



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

QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 31 DECEMBER, 2015

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. Mehnaz 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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REVIEW REPORT

BRIEF REVIEW

The Directors of **The Premier Sugar Mills & Distillery Company Limited** are pleased to present the 1st quarterly financial statements for the period ended 31 December, 2015 to the shareholders of the Company in compliance with the Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Stock Exchange in Pakistan.

OPERATIONAL PERFORMANCE

The sugarcane crushing season commenced on 11 November, 2015 and the Mills have crushed 114,273 tons up to 24 January, 2016 of sugarcane and have produced 11,160 tons of sugar. The Provincial Government of Punjab and Khyber Pakhtunkhwa fixed sugarcane price @ Rs. 180/- per maund. However, due to competition with tax free Gur production, the Company has to pay extra price of sugarcane.

CONSOLIDATED FINANCIAL RESULTS

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

SUGAR PRICES

The sugar prices are firm in the local market.

ACCOUNTING POLICIES

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

ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD



(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
26 January, 2016

**THE PREMIER SUGAR MILLS &
BALANCE SHEET AS AT**

	<u>Unaudited</u> Dec 31, 2015	<u>Audited</u> Sep 30, 2015
Note	Rupees in thousand	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVE		
Authorised capital 5,750,000 ordinary shares of Rs.10 each	<u>57,500</u>	<u>57,500</u>
Issued, subscribed and paid-up capital	37,500	37,500
Reserves	900,001	900,001
Accumulated loss	<u>(128,094)</u> 809,407	<u>(149,666)</u> 787,835
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	553,181	564,515
NON-CURRENT LIABILITIES		
Long term finances	200,000	200,000
Liabilities against assets subject to finance lease	5,915	3,384
Deferred Taxation	56,560	57,980
Staff retirement benefits - gratuity	<u>14,242</u> 276,717	<u>13,764</u> 275,128
CURRENT LIABILITIES		
Trade and other payables	56,586	48,594
Accrued mark-up	13,642	18,642
Short term borrowings	850,000	668,000
Current portion of liabilities against assets subject to finance lease	3,289	2,249
Taxation	3,911	0
	<u>927,428</u>	<u>737,485</u>
CONTINGENCIES AND COMMITMENTS	4	
	<u>2,566,733</u>	<u>2,364,963</u>

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


CHIEF EXECUTIVE

**DISTILLERY COMPANY LIMITED
31 DECEMBER, 2015 (UN-AUDITED)**

	<u>Unaudited</u> Dec 31, 2015	<u>Audited</u> Sep 30, 2015
Note	Rupees in thousand	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5 996,800	1,015,942
Investment Property	6 30,730	31,041
Investments	7 170,006	170,006
Long term loan to subsidiary Company	279,500	279,500
Security deposits	<u>1,030</u>	<u>1,030</u>
	<u>1,478,066</u>	<u>1,497,519</u>
CURRENT ASSETS		
Stores and spares	109,265	109,853
Stock-in-trade	622,960	582,721
Trade debts	155,044	27,396
Loans and advances	26,531	31,505
Trade deposits and short term prepayments	2,214	1,459
Accrued profit on bank deposits and loan to subsidiary company	5,245	32
Other receivables	14,281	13,307
Sales tax refundable	0	3,788
Income tax refundable, advance income tax and tax deducted at source	41,647	41,369
Bank balances	8 <u>111,480</u>	<u>56,014</u>
	<u>1,088,667</u>	<u>867,444</u>
	<u>2,566,733</u>	<u>2,364,963</u>


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT - (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

	1 Oct, 15 to 31 Dec, 2015	1 Oct, 14 to 31 Dec, 2014
	Rupees in thousand	
TURNOVER - Local	620,707	33,867
- Export	0	0
	620,707	33,867
Less: Sales Tax	46,088	2,538
SALES - net	574,619	31,329
COST OF SALES	537,453	20,506
GROSS PROFIT	37,166	10,823
ADMINISTRATIVE EXPENSES	13,570	14,948
DISTRIBUTION COST	2,610	241
	16,180	15,189
OPERATING PROFIT/(LOSS)	20,986	(4,366)
OTHER OPERATING INCOME	9,216	9,363
	30,202	4,997
OTHER OPERATING EXPENSES	670	0
FINANCE COST	16,803	20,173
	17,473	20,173
PROFIT/(LOSS) BEFORE TAXATION	12,729	(15,176)
PROVISION FOR TAXATION		
- Current	3,911	0
- Deferred	(1,420)	1,933
	2,491	1,933
PROFIT/(LOSS) AFTER TAXATION	10,238	(17,109)
OTHER COMPREHENSIVE INCOME	0	0
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	10,238	(17,109)
	Rupees	
EARNING / (LOSS) PER SHARE	2.73	(4.56)

- The annexed notes form an integral part of these financial statements.
- Appropriations have been reflected in the statement of changes in equity.


