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MARDAN

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

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2019

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 Sarafaraz	
Ms. Samyra Rashid	
Mr. Iskander M. Khan	
Mr. Abdul Qadar Khattak	

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

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

Tax Consultants

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

Legal Advisor

Mr. Isaac Ali Qazi — Advocate

Shares Registrar

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

Bankers

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

Registered Office

Nowshera Road, Mardan, KPK
Phone: 0937-862051-52 Fax: 0937-862989

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS REVIEW REPORT

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the six months' period that ended on March 31, 2019. This condensed interim financial information is presented to the shareholders of the Company in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting", the Code of Corporate Governance, under Section 237 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017. The enclosed financial information has been reviewed by the external auditors, as required by the Code of Corporate Governance.

OPERATIONAL PERFORMANCE

The sugarcane crushing season 2018-19 commenced on November 15, 2018 and continued till March 31, 2019. The mills have crushed 154,414 tons (2018: 204,775 tons) of sugarcane and have produced 16,768 tons (2018: 22,708 tons) of sugar at an average recovery of 10.90% (2018: 11.12%). The lower sugarcane crushing is because of diversion of 85% of sugarcane towards commercial and mechanized Gur making, as despite the levy of sales tax, it is not collected on commercial transactions of Gur at Mandi level, as the Government has failed to provide level playing field to the tax paying Sugar Mills.

SUGAR PRICES

The Government of Pakistan has allowed the export 1.1 million tons of sugar (with partial subsidy) and directed the Provincial Governments to pay subsidy. Contrary to the Punjab Government, the Provincial Government of Khyber Pakhtunkhwa refused to support exports at the cost of the farmers. The Sugar prices have stabilized compared to the last quarter.

FINANCIAL PERFORMANCE

The Company earned profit after taxation of Rs. 18.886 million (2018: Loss after taxation Rs. 153,140 million) during the six months' period that ended on March 31, 2019.

DISTILLERY

During the preceding year, the Board of Directors decided to shift the Company's Distillery Plant from Mardan to Ramak, Dera Ismail Khan due to easy approach to power and raw materials. The work is under process.

REPLY TO AUDITORS' OBSERVATION (NOTE 11.2)

The Company is representing / monitoring through CM No. 454/2011 in winding-up 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. During the year the Company received Rs. 10 million on account of principal amount.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this quarterly condensed interim financial information 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.

FOR AND ON BEHALF OF THE BOARD

Mardan:	(ABBAS SARFARAZ KHAN)	(ISKANDER M. KHAN)
May 27, 2019	Chief Executive	Director

دی پریمیر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 31 مارچ 2019 کو ختم ہونے والی شش ماہی کی اختتامی مدت پر غیر آڈٹ شدہ کنڈنسڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈنسڈ مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34 انٹیرم فائننشل رپورٹنگ، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2017 کے مطابق ہیں۔ مشترکہ مالیاتی معلومات غیر آڈٹ شدہ اور بیرونی آڈیٹرز کی جانب سے جائزہ لینے کے بعد کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق ہے۔

آپریشنل کارکردگی

گنے کا کرشنگ سیزن 19-2018، 15 نومبر 2018 کو شروع ہوا اور 31 مارچ 2019 تک جاری رہا۔ ملز نے 154,414 ٹن (2018 میں 204,775 ٹن) گنا کرش کیا اور 10.90 فیصد اوسط (2018 میں 11.12 فیصد) کے حساب سے چینی کی پیداوار 16,768 ٹن (2018 میں 22,708 ٹن) رہی۔ گنے کے کرشنگ میں کمی کی وجہ 85% فیصد گنے کا کمرشل اور میکنائزڈ گڑ بنانے کے عمل کی طرف منتقل ہونا ہے حکومت کی طرف سے منڈی میں گڑ کی کمرشل لین دین پر سیلز ٹیکس لگانے کے باوجود وصول نہیں کیا جاتا، جس کی وجہ سے حکومت شوگر ملز کو برابری کا سلوک مہیا کرنے میں ناکام رہی ہے۔

چینی کی قیمت

حکومت پاکستان نے 1.1 ملین ٹن چینی (پارشل سبسڈی کے ساتھ) برآمد کرنے کی اجازت دی اور صوبائی حکومتوں کو سبسڈی ادا کرنے کا کہا۔ پنجاب حکومت کے برعکس خیبر پختونخواہ کی صوبائی حکومت نے کسانوں کی قیمت پر برآمدات پر مدد کرنے سے انکار کر دیا۔ چینی کی قیمت گذشتہ سہ ماہی کے مقابلے میں مستحکم رہی ہیں۔

مالیاتی کارکردگی

31 مارچ 2019 کو ختم ہونے والے چھ ماہ کے اختتام تک کمپنی کا ٹیکس کی ادائیگی کے بعد کا منافع 18.886 ملین روپے رہا (2018 میں بعد از نقصان 153.140 ملین روپے تھا)۔

ڈسٹلری

پچھلے سال کے دوران مینجمنٹ نے کمپنی کے ڈسٹلری پلانٹ کو مردان سے ڈیرہ اسماعیل خان، رمک منتقل کرنے کا فیصلہ کیا تھا جس کی وجہ بجلی اور خام مال تک باآسانی رسائی ہونا ہے۔ اس پر ابھی کام جاری ہے۔

آڈیٹرز کے مشاہدات کا جواب

نوٹ 11.2

کمپنی باقاعدہ طور پر اپنے آپ کو پیش کرتی ہے SECP کی جانب سے معزز لاہور ہائر کورٹ میں دائر کیے گئے کیس نمبر 2011/454 میں، جو کہ کمپنی کے بند ہونے سے اور حصہ داروں کو ان کا حق دینے سے متعلق ہے جن لوگوں نے اپنے حصے کے لیے دعوی دائر کیا کورٹ نے ان کی درخواست کو منظور کرتے ہوئے کاروبار بند کروانے والے کا تقرر کیا ہے۔ سال کے دوران کمپنی کو 10 ملین روپے کی خطیر رقم موصول ہوئی ہے۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی کنڈنسڈ عبوری مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی معاملات میں اپنائی گئی تھی۔

اعتراف

ڈائریکٹرز نے کمپنی کے عملے کی طرف سے کیئے گئے ہر سطح پر اچھے کاموں کو سراہتے ہیں۔

منجانب بورڈ

عباس سرفراز خان	**اسکندر محمد خان**	اسلام آباد
چیف ایگزیکٹو	ڈائریکٹر	بتاریخ: 27 مئی 2019

Independent Auditors' Review Report to the Members of
The Premier Sugar Mills & Distillery Company Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **The Premier Sugar Mills & Distillery Company Limited** as at March 31, 2019 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2019 and March 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2019.

