE COST

	2015	2014
Mark-up on:		
- long term finances	**101,900**	56,626
- loans from Associated Companies	**15,204**	17,904
- short term borrowings	**394,457**	318,040
Interest on workers' (profit) participation fund	**421**	393
Lease finance charges	**3,680**	3,427
Bank charges	**4,897**	5,613
	520,559	402,003

39. COMBINED EARNINGS / (LOSS) PER SHARE

	2015	2014
Profit / (loss) attributable to equity holders of the Holding Company	**112,275**	(148,354)
	No. of shares	
Weighted average number of shares outstanding during the year	**3,750,000**	3,750,000
	Rupees	
39.1 Combined earnings / (loss) per share	**29.94**	(39.56)

Diluted earnings / (loss) per share has not been presented as there are no convertible instruments in issue as at September 30, 2015 and September 30, 2014, which would have any effect on the combined earnings / (loss) per share if the option to convert is exercised.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried-out by the Group's finance departments under policies approved by the board of directors. The Group's finance departments evaluate financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

40.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Group is exposed to currency risk on import of plant & machinery, stores & spares and export of goods mainly denominated in U.S. $, U.K Pound (GBP) and Euro. The Group's exposure to foreign currency risk at year-end is as follows:

	2015	2014
	(Rupees in thousand)	
Trade debts (U.S. $ 757,829)	**79,097**	0
Outstanding letters of credit (Euro 70,680 and U.S. $ 1,202,888)	**133,890**	0

The following significant average exchange rates have been applied:

	2015	2014
U.S. $ to Rupee	**104.40**	103.90
GBP to Rupee	**162.63**	168.76
Euro to Rupee	**117.55**	136.42

The Group is not exposed to currency risk at the year-end as it has no funded foreign currency liabilities as at September 30, 2015 and September 30, 2014.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Group's interest bearing financial instruments is as follows:

	2015	2014	**2015**	2014
	Effective rate		**Carrying amount**	
	%	**%**	**Rupees in thousand**	
Fixed rate instruments				
Financial assets				
Deposit with a non-banking finance Company	**5**	5	**78,000**	78,000
Bank balances	**3.76 to 11.71**	6.00 to 11.66	**48,735**	129,477
Variable rate instruments				
Financial liabilities				
Long term finances	**8.05 to 12.18**	10.52 to 12.18	**2,367,859**	2,372,376
Loans from Associated Companies	**8.24 to 11.62**	10.44 to 11.63	**157,500**	157,500
Liabilities against assets subject to finance lease	**5.71 to 10.18**	6.03 to 17	**35,122**	33,340
Short term borrowings	**4.50 to 14.00**	8.50 to 12.18	**4,458,297**	3,325,999

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2015, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs.70.188 million; (2014: loss after taxation for the year would have been Rs.58.892 million higher / lower) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at September 30, 2014, price risk arose from the Group's investments in Units of a Mutual Fund classified as short term investments at fair value through profit or loss. To manage its price risk, the Group diversifies its portfolio and continuously monitors developments in the market. In addition, the Group's management actively monitors the key factors that affect price movement.

As at September 30, 2014, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have decreased / increased loss before taxation for the preceding year by Rs.2,749 thousand.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss account and investments of the Group.

40.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk primarily arises from investments, trade debts, loans & advances, other receivables, deposits with a non-banking finance company and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

In respect of other counter parties, due to the Group's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Group.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2015 along with comparative is tabulated below:

	2015	2014
	Rupees in thousand	
Long term investments	**24,584**	25,209
Security deposits	**5,280**	5,250
Trade debts	**368,505**	211,702
Loans and advances	**238,670**	213,561
Trade deposits and other receivables	**288,590**	156,062
Accrued profit and mark-up	**32**	50
Short term investments	**0**	27,487
Deposits with a non-banking finance company	**78,000**	78,000
Bank balances	**121,424**	168,643
	1,125,085	885,964

The management does not expect any losses from non-performance by these counter parties.

Trade debts exposure by geographic region is as follows:

Domestic	**290,428**	211,702
Export	**78,077**	0
	368,505	211,702

- Export debts of the Group are situated in Asia.
- The ageing of trade debts at the year-end was as follows:

Not past due	**308,539**	108,601
Past due less than 3 months	**27,176**	33,846
Past due less than 6 months	**1,064**	1,865
Past due more than 6 months	**31,726**	67,390
	368,505	211,702

Based on past experience, the Group's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.326.564 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

Credit quality of the Group's investments as at September 30, 2014:

	Fund stability rating assigned by PACRA
MCB Cash Management Optimizer	AA

40.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Group's treasury departments aim at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	2015				
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	------------------ Rupees in thousand ------------------				
Long term finances	**2,367,859**	**2,964,055**	**541,060**	**2,311,149**	**111,846**
Loans from Associated Companies	**157,500**	**191,771**	**13,013**	**178,758**	**0**
Lease finances	**35,122**	**36,029**	**13,597**	**22,432**	**0**
Trade and other payables	**376,987**	**376,987**	**376,987**	**0**	**0**
Accrued mark-up	**201,923**	**201,923**	**201,923**	**0**	**0**
Short term borrowings	**4,484,799**	**4,578,558**	**4,578,558**	**0**	**0**
	7,624,190	**8,349,323**	**5,725,138**	**2,512,339**	**111,846**