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CASH FLOW STATEMENT - (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

	31-Dec, 2015	31-Dec, 2014
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period - before taxation	12,729	(15,176)
Adjustments for:		
Depreciation on property, plant and equipment	23,615	26,066
Depreciation on investment property	311	341
Mark-up on loan to Subsidiary company and profit / mark-up on bank deposits	(5,864)	(8,446)
Staff retirement benefits-gratuity (Net)	478	388
Gain on sale of vehicle	0	(35)
Dividend income	(383)	
Finance cost	16,016	17,183
Profit before working capital changes	46,902	20,321
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets:		
Stores and spares	588	(10,242)
Stock-in-trade	(40,239)	(334,621)
Trade debtors	(127,648)	32,410
Loans and advances	4,974	(1,977)
Trade Deposits and short term prepayments	(755)	(1,639)
Other receivables	(974)	2,303
Sales tax - net	3,788	(1,080)
Increase in trade and other payables	7,992	203,638
	(152,274)	(111,208)
CASH USED IN OPERATIONS	(105,372)	(90,887)
Income Tax paid	(278)	(386)
Security deposits	0	0
NET CASH USED IN OPERATING ACTIVITIES	(105,650)	(91,273)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,473)	(115)
Sale proceeds of vehicle	0	1,040
Dividend received	383	
Mark-up / profit received on loan to Subsidiary company and bank deposits	651	4,111
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	(3,439)	5,036
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings-net	182,000	124,029
Finance cost paid	(21,016)	(21,469)
Lease finances - net	3,571	(458)
NET CASH GENERATED FROM FINANCING ACTIVITIES	164,555	102,102
NET INCREASE IN CASH AND CASH EQUIVALENTS	55,466	15,865
CASH AND CASH EQUIVALENTS - At the beginning of the period	56,014	57,717
CASH AND CASH EQUIVALENTS - At the end of the period	111,480	73,582

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY- (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

	Share capital	Reserves			Accumul ated Loss	TOTAL
		Capital Share redemp- tion	Revenue	General		
Balance as at September 30, 2014 - audited	37,500	1	900,000	900,001	(216,306)	721,195
Total comprehensive loss for the quarter ended December 31, 2014	0	0	0	0	(17,109)	(17,109)
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	12,517	12,517
Balance as at December 31, 2014 - unaudited	37,500	1	900,000	900,001	(220,898)	716,603
Balance as at September 30, 2015 - audited	37,500	1	900,000	900,001	(149,666)	787,835
Total comprehensive income for the quarter ended December 31, 2015	0	0	0	0	10,238	10,238
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for current period						
-net of deferred taxation	0	0	0	0	11,334	11,334
Balance as at December 31, 2015	37,500	1	900,000	900,001	(128,094)	809,407

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS- (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

1. CORPORATE INFORMATION

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 manufacture and sale of white sugar and spirit. The Company's Mills and its Registered Office are located at Mardan (Khyber Pakhtoonkhwa).

2. BASIS OF PREPARATION

- a) These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Islamabad and Karachi Stock Exchanges. These financial statements are un-audited.
- b) The accounting policies adopted for the preparation of these financial information are the same as those applied in preparation of the preceding published annual financial statements of the Company for the year ended 30 September , 2015.

3. TAXATION

- 3.1** Provision for current taxation mainly represents minimum tax u/s 113 and tax on income from property u/s 15 of the Income Tax Ordinance, 2001.
- 3.2** There has been no change in taxation matters since the date of preceding published annual financial statements of the Company.

4. CONTINGENCIES AND COMMITMENTS

- 4.1** Guarantee given to Sui Northern Gas Pipelines Ltd. By banks on behalf of the Company outstanding as at 31 December, 2015 was for Rs. 23.5 million (30 September, 2015: Rs. 10 million).
- 4.2** There has been no significant change in other contingencies since the date of preceding published annual financial statements of the Company.
- 4.3** No commitments were outstanding as at 31 December, 2015 and 30 September, 2015.

	Un-audited	Audited
	31 Dec.,	30 Sep.,
	2015	2015
	Rupees in thousand	
Opening book value	1,015,942	1,118,281
Additions during the period / year	4,473	2,511
- Disposals	0	(1,036)
Depreciation charge for the period / year	(23,615)	(104,418)
Capital work-in-progress - advances	0	604
Closing book value	996,800	1,015,942

	Un-audited 31 Dec., 2015	Audited 30 Sep., 2015
	Rupees in thousand	
Opening book value	31,041	32,402
Depreciation charge for the period / year	<u>(311)</u>	<u>(1,361)</u>
Closing book value	<u>30,730</u>	<u>31,041</u>

6. INVESTMENT PROPERTY

Opening book value
Depreciation charge for the period / year
Closing book value

7. INVESTMENTS

There has been no change in the investments portfolio of the Company during the current period.