Scope of Review

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

Basis for Qualified Conclusion

Provision against deposits with a non-banking finance company amounting Rs.29 million has not been made in these interim financial statements as fully detailed in note 11.2.

Qualified Conclusion

Based on our review, except for the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without further qualifying our conclusion, we draw attention to note 13.2 to the interim financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs. 72.738 million.

The engagement partner on the review resulting in this independent auditors' report is Mr. Osman Hameed Chaudhri.

Shinewing Hameed Chaudhri & Co

LAHORE:
May 28, 2019

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Unconsolidated Condensed Interim Statement of Financial Position
As At March 31, 2019

	Note	Un-audited March 31, 2019	Audited Sep. 30, 2018
Assets		**(Rupees in thousand)**	
Non-current Assets			
Property, plant and equipment	6	**921,650**	921,214
Investment property		**27,126**	27,607
Long term investments	7	**170,006**	170,006
Long term loan to Subsidiary Company	8	**202,861**	279,500
Security deposits		**1,258**	1,258
		1,322,901	1,399,585
Current Assets			
Stores and spares		**112,122**	108,029
Stock-in-trade	9	**763,528**	371,602
Current portion of long term loan to Subsidiary Company		**33,810**	0
Trade debts		**73,671**	178,054
Advances		**8,188**	14,423
Trade deposits and short term prepayments		**4,235**	7,058
Accrued profit on bank deposits		**221**	69
Other receivables	10	**30,934**	9,429
Sales tax refundable		**846**	11,187
Advance sales tax		**0**	25,000
Income tax refundable, advance tax and tax deducted at source		**17,048**	14,080
Bank balances	11	**51,222**	51,720
		1,095,825	790,651
Total Assets		**2,418,726**	2,190,236
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		**57,500**	57,500
Issued, subscribed and paid-up capital		**37,500**	37,500
Capital reserves			
- share redemption		**1**	1
- revaluation surplus on property, plant and equipment		**542,580**	565,596
General revenue reserve		**900,000**	900,000
Accumulated loss		**(468,379)**	(510,281)
Shareholders' Equity		**1,011,702**	992,816
Non-current Liabilities			
Liabilities against assets subject to finance lease		**2,185**	3,009
Staff retirement benefits - gratuity		**15,309**	14,135
		17,494	17,144
Current Liabilities			
Trade and other payables	12	**117,055**	114,237
Unclaimed dividends		**7,643**	7,674
Accrued mark-up		**25,261**	22,300
Short term borrowings		**1,170,571**	945,384
Current portion of:			
- long term finances		**33,333**	66,666
- liabilities against assets subject to finance lease		**1,802**	2,329
Taxation		**33,865**	21,686
		1,389,530	1,180,276
Total Liabilities		**1,407,024**	1,197,420
Contingencies and Commitments	13		
Total Equity and Liabilities		**2,418,726**	2,190,236

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)

For the Quarter and Half-Year Ended March 31, 2019

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018	Half-year ended March 31, 2019	Half-year ended March 31, 2018
		------------- Rupees in thousand -------------			
Sales - local		**64,592**	111,326	**568,901**	618,002
Less : sales tax		**(5,225)**	(8,331)	**(51,264)**	(69,395)
Sales - net		**59,367**	102,995	**517,637**	548,607
Cost of sales		**(59,200)**	(116,504)	**(454,927)**	(655,582)
Gross profit / (loss)		**167**	(13,509)	**62,710**	(106,975)
Distribution cost		**(2,060)**	(2,130)	**(3,931)**	(3,687)
Administrative expenses		**(16,876)**	(19,363)	**(31,176)**	(31,933)
Other income	14	**39,468**	30,955	**55,276**	38,372
Other expenses	15	**(2,292)**	(2,972)	**(4,397)**	(2,972)
Profit / (loss) from operations		**18,407**	(7,019)	**78,482**	(107,195)
Finance cost		**(26,966)**	(21,368)	**(47,416)**	(35,672)
(Loss) / profit before taxation		**(8,559)**	(28,387)	**31,066**	(142,867)
Taxation - current	16	**(4,161)**	(4,296)	**(12,180)**	(10,273)
(Loss) / profit after taxation		**(12,720)**	(32,683)	**18,886**	(153,140)
Other comprehensive income		**0**	0	**0**	0
Total comprehensive (loss) / income		**(12,720)**	(32,683)	**18,886**	(153,140)
		--------------------- Rupees ---------------------			
(Loss) / earnings per share		**(3.39)**	(8.72)	**5.04**	(40.84)

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement of Cash Flows (Un-Audited)