	2014				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	------------------ Rupees in thousand ------------------				
Long term finances	2,372,376	6,725,433	221,273	5,424,626	1,079,534
Loans from Associated Companies	157,500	228,129	18,144	186,470	23,515
Lease finances	33,340	34,631	12,521	22,110	0
Trade and other payables	395,827	395,827	395,827	0	0
Accrued mark-up	205,351	205,351	205,351	0	0
Short term borrowings	3,336,694	3,439,469	3,439,469	0	0
	6,501,088	11,028,840	4,292,585	5,633,206	1,103,049

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these consolidated financial statements.

40.5 Fair values of financial instruments and hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At September 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's investments in equity instruments of a listed Company have been measured at fair value using year-end quoted prices. Fair value of these investments falls within level 1 of fair value hierarchy as mentioned above.

As at September 30, 2014, the Group's investments in a Mutual Fund were measured at fair value using year-end Net Assets Value as computed by the Assets Management Company. Fair value of these investments fell within level 2 of fair value hierarchy as mentioned above.

41. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue the Holding Company's and the Subsidiary Companies' operations as going concerns so that they can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of their businesses.

The Group manages capital structures of the Holding and Subsidiary Companies by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structures, the Holding Company and Subsidiary Companies may adjust the amounts of dividend paid to shareholders and / or issue new shares.

There was no change to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

42. TRANSACTIONS WITH RELATED PARTIES

42.1 Maximum aggregate balance due from the Associated Companies, on account of normal trading transactions, at any month-end during the year was Rs.195 thousand (2014: Rs.22 thousand).

42.2 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 year were as follows:

	2015	2014
	Rupees in thousand	
- sale of sugar cane crop	**6,750**	0
- purchase of goods	**73,638**	84,022
- services received	**9,439**	0
- mark-up expensed	**15,204**	17,904
- rent received	**14,125**	0

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts of remuneration, including certain benefits, to chief executive, directors and executives of the Group, are as follows:

Particulars	Chief Executive		Directors		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	------------------- Rupees in thousand -------------------					
Managerial remuneration including bonus	**1,200**	1,200	**10,827**	12,399	**31,290**	40,620
Allowances and utilities	**0**	0	**0**	0	**17,034**	12,812
Retirement benefits	**0**	0	**0**	0	**1,355**	1,155
Medical expenses reimbursed	**0**	0	**1,069**	642	**0**	0
	1,200	1,200	**11,896**	13,041	**49,679**	54,587
Number of persons	**1**	1	**6**	7	**24**	25

43.1 In case of the Holding Company, the chief executive, one director and the executives residing in the factory are provided free housing (with the Holding Company's generated electricity in the residential colony within the factory compound). The chief executive, one director and executives are also provided with the Holding Company's maintained cars.

43.2 The chief executive and all the executives of CSM have been provided with free use of the CSM's maintained cars. Fourteen (2014: nineteen) of CSM's executives have also been provided with free housing (with CSM's generated electricity, telephone and certain household items in the residential colony within the factory compound).

43.3 In case of FSM, no managerial remuneration was paid to the chief executive and directors during the current and preceding years; however, they are provided with free use of FSM's maintained cars.

43.4 Remuneration of the directors does not include amounts paid or provided for, if any, by the Associated Companies.

44. CAPACITY AND PRODUCTION

The Holding Company

		2015	2014
SUGAR CANE PLANT			
Rated crushing capacity per day	M.Tons	**3,810**	3,810
Cane crushed	M.Tons	**95,526**	117,589
Sugar produced	M.Tons	**9,019**	10,402
Days worked	Nos.	**141**	140
Sugar recovery	%	**9.49**	8.90
SUGAR BEET PLANT			
Rated slicing capacity per day	M.Tons	**2,500**	2,500
DISTILLERY			
Rated capacity per day	Gallons	**10,000**	10,000
Actual production	Gallons	**0**	340,694
Days worked	Nos.	**0**	82

- The normal season days are 150 days for Sugar Cane crushing.
- Production was restricted to the availability of raw materials to the Holding Company.
- The operations of distillery have been temporarily closed during the year due to low prices of ethanol.

CSM	2015	2014
Sugar Cane Plant	**-------- M.Tons ---------**	
Rated crushing capacity (based on 150 working days)	**2,700,000**	2,700,000
Cane crushed	**1,588,226**	1,294,435
Sugar produced	**145,502**	107,775
Ethanol Fuel Plant	**--------- Litres ---------**	
Rated capacity per day	**125,000**	125,000
Actual production	**8,272,982**	4,540,945
Days worked:	**--------- Number ---------**	
Unit - I	**117**	109
Unit - II	**125**	111
Ethanol Fuel Plant	**150**	47

The Government of Khyber Pakhtunkhwa, on April 21, 2015, has granted to CSM D-2 license to manufacture rectified spirit, denatured spirit, B-grade spirit, CO2, fuel oil, fuel ethanol and all distillery products at Ramak on provisional basis for a period of one year with requisite conditions.