8. BANK BALANCES

The status of the matter, as detailed in note 15.5 to the Company's published financial statements for the year-ended 30 September, 2015, has remained unchanged during the current period.

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 26 January, 2016 by the Board of Directors of the Company.

10. SEGMENT REPORTING

Operating results of the Distillery have not been separately disclosed in these financial statements as these do not meet the minimum thresholds prescribed by IAS 14 (Segment Reporting).

11. GENERAL

Figures:

- in the financial statements have been rounded-off to the nearest Thousand Rupees except stated otherwise and
- corresponding figures have been re-arranged wherever required.


CHIEF EXECUTIVE


DIRECTOR



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

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED
31 DECEMBER, 2015**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER, 2015 (UN-AUDITED)

	<u>Unaudited</u> December 31, 2015	<u>Audited</u> September 30, 2015
Assets		
Non-current Assets		
Property, plant and equipment	7,876,758	7,876,324
Intangible assets	297	983
Investment property	30,730	31,041
Long term investments	92,378	99,082
Security deposits	5,280	5,280
	8,005,443	8,012,710
Current Assets		
Stores and spares	406,602	410,209
Stock-in-trade	3,028,175	2,627,417
Trade debts	239,393	368,505
Loans and advances	237,385	245,827
Trade deposits, short term prepayments and other receivables	278,336	296,883
Accrued profit / mark-up on bank deposits	88	32
Sales tax refundable	40,712	115,414
Income tax refunds due from the Government	205,799	202,054
Short term investments	20,170	-
Bank balances	237,848	199,424
	4,694,508	4,465,765
TOTAL ASSETS	12,699,951	12,478,475
Equity and Liabilities		
Equity		
Authorised capital	57,500	57,500
Issued, subscribed and paid-up capital	37,500	37,500
Reserves	1,020,205	1,026,044
Accumulated loss	265,015	189,573
Equity Attributable to Equity Holders of the Parent Company	1,322,720	1,253,117
Non-Controlling Interest	547,404	493,098
	1,870,124	1,746,215
Surplus on Revaluation of Property, Plant and Equipment	2,294,454	2,343,039
Non-current Liabilities		
Long term finances	2,724,703	1,965,383
Loans from Associated Companies	157,500	157,500
Liabilities against assets subject to finance lease	27,769	22,072
Deferred taxation	722,915	727,891
Staff retirement benefits - gratuity	16,674	16,103
	3,649,561	2,888,949
Current Liabilities		
Trade and other payables	819,465	394,072
Accrued mark-up	137,396	201,923
Short term borrowings	3,414,433	4,484,799
Current portion of non-current liabilities	506,761	415,526
Dividends payable to non-controlling interest	3,846	3,846
Taxation	3,911	107
	4,885,812	5,500,273
Total liabilities	8,535,373	8,389,222
TOTAL EQUITY AND LIABILITIES	12,699,951	12,478,475
Contingencies and Commitments		

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

	Quarter ended	
	December 31, 2015	December 31, 2014
	-----Rupees in thousand-----	
Sales - Net	2,173,065	967,432
Cost of Sales	1,844,563	769,920
Gross Profit	328,502	197,512
Distribution Cost	39,550	4,855
Administrative Expenses	75,752	61,416
Other Expenses	728	18
	116,030	66,289
	212,472	131,223
Other Income	5,850	15,216
Profit from Operations	218,322	146,439
Finance Cost	137,359	84,753
	80,963	61,686
Share of Profit / (Loss) from Associated Companies	141	(166)
Profit before Taxation	81,104	61,520
Taxation		
Group		
- Current	3,911	-
- Deferred	(4,977)	9,298
	(1,066)	9,298
Associated Companies	3	4
	(1,063)	9,302
Profit after Taxation	82,167	52,218
Other Comprehensive Income / (Loss)		
Fair value gain / (loss) on available-for-sale investments	(7,079)	11,298
Share of other comprehensive loss from Associated Companies	(9)	(5)
Total Comprehensive Income	75,079	63,511
Attributable to:		
- Equity holders of the Parent Company	39,322	25,863
- Non-controlling interest	35,757	37,648
	75,079	63,511
	----- Rupees -----	
Combined Earnings per Share	12.38	3.89

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT - UNAUDITED
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

	Quarter ended	
	December 31, 2015	December 31, 2014
	-----Rupees in thousand-----	
Cash flow from operating activities		
Profit for the year - before taxation	81,104	61,520
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	148,510	115,035
Depreciation on investment property	311	341
Amortisation of intangible assets	686	29
Loss / (profit) from Associated Companies - net	(141)	166
Interest / profit on bank deposits and saving accounts	(276)	(667)
Staff retirement benefits - gratuity (net)	571	300
Gain on disposal of operating fixed assets	-	(35)
Gain on re-measurement of short term investments to fair value	(170)	(598)
Gain on redemption of short term investments	0	-
Dividend income	(383)	-
Finance cost	137,359	81,123
Profit before working capital changes	367,571	257,214
Effect on cash flow due to working capital changes (Increase) / decrease in current assets		
Stores and spares	3,607	(127,675)
Stock-in-trade	(400,758)	(1,307,251)
Trade debts	129,112	134,699
Loans and advances	8,442	(4,841)
Trade deposits, short term prepayments and other receivables	18,547	885
Sales tax refundable - net	74,702	(33,658)
Increase in current liabilities		
Trade and other payables	425,393	994,999
Advances against sale of land	-	5,700
	259,045	(337,142)
Cash generated from / (used in) operations	626,616	(79,928)
Income tax paid	(3,852)	(5,266)
Security deposits	0	-
Net cash generated from / (used in) operating activities	622,764	(85,194)
Cash flow from investing activities		
Additions to property, plant and equipment	(148,943)	(171,491)
Sale proceeds of operating fixed assets	-	1,040
Interest / profit on bank deposits and saving accounts	220	582
Short term investments - net	(20,000)	-
Dividend received	383	-
Net cash used in investing activities	(168,340)	(169,869)
Cash flow from financing activities		
Long term finances - net	759,320	376,671
Lease finances - net	96,932	(1,052)
Short term borrowings - net	(1,070,366)	(13,237)
Finance cost paid	(201,886)	(154,238)
Dividend paid	-	2
Net cash (used in) / generated from financing activities	(416,000)	208,146
Net increase in cash and cash equivalents	38,424	(46,917)
Cash and cash equivalents - at beginning of the period	199,424	246,643
Cash and cash equivalents - at end of the period	237,848	199,726

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

	----- Attributable to equity holders of the Parent -----							Non-controlling interest	Total equity
	Share capital	Reserves			Sub-total	Accumulated loss	Total		
		Share redemption	General	Fair value reserve on available-for-sale investments					
----- Rupees in thousand -----									
Balance as at September 30, 2014 - audited	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 period ended December 31, 2014									
Profit after taxation	0	0	0	0	0	16,548	16,548	35,670	52,218
Other comprehensive income / (loss)	0	0	0	9,320	9,320	(5)	9,315	1,978	11,293
	0	0	0	9,320	9,320	16,543	25,863	37,648	63,511
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	556	556	0	556
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	0	32,994	32,994	20,307	53,301
Balance as at December 31, 2014 - unaudited	37,500	1	1,010,537	25,342	1,035,880	(3,699)	1,069,681	383,417	1,453,098
Balance as at September 30, 2015 - audited	37,500	1	1,010,537	15,506	1,026,044	189,573	1,253,117	493,098	1,746,215
Total comprehensive income / (loss) for the period ended December 31, 2015									
Profit after taxation	0	0	0	0	0	45,170	45,170	36,997	82,167
Other comprehensive income / (loss)	0	0	0	(5,839)	(5,839)	(9)	(5,848)	(1,240)	(7,088)
	0	0	0	(5,839)	(5,839)	45,161	39,322	35,757	75,079
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	246	246	0	246
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	0	0	0	30,035	30,035	18,549	48,584
Balance as at December 31, 2015	37,500	1	1,010,537	9,667	1,020,205	265,015	1,322,720	547,404	1,870,124

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


CHIEF EXECUTIVE


DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)

FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2015

1. THE GROUP AND ITS OPERATIONS

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

The Parent Company was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Parent Company is principally engaged in manufacture and sale of white sugar and spirit. The Parent 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 05 May, 1988 as a Public Company and it commenced commercial production from 01 October, 1992. CSM is principally engaged in manufacture and sale of white sugar. 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 Parent 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 periods had not carried-out manufacturing operations due to non-availability of raw materials.

(iii) De-listing of FSM

The Parent 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 Parent Company in the extra ordinary general meeting held on June 10, 2010.

The purchase agent of the Parent 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 PREPERATION

This condensed interim consolidated financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to the members in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial information does not include all of the information required for annual consolidated financial statements and, therefore, should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended September 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT BECAME EFFECTIVE DURING THE PERIOD

Certain standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning on October 01, 2014 but are considered not to be relevant or to have significant effect on the Group's operations and are, therefore, not detailed in this condensed interim consolidated financial information.

5. TAXATION

There has been no significant change in the status of taxation matters as reported in the preceding published consolidated financial statements of the Group for the year ended September 30, 2015.

6. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on 26 January, 2016 by the Board of Directors of the Parent Company.

7. GENERAL

All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise stated and 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.


CHIEF EXECUTIVE


DIRECTOR