For The Half-Year Ended March 31, 2019

	Half year ended March 31, 2019	Half year ended March 31, 2018
	(Rupees in thousand)	
Cash flows from operating activities		
Profit / (loss) for the period - before taxation	**31,066**	(142,867)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**42,711**	47,441
Depreciation on investment property	**481**	524
Uncollectible receivable balances written-off	**7**	525
Unclaimed payable balances written-back	**(1,165)**	(72)
Mark-up on loan to Subsidiary Company and profit on bank deposits	**(15,247)**	(10,835)
Staff retirement benefits - gratuity (net)	**1,174**	831
Dividend from a Subsidiary Company	**(20,626)**	(20,626)
Finance cost	**47,416**	35,672
Profit / (loss) before working capital changes	**85,817**	(89,407)
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(4,093)**	(5,302)
Stock-in-trade	**(391,926)**	(238,340)
Trade debts	**104,383**	(178)
Advances	**6,228**	38,155
Trade deposits and short term prepayments	**2,823**	(657)
Other receivables	**(879)**	1,891
Sales tax - net	**35,341**	57,618
Increase / (decrease) in trade and other payables	**3,983**	(57,156)
Decrease in unclaimed dividends	**(31)**	(11)
	(244,171)	(203,980)
Cash used in operations	**(158,354)**	(293,387)
Income tax paid	**(2,969)**	(5,780)
Net cash used in operating activities	**(161,323)**	(299,167)
Cash flows from investing activities		
Additions to property, plant and equipment	**(43,147)**	(1,771)
Dividends received	**0**	20,626
Mark-up / profit received on loan to Subsidiary Company and bank deposits	**15,095**	10,722
Net cash (used in) / generated from investing activities	**(28,052)**	29,577
Cash flows from financing activities		
Long term finances repaid	**(33,333)**	(33,334)
Decrease in long term loan to a Subsidiary Company	**42,829**	0
Lease finances - net	**(1,351)**	(2,661)
Short term borrowings - net	**225,187**	363,694
Finance cost paid	**(44,455)**	(40,543)
Net cash generated from financing activities	**188,877**	287,156
Net (decrease) / increase in cash and cash equivalents	**(498)**	17,566
Cash and cash equivalents - at beginning of the period	**51,720**	53,602
Cash and cash equivalents - at end of the period	**51,222**	71,168

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)

For The Half-Year Ended March 31, 2019

		Reserves				
		Capital		Revenue		
	Share capital	Share redem-ption	Revaluation surplus on property, plant and equipment	General	Accumul-ated loss	Total
	----------	----------	Rupees in thousand	----------	----------	
Balance as at September 30, 2017	37,500	1	607,776	900,000	(364,263)	1,181,014
Total comprehensive loss for the half-year ended March 31, 2018	0	0	0	0	(153,140)	(153,140)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	(25,073)	0	25,073	0
Balance as at March 31, 2018	37,500	1	582,703	900,000	(492,330)	1,027,874
Total comprehensive loss for the half-year ended September 30, 2018	0	0	0	0	(43,740)	(43,740)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	(25,789)	0	25,789	0
Resultant adjustment due to reduction in tax rate	0	0	8,682	0	0	8,682
Balance as at September 30, 2018	37,500	1	565,596	900,000	(510,281)	992,816
Total comprehensive income for the half-year ended March 31, 2019	0	0	0	0	18,886	18,886
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	(23,016)	0	23,016	0
Balance as at March 31, 2019	**37,500**	**1**	**542,580**	**900,000**	**(468,379)**	**1,011,702**

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Notes to the unconsolidated condensed interim financial statements (Un-audited)

For The Half-Year Ended March 31, 2019

1. Legal status and nature of business

The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. 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

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim financial reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding unconsolidated annual financial statements of the Company for the year ended September 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers", IFRS 9 "Financial instruments" and IAS 40 "Investment property".

3.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 has been notified by Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

3.2 IFRS 9 - Financial instruments

IFRS 9 is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the SECP to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The changes laid down by the new standard do not have any significant impact on these unconsolidated condensed interim financial statements.

3.3 IAS 40 - Investment property

Transfers of investment property; amendments to IAS 40 are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The changes laid down by the new standard do not have any significant impact on these unconsolidated condensed interim financial statements.

4. These unconsolidated condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the unconsolidated condensed interim statement of profit or loss & other comprehensive income for the quarters ended March 31, 2019 and 2018 have not been reviewed by the statutory auditors of the Company as the auditors have reviewed the cumulative figures for the six months period ended March 31, 2019. These unconsolidated condensed interim financial statements do not include all the information and disclosures as required in the unconsolidated annual financial statements and should be read in conjunction with the Company's unconsolidated financial statements for the year ended September 30, 2018.

5. Accounting estimates, judgments and financial risk management

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

5.2 Judgments and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to the unconsolidated financial statements as at and for the year ended September 30, 2018.

5.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended September 30, 2018.

5.4 The Company follows the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of remeasurement of staff retirement benefits - gratuity has not been incorporated in these unconsolidated condensed interim financial statements.

6. Property, plant and equipment

	Note	Un-audited March 31, 2019	Audited Sep. 30, 2018
		(Rupees in thousand)	
Operating fixed assets	6.1	**878,663**	921,214
Capital work-in-progress			
- cost incurred on shifting of the Company's Distillery Unit from Mardan to Ramak, Dera Ismail Khan		**42,829**	0
- security deposit of leased vehicle		**158**	0
		42,987	0
		921,650	921,214

6.1 Operating fixed assets

Book value at beginning of the period - **audited**	**921,214**
Additions during the period - furniture, fittings and office equipment	**160**
Depreciation charge for the period	**(42,711)**
Book value at end of the period - **un-audited**	**878,663**

7. Long term investments

Market values of the Company's quoted investments in Chashma Sugar Mills Ltd. (a Subsidiary Company) and Arpak International Investments Ltd. (an Associated Company) at period-end were Rs.567.229 million and Rs.2.074 million respectively.

8. Long term loan to Subsidiary Company

Balance as at September 30, 2018		**279,500**
Less:		
- amount adjusted against cost incurred on shifting of the Company's Distillery Unit	6	**42,829**
- current portion grouped under current assets		**33,810**
		76,639
Balance as at March 31, 2019		**202,861**

The Company and Chashma Sugar Mills Ltd. (CSM), on February 09, 2017, have entered into a loan agreement whereby the Company has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is receivable in 7 equal instalments commencing February, 2020. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of the Company, the effective mark-up rates during the period ranged from 10.06% to 11.91% per annum. The loan is secured against a promissory note of Rs.374 million.

The Board of Directors, during the preceding year, have decided to shift the Company's Distillery operations from Mardan to Ramak, Dera Ismail Khan due to easy approach to power and raw materials. The shifting is under process. Expenses incurred on relocation of Distillery Unit aggregating Rs.42.829 million and paid by CSM have been adjusted against balance of loan receivable from CSM. The management is in the process of finalising the loan settlement adjustment terms with CSM.

9. Stock-in-trade

	Un-audited March 31, 2019	Audited Sep. 30, 2018
	(Rupees in thousand)	
Sugar-in-process	**13,842**	2,117
Finished goods:		
- sugar	**680,166**	369,004
- molasses	**69,520**	481
	749,686	369,485
	763,528	371,602

10. Other receivables

	Un-audited March 31, 2019	Audited Sep. 30, 2018
Sugar export subsidy	**2,991**	2,991
Gas infrastructure development cess paid under protest - refundable	**3,018**	3,018
Due from related parties:		
- Premier Board Mills Ltd. (lease rentals receivable)	**0**	1,972
- The Frontier Sugar Mills & Distillery Ltd.	**0**	12
- Chashma Sugar Mills Ltd. (dividend receivable)	**20,626**	0
Receivable from press mud contractor	**2,030**	0
Others	**2,269**	1,436
	30,934	9,429

11. Bank balances

11.1 Period-end bank balances include deposits aggregating Rs.5 million (September 30, 2018: Rs.5 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

11.2 **(a)** The period-end balance includes deposits lying with Innovative Investment Bank Ltd. (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
	Rupees in thousand
July 29, 2009	**7,800**
July 29, 2010	**7,800**
July 29, 2011	**7,800**
July 29, 2012	**15,600**
	39,000
Less: amount realised during the preceding financial year	**(10,000)**
	29,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed 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 before the Lahore High Court, Lahore (LHC).

(c) The SECP winding-up petition has been decided by the LHC and LHC has appointed Joint Official Liquidator (JOL). The LHC, vide its order dated April 14, 2018 has approved release of payment upto Rs.10 million in respect of principal amount only subject to verification as per the laws. The amount of Rs.10 million, as per the LHC order, has been received by the Company during August, 2018. The management, for the release of further amount, anticipates that JOL will intimate in due course of time; no provision, therefore, for the remaining deposits aggregating Rs.29 million has been made in the books of account.

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

11.3 There has been no change in the status of matter as detailed in note 16.5 to the unconsolidated financial statements of the Company for the year ended September 30, 2018

12. Trade and other payables

	Note	Un-audited March 31, 2019	Audited Sep. 30, 2018
		(Rupees in thousand)	
Due to related parties	**12.1**	**32,790**	78,875
Creditors	**12.2**	**61,713**	14,747
Accrued expenses		**8,798**	10,778
Due to employees against vehicles		**5,588**	5,018
Deposits from contractors and others		**2,750**	1,427
Income tax deducted at source		**54**	64
Sales tax payable		**14**	14
Workers' (profit) participation fund		**1,635**	0
Gratuity payable to ex-employees		**3,253**	3,253
Others		**460**	61
		117,055	114,237

12.1 **It represents due to the following related parties:**

Chashma Sugar Mills Ltd.	**27,822**	74,135
Syntronics Ltd.	**4,740**	4,740
Premier Board Mills Ltd.	**228**	0
	32,790	78,875

12.2 Balance as at March 31, 2019 includes payable to cane growers aggregating Rs.39.427 million.

13. Contingencies and commitments

13.1 The Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Company, 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.

13.2 The Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bills for the month of March, 2019, has raised GIDC demands aggregating Rs.72.738 million, which are payable in case of an adverse judgment by the SCP. No provision for these GIDC demands has been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

13.3 The Company's petition filed before the PHC, against Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers was fixed at Rs.12,000 per month with effect from July 01, 2014, has been disposed of by PHC vide judgment dated April 02, 2019.

13.4 The Additional Commissioner, Corporate Zone, has vacated the demand of Rs.5.592 million created under section 14 of the Federal Excise Act, 2005. The case is disposed of accordingly.

13.5 The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the Commissioner Inland Revenue (Appeals) [CIR(A)] has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the Deputy Commissioner Inland Revenue (DCIR), Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.

13.6 The DCIR for the tax year 2013 initially has held the Company as taxpayer-in-default for non-deduction of tax on certain supplies / services and tax demand was raised at Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001 (the Ordinance). The Company filed rectification application under section 221 of the Ordinance and the demand was reduced to Rs.237,360. Against the said demand, the Company has filed an appeal before the CIR(A), who dismissed the Company's appeal. Presently, the Company's appeal against the CIR(A)'s order is pending before the ATIR, Peshawar.

13.7 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at March 31, 2019 were for Rs.20 million (September 30, 2018: Rs.20 million).These guarantees are valid upto April 24, 2019 and May 26, 2019.

13.8 No commitments were outstanding as at March 31, 2019 and September 30, 2018.

14. Other income

	Note	Un-audited Half-year ended March 31, 2019	March 31, 2018
Income from financial assets:		(Rupees in thousand)	
Profit on bank deposits and saving accounts		**376**	250
Mark-up on loan to a Subsidiary Company		**14,871**	10,585
Dividend from a Subsidiary Company		**20,626**	20,626
Income from other than financial assets:			
Sale of press mud		**1,776**	2,030
Un-claimed payable balances written-back		**1,165**	72
Rent from:			
- an Associated Company		**3,355**	3,355
- a Subsidiary Company		**9,900**	0
Sale of agricultural produce - net		**3,190**	1,399
Scrap sales		**12**	45
Miscellaneous		**5**	10
		55,276	38,372

15. Other expenses

Uncollectible receivable balances written-off		**7**	525
Workers' (profit) participation fund		**1,635**	0
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		**2,755**	2,447
		4,397	2,972

16. Taxation

16.1 Current

Provision for the current period mainly represents tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001 (the Ordinance).

16.2 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.

16.3 Deferred

This is comprised of the following:

	Note	March 31, 2019	March 31, 2018
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**11,190**	12,559
- surplus on revaluation property, plant and equipment		**221,617**	231,018
- lease finances		**793**	314
		233,600	243,891
Deductible temporary differences arising in respect of:			
- available unused tax losses	16.4	**(159,388)**	(176,552)
- staff retirement benefits - gratuity		**(4,439)**	(4,099)
- provision for doubtful bank balance		**(1,450)**	(1,450)
- minimum tax recoverable against normal tax charge in future years		**(68,323)**	(61,790)
		(233,600)	(243,891)
		0	0

16.4 Deferred tax asset recognised in these unconsolidated condensed interim financial statements has been restricted to Rs.159.388 million (September 30, 2018: Rs.176.552 million) as taxable profits in the foreseeable future will not probably be available against which the temporary differences can be utilised. Unrecognised deferred tax asset as at March 31, 2019 amounts to Rs.35.151 million (September 30, 2018: Rs.53.875 million).

17. Transactions with related parties

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

	Un-audited Half-year ended March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Subsidiary Companies:		
- purchase of goods	**8,844**	2,459
- sale of goods	**0**	64
- sale of molasses	**22,617**	34,715
- mark-up earned on long term loan	**14,871**	10,585
- dividend	**20,626**	20,626
- rent	**9,900**	0
- Distillery relocation expenses paid by Chashma Sugar Mills Ltd. (CSM) adjusted by the Company against long term loan advanced to CSM	**42,829**	0
Associated Companies:		
- purchase of goods	**15,269**	10,420
- rent received	**3,355**	3,355

17.2 Receivables from and payables to Subsidiary and Associated Companies have been disclosed in notes 8, 10 and 12 respectively to these unconsolidated condensed interim financial statements.

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

18. Corresponding figures

In order to comply with the requirements of IAS 34 'Interim financial reporting', the unconsolidated condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

19. Date of authorisation for issue

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

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

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2019

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement of Financial Position
As At March 31, 2019

Assets	Note	Un-audited March 31, 2019	Audited Sep. 30, 2018
		(Rupees in thousand)	
Non-current assets			
Property, plant and equipment	7	10,474,007	10,570,992
Investment property		27,126	27,607
Long term investments	8	98,826	124,297
Security deposits		16,434	15,208
		10,616,393	10,738,104
Current assets			
Stores and spares	9	490,803	483,059
Stock-in-trade	10	7,529,462	2,614,240
Trade debts		523,831	397,180
Loans and advances		280,825	237,075
Trade deposits, short term prepayments and other receivables	11	411,768	413,880
Accrued profit on bank deposits		221	69
Tax refunds due from the Government		274,890	492,024
Advance sales tax		0	25,000
Short term investments	12	10,311	12,939
Cash and bank balances	13	638,260	360,878
		10,160,371	5,036,344
Total assets		20,776,764	15,774,448
Equity and liabilities			
Share capital and reserves			
Authorised capital		57,500	57,500
Issued, subscribed and paid-up capital		37,500	37,500
Capital reserves			
- share redemption		1	1
- revaluation surplus on property, plant and equipment		2,549,769	2,646,568
General revenue reserve		1,010,537	1,010,537
Fair value reserve on available-for-sale investments		0	16,052
Unappropriated profit		449,445	263,315
Equity attributable to equity holders of the Holding Company		4,047,252	3,973,973
Non-controlling interest		2,995,137	2,939,859
		7,042,389	6,913,832
Non-current liabilities			
Long term finances	14	1,256,389	1,177,828
Loans from related parties	15	173,707	179,325
Liabilities against assets subject to finance lease		36,714	37,111
Deferred taxation		1,032,213	1,147,169
Staff retirement benefits - gratuity		23,381	21,916
		2,522,404	2,563,349
Current liabilities			
Trade and other payables	16	2,611,924	757,854
Unclaimed dividends		7,643	7,674
Unpaid dividends		22,412	0
Accrued mark-up		200,549	166,431
Short term borrowings		7,715,545	4,652,665
Current portion of non-current liabilities	17	611,426	682,271
Dividends payable to non-controlling interest		8,392	8,562
Taxation	18	34,080	21,810
		11,211,971	6,297,267
Total equity and liabilities		20,776,764	15,774,448
Contingencies and commitments	19		

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement of Profit or Loss
For The Quarter And Half Year Ended March 31, 2019

	Note	Quarter ended		Half year ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Rupees in thousand			
Sales					
- local		2,439,770	2,357,993	4,611,879	3,726,002
- export		400,681	491,445	1,232,398	1,158,435
		2,840,451	2,849,438	5,844,277	4,884,437
Less: sales tax, other government levies and commissions		(233,145)	(217,337)	(509,564)	(388,569)
Sales - net		2,607,306	2,632,101	5,334,713	4,495,868
Cost of sales		(2,149,728)	(2,019,282)	(4,538,950)	(3,951,443)
Gross profit		457,578	612,819	795,763	544,425
Distribution cost		(55,096)	(139,032)	(113,207)	(186,957)
Administrative expenses		(141,092)	(155,572)	(255,178)	(256,951)
Other income	20	66,456	52,046	55,557	55,563
Other expenses	21	(10,910)	(14,721)	(13,075)	(15,495)
Profit from operations		316,936	355,540	469,860	140,585
Finance cost		(220,893)	(124,639)	(365,625)	(233,267)
		96,043	230,901	104,235	(92,682)
Gain on sale of long term investments (available-for-sale)	8.2	15,806	0	20,088	0
Share of loss from Associated Companies	8.1	(87)	(762)	(87)	(976)
		15,719	(762)	20,001	(976)
Profit / (loss) before taxation		111,762	230,139	124,236	(93,658)
Taxation					
Group					
- current	18	32,059	40,118	68,022	46,095
- prior year		564	0	564	0
- deferred		(27,164)	(57,887)	(114,957)	(36,155)
		5,459	(17,769)	(46,371)	9,940
Associated Companies		(33)	18	(33)	36
		5,426	(17,751)	(46,404)	9,976
Profit / (loss) after taxation		106,336	247,890	170,640	(103,634)
		Rupees			
Combined earnings / (loss) per share		10.40	25.92	18.58	(37.87)

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim
Statement of Other Comprehensive Income (Un-Audited)
For The Quarter And Half Year Ended March 31, 2019

	Quarter ended		Half year ended	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
	---------------- Rupees in thousand -----------			
Profit / (loss) after taxation	**106,336**	247,890	**170,640**	(103,634)
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss:				
Fair value loss on available-for-sale investments	**0**	(1,396)	**0**	(4,401)
Share of other comprehensive loss from Associated Companies	**(1)**	(42)	**(1)**	(28)
Loss on remeasurement of staff retirement benefit - gratuity	**0**	(537)	**0**	(537)
Adjustment of gain included in statement of profit or loss upon sale of available-for-sale investments	**(19,671)**	0	**(19,671)**	0
Other comprehensive loss	**(19,672)**	(1,975)	**(19,672)**	(4,966)
Total comprehensive income / (loss)	**86,664**	245,915	**150,968**	(108,600)
Attributable to:				
- Equity holders of the Holding Company	**39,001**	93,261	**69,659**	(145,927)
- Non-controlling interest	**47,663**	152,654	**81,309**	37,327
	86,664	245,915	**150,968**	(108,600)

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim
Statement of Cash Flows (Un-audited)
For The Quarter And Half Year Ended March 31, 2019

	Half year ended	
	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Cash flows from operating activities		
Profit / (loss) for the period - before taxation	**124,236**	(93,658)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**441,288**	381,356
Depreciation on investment property	**481**	524
Loss from Associated Companies	**87**	976
Gain on sale of long term investments (available-for-sale)	**(20,088)**	0
Mark-up / profit on bank deposits and saving accounts	**(3,127)**	(2,451)
Un-claimed payable balances written-back	**(1,165)**	(72)
Gain / (loss) on sale of operating fixed assets	**(2,244)**	26
Gain on redemption and re-measurement of short term investments to fair value	**(372)**	(192)
Dividend	**(609)**	(406)
Uncollectible receivable balances written-off	**7**	525
Finance cost	**365,625**	233,267
Profit before working capital changes	**904,119**	519,895
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	**(7,744)**	8,965
Stock-in-trade	**(4,915,222)**	(5,485,957)
Trade debts	**(126,651)**	(20,843)
Loans and advances	**(43,757)**	103,754
Trade deposits, short term prepayments and other receivables	**2,112**	(6,164)
Sales tax refundable -net	**224,687**	(329,191)
Advance sales tax	**25,000**	57,000
Increase in trade and other payables	**1,855,302**	2,848,438
	(2,986,273)	(2,823,998)
Cash used in operations	**(2,082,154)**	(2,304,103)
Taxation - net	**(63,869)**	(105,253)
Security deposits	**(1,226)**	0
Staff retirement benefits - gratuity (net)	**1,465**	6,929
Net cash used in operating activities	**(2,145,784)**	(2,402,427)
Cash flows from investing activities		
Additions to property, plant and equipment	**(344,728)**	(166,292)
Sale proceeds of operating fixed assets	**5,901**	146
Sale proceeds of long term investments	**25,768**	0
Dividend received	**609**	406
Short term investments redeemed	**3,000**	2,500
Mark-up / profit received on bank deposits and saving accounts	**2,975**	2,338
Net cash used in investing activities	**(306,475)**	(160,902)
Cash flows from financing activities		
Long term finances - net	**(8,012)**	(276,937)
Loan from a related party - repaid	**10,000**	0
Lease finances - net	**(3,519)**	(23,306)
Short term borrowings - net	**3,062,880**	3,322,975
Finance cost paid	**(331,507)**	(236,628)
Dividends paid	**(201)**	(20,882)
Net cash generated from financing activities	**2,729,641**	2,765,222
Net increase in cash and cash equivalents	**277,382**	201,893
Cash and cash equivalents - at beginning of the period	**360,878**	179,283
Cash and cash equivalents - at end of the period	**638,260**	381,176

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)

For The Half-Year Ended March 31, 2019

	------- Attributable to equity holders of the Holding Company------								
		Reserves							
		Capital							
	Share capital	Share redemption	Revaluation surplus on property, plant and equipment	General revenue	Fair value reserve on available-for-sale investments	Unappropriated profit	Total	Non-controlling interest	Total equity
	-- Rupees in thousand --								
Balance as at September, 2017	37,500	1	1,982,765	1,010,537	17,929	253,304	3,302,036	2,069,465	5,371,501
Transaction with owners:									
- Cash dividend at the rate of Rs.1.50 per ordinary shares	0	0	0	0	0	0	0	(22,412)	(22,412)
Total comprehensive income / (loss):									
Profit / (loss) for the half-year ended March 31, 2018	0	0	0	0	0	(140,961)	(140,961)	37,327	(103,634)
Other comprehensive loss	0	0	0	0	(3,629)	(297)	(3,926)	(1,040)	(4,966)
	0	0	0	0	(3,629)	(141,258)	(144,887)	36,287	(108,600)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	429	429	0	429
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the half-year net of deferred taxation	0	0	(109,897)	0	0	67,610	(42,287)	42,287	0
Balance as at March 31, 2018	37,500	1	1,872,868	1,010,537	14,300	180,085	3,115,291	2,125,627	5,240,918
Total comprehensive income / (loss):									
Profit for the half-year ended September 30, 2018	0	0	0	0	0	12,141	12,141	57,023	69,164
Other comprehensive income / (loss)	0	0	758,545	0	1,752	(1,095)	759,202	759,800	1,519,002
	0	0	758,545	0	1,752	11,046	771,343	816,823	1,588,166
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	236	236	0	236
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the half-year net of deferred taxation	0	0	(29,661)	0	0	71,948	42,287	(42,287)	0
Resultant adjustment due to reduction in tax rate	0	0	44,816	0	0	0	44,816	36,177	80,993
Adjustment	0	0	0	0	0	0	0	3,519	3,519
Balance as at September 30, 2018	37,500	1	2,646,568	1,010,537	16,052	263,315	3,973,973	2,939,859	6,913,832
Transaction with owners:									
- Cash dividend at the rate of Rs.1.50 per ordinary shares	0	0	0	0	0	0	0	(22,412)	(22,412)
Total comprehensive income / (loss):									
Profit for the half-year ended March 31, 2019	0	0	0	0	0	89,331	89,331	81,309	170,640
Other comprehensive loss	0	0	0	0	0	(1)	(1)	0	(1)
	0	0	0	0	0	89,330	89,330	81,309	170,639
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	1	1	0	1
Adjustment of gain included in statement of profit or loss upon sale of available-for-sale investments	0	0	0	0	(16,052)	0	(16,052)	(3,619)	(19,671)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	0	0	0	96,799	96,799	73,568	170,367
- on account of incremental depreciation for the half year	0	0	(96,799)	0	0	0	(96,799)	(73,568)	(170,367)
Balance as at March 31, 2019	37,500	1	2,549,769	1,010,537	0	449,445	4,047,252	2,995,137	7,042,389

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

CHIEF EXECUTIVE　　　DIRECTOR　　　CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For The Half-Year Ended March 31, 2019

1. The Group and its operations

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

The Holding Company was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. 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)

CSM was incorporated in Pakistan on May 05, 1988 as a Public Company, under the Companies Ordinance, 1984 (which is repealed upon enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 09, 1988. CSM has its shares quoted on the Pakistan Stock Exchange Ltd. CSM is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and by-products. CSM is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd.. The head office of CSM is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhawa.

Whole Foods (Pvt.) Ltd. (100% owned subsidiary of CSM) was incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on October 26, 2017. The principal activity of Whole Foods (Pvt.) Ltd. is to set-up, manage, supervise and control the storage facilities for agricultural produce.

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

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

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 1.2 (c). 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). FSM is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd.

FSM has been suffering losses over the years and during the current period and prior years had not carried-out manufacturing operations due to non-availability of raw materials. The management, however, anticipates that manufacturing operations will resume in the foreseeable future as necessary steps are being taken to ensure smooth supplies of sugar cane to FSM. The condensed interim financial statements of FSM, therefore, have been prepared on the 'going concern basis'.

(c) 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 of FSM 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, 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

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, *Interim Financial Reporting,* issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Accounting policies

The accounting policies and methods of computation adopted for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding consolidated annual financial statements of the Group for the year ended September 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers", IFRS 9 "Financial instruments" and IAS 40 "Investment property".

3.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 has been notified by Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

3.2 IFRS 9 - Financial instruments

IFRS 9 is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the SECP to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The changes laid down by the new standard do not have any significant impact on these consolidated condensed interim financial statements.

3.3 IAS 40 - Investment property

Transfers of investment property; amendments to IAS 40 are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The changes laid down by the new standard do not have any significant impact on these consolidated condensed interim financial statements.

3.4 IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in foreign currency. IFRIC 22 is notified to be effective by IASB for annual periods beginning on or after January 01, 2018. IFRIC 22 addresses foreign currency transaction when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. IFRIC 22 permits retrospective or prospective approach for adoption. The Group has applied the interpretation prospectively to all assets, expenses and income in the scope of the interpretation initially recognised on or after January 01, 2018.

3.5 New approved accounting standard not yet effective but relevant

The following new standard will be effective for the periods beginning on or after October 01, 2019 that may have an impact on the consolidated financial statements of the Group.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability (to pay rentals) are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by this standard on its consolidated financial statements.

4. These un-audited consolidated condensed interim financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended September 30, 2018.

5. Accounting estimates, judgments and financial risk management

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

5.2 Judgments and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to consolidated financial statements as at and for the year ended September 30, 2018.

5.3 The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended September 30, 2018.

5.4 The Holding Company and FSM follow the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of remeasurement of staff retirement benefits - gratuity has not been incorporated in the books of account of the Holding Company and FSM.

6. Principles of consolidation

These consolidated condensed interim financial statements include the condensed interim financial statements of the Holding Company, consolidated condensed interim financial statements of CSM & its Subsidiary Company and the condensed interim financial statements of FSM as at and for the period ended March 31, 2019. The Holding Company's direct interest, as at March 31, 2019, in CSM was 47.93% (2018: 47.93%) and in FSM was 82.49% (2018: 82.49%).

Investments in Associated Companies, as defined in the Companies Act, 2017, 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.

Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All significant inter-company transactions, balances, income and expenses on transactions between Group Companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

7. Property, plant and equipment

	Note	Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
Operating fixed assets - tangible	7.1	**10,154,584**	10,098,009
Capital work-in-progress	7.2	**319,423**	472,983
		10,474,007	10,570,992

7.1 Operating fixed assets - tangible

Book value at beginning of the period - **audited**		**10,098,009**
Additions during the period:		
- buildings and roads	**45,443**	
- plant and machinery	**389,239**	
- electric installations	**56,955**	
- furniture, fixtures and office equipment	**5,280**	
- vehicles:		
owned	**1,371**	
leased	**3,232**	
		501,520
Book value of operating fixed assets disposed-off during the period		**(3,657)**
Depreciation charge for the period		**(441,288)**
Book value at end of the period - **un-audited**		**10,154,584**

7.2 Capital work-in-progress

At beginning of the period / year	**472,983**	221,341
Add: Additions during the period / year	**375,658**	322,135
Less: Capitalised during the period / year	**(529,218)**	(70,493)
Balance at end of the period / year	**319,423**	472,983

	Note	Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
8. Long term investments			
Related parties	8.1	**98,826**	98,946
Available-for-sale (Quoted)	8.2	**0**	25,351
		98,826	124,297

8.1 Investments in equity instruments of Associated Companies

Balance at beginning of the period - **cost**		**5,638**
Add: post acquisition profit brought forward		**93,308**
		98,946
Add: share for the period:		
- loss	**(87)**	
- other comprehensive loss	**(1)**	
- items directly credited in equity	**1**	
Less: taxation	**(33)**	
		(120)
Balance at end of the period		**98,826**

8.2 Available-for-sale (Quoted)

	Note		
Ibrahim Fibres Limited			
Nil shares (September 30, 2018: 405,670 ordinary shares of Rs.10 each)	8.2.1	**0**	5,680
Add: adjustment arisen from re-measurement to fair value		**0**	19,671
		0	25,351

8.2.1 FSM, during the current period, has sold all the shares of Ibrahim Fibres Limited against aggregate consideration of Rs.25.768 million. Gain arisen on these sales aggregating Rs.20.088 million has been credited to consolidated condensed interim statement of profit or loss.

9. Stores and spares

FSM has not carried-out manufacturing operations during the current period and prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the period-end stores and spares inventory have not been adjusted for any potential impairment loss.

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

10. Stock-in-trade

Work-in-process	**22,428**	9,900
Finished goods:		
- sugar	**6,385,166**	2,022,939
- molasses	**937,241**	391,745
- ethanol	**184,627**	189,656
	7,507,034	2,604,340
	7,529,462	2,614,240

	Un-audited March 31, 2019	Audited September 30, 2018
	(Rupees in thousand)	
11. Trade deposits, short term prepayments and other receivables		
Sugar export subsidy receivable	**340,164**	342,884
Prepayments	**6,796**	13,890
Excise duty deposits	**136**	136
Gas infrastructure development cess paid under protest - refundable	**3,018**	3,018
Lease rentals receivable from an Associated Company (Premier Board Mills Ltd.)	**0**	1,972
Insurance claim receivable	**5,642**	142
Guarantees issued	**15,000**	15,000
Trade deposits	**7,986**	5,500
Other receivables	**33,026**	31,338
	411,768	413,880
12. Short term investments - At fair value through profit or loss		
First Habib Cash Fund		
Opening balance - 127,050 Units (2018: 80,140 Units)	**12,939**	8,154
Investments made during the period / year -Nil Units (2018: 98,237 Units)	**0**	10,000
Gain on redemption and re-measurement to fair value	**372**	285
Bonus received during the period / year - 5,481 Units (2018: 2,658 Units)	**0**	0
Units redeemed during the period / year - 29,632 Units (2018: 53,985 Units)	**(3,000)**	(5,500)
Closing balance - 102,899 Units (2018: 127,050 Units)	**10,311**	12,939

13. Cash and bank balances

13.1 Period-end bank balances include deposits aggregating Rs.5 million (September 30, 2018: Rs.5 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

13.2 (a) Period-end bank balances also include deposits aggregating Rs.58 million of the Holding Company and FSM lying with Innovative Investment Bank Ltd. (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
	Rupees in thousand
July 29, 2009	**15,600**
July 29, 2010	**15,600**
July 29, 2011	**15,600**
July 29, 2012	**31,200**
	78,000
Less: amounts realised during the preceding financial year	**(20,000)**
	58,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificates from IIBL were also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed 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 before the Lahore High Court, Lahore (LHC).

(c) The SECP winding-up petition has been decided by the LHC and LHC has appointed Joint Official Liquidator (JOL). The LHC, vide its order dated April 14, 2018 has approved release of payment upto Rs.10 million each to the Holding Company and FSM in respect of principal amount only subject to verification as per the laws. The aggregate amount of Rs.20 million, as per the LHC order, has been received by the Holding Company and FSM during August, 2018. The management, for the release of further amount, anticipates that JOL will intimate in due course of time; no provision, therefore, for the remaining deposits aggregating Rs.58 million has been made in the books of account of the Holding Company and FSM.

(d) The Holding Company and FSM have not accrued profit on these deposits during the current period as well as preceding financial years.

13.3 There has been no change in the status of matter as detailed in note 18.6 to the consolidated financial statements of the Group for the year ended September 30, 2018.

14. Long term finances - secured From banking companies	Note	Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
The Holding Company - Soneri Bank Ltd.		**33,333**	66,666
CSM			
Bank Alfalah Ltd.	14.1	**0**	25,000
Bank Al-Habib Ltd.	14.1	**359,547**	331,316
Faysal Bank Ltd.	14.1	**0**	83,327
Soneri Bank Ltd.	14.1	**212,843**	256,320
The Bank of Punjab	14.1	**148,093**	193,019
Dubai Islamic Bank Pakistan Ltd.	14.1	**779,945**	877,438
MCB Bank Ltd.	14.1	**291,313**	0
		1,825,074	1,833,086
Less: amount payable within next 12 months grouped under current liabilities		**568,685**	655,258
Amount due after March 31, 2020	14.2	**1,256,389**	1,177,828

14.1 These represent term and demand finances obtained by CSM from the aforesaid banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 1% per annum to KIBOR + 2% per annum and are secured against first / joint pari passu hypothecation charge over all present and future movable fixed assets of CSM and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of CSM, pledge of sugar stocks and lien on export contracts / LCs.

14.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective loan agreements. Accordingly, the liabilities under these loan agreements have been classified as per the repayment schedule applicable in respect of the aforesaid loan agreements.

	Note	Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
15. Loans from related parties - secured			
Premier Board Mills Ltd.	15.1	**65,575**	65,575
Arpak International Investments Ltd.	15.2	**43,750**	43,750
Azlak Enterprises (Private) Ltd.	15.3	**80,000**	70,000
		189,325	179,325
Less: current portion grouped under current liabilities		**(15,618)**	0
		173,707	179,325

15.1 The principal is repayable in 7 semi annual instalments commencing November, 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark-up charged by the Associated Company is not less than the borrowing cost of the Associated Company.

15.2 The principal is repayable in 7 semi annual instalments commencing November, 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark-up charged by the Associated Company is not less than the borrowing cost of the Associated Company.

15.3 The principal is repayable in 8 semi annual instalments commencing December, 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark-up charged by