FSM		2015	2014
Sugar Cane Plant			
Rated crushing capacity per day	M.Tonnes	**880**	880
Sugar Beet Plant			
Rated slicing capacity per day	M.Tonnes	**1,000**	1,000

Due to non-availability of raw materials, sugar cane and beet plants of FSM had remained closed during the current and preceding years.

45. SEGMENTS INFORMATION

The Holding Company

These consolidated financial statements have been prepared on the basis of single reportable segment.

45.1 Sugar sales represent 73% (2014: 90%) of the total gross sales of the Holding Company.

45.2 Sales to domestic customers in Pakistan are 100.00% (2014: 62.81%) and to customers outside Pakistan are nil (2014: 37.19%) of the sales made during the year.

45.3 All non-current assets of the Holding Company as at September 30, 2015 are located in Pakistan.

45.4 One (2014: two) of the Holding Company's customers contributed towards 71.98% (2014: 60.80%) of the sugar sales during the year aggregating Rs.163 million (2014: Rs.475 million).

CSM

45.5 Information on assets and liabilities by segment is as follows:

As at September 30, 2015	**Sugar**	**Ethanol**	**Total**
	-------Rupees in thousand-------		
Segment assets	**7,767,161**	**2,497,878**	**10,265,039**
Segment liabilities	**4,752,467**	**2,891,167**	**7,643,634**
As at September 30, 2014			
Segment assets	7,302,758	2,000,666	9,303,424
Segment liabilities	4,389,873	2,490,414	6,880,287

45.6 Sugar sales represent 91.05% (2014: 95.52%) of the total sales of CSM.

45.7 81.15% (2014: 47.94%) of CSM's sales relate to customers in Pakistan.

45.8 All non-current assets of CSM as at September 30, 2015 are located in Pakistan.

45.9 CSM sells sugar to commission agents. Sugar sales to four (2014: five) of CSM's customers during the year aggregated Rs.6,072 million (2014: Rs.2,562 million) constituting 85.69% (2014: 46%) of the total sugar sales. Three (2014: two) of CSM's customers individually exceeded 10% of the sugar sales.

46. NUMBER OF EMPLOYEES

	2015	2014
	------ Number ------	
Number of persons employed as at September 30,		
- permanent	**1,364**	1,352
- contractual	**755**	767
Average number of employees during the year		
- permanent	**1,346**	1,363
- contractual	**1,123**	1,106

47. PROVIDENT FUND RELATING DISCLOSURES

The Group operates funded contributory provident fund schemes for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident funds for the year ended September 30, 2015 and audited financial statements of the provident funds for the year ended September 30, 2014:

	(Rupees in thousand)	
Size of the funds - total assets	**120,898**	125,913
Cost of investments made	**101,363**	107,050
Percentage of investments made	**83.84%**	85.02%
Fair value of investments made	**118,696**	121,111

47.1 The break-up of fair value of investments is as follows:

	2015	2014		
	----- % -----			
Term deposit receipts	**42.13**	48.73	**50,000**	59,010
Saving accounts in scheduled banks	**10.92**	6.47	**12,963**	7,840
Deposit certificates	**32.35**	33.19	**38,400**	40,200
Accrued profit	**14.60**	11.61	**17,333**	14,061
	100.00	100.00	**118,696**	121,111

48. EVENTS AFTER THE REPORTING PERIOD

The Holding Company

The Board of Directors of the Holding Company in its meeting held on December 29, 2015 has proposed a final cash dividend of Rs.2.00 per share (2014: Rs. nil) for the year ended September 30, 2015. The financial statements for the year ended September 30, 2015 do not include the effect of proposed dividend amounting Rs.7.500 million (2014: Rs. nil), which will be accounted for in the financial statements for the year ending September 30, 2016 after approval by the members in the annual general meeting to be held on January 30, 2016. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

CSM

The Board of Directors of CSM in its meeting held on December 29, 2015 has proposed a final cash dividend of Rs.2.50 per share (2014: Rs. nil) for the year ended September 30, 2015. The financial statements for the year ended September 30, 2015 do not include the effect of proposed dividend amounting Rs.71.730 million (2014: Rs. nil), which will be accounted for in the financial statements for the year ending September 30, 2016 after approval by the members in the annual general meeting to be held on January 30, 2016. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

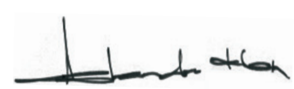
49. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on December 29, 2015 by the board of directors of the Holding Company.

50. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these consolidated financial statements.

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE



ISKANDER M. KHAN
DIRECTOR

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

PROXY FORM

I/We...of..........................being a member of

The Premier Sugar Mills & Distillery Company Limited and holding ....ordinary

shares entitled to vote or votes hereby appoint................................of..........................or failing

him..of............................as my/our proxy, to vote for

me/us and on my/our behalf at the Annual General Meeting of the Company to be held on

30 January, 2016 and at any adjournment thereof.

As witness my/our hand this ....day of .... 2016.

Signed by the said
in the presence of

Address..

....

....

Revenue Stamp (Rs. 5.00)

Signature

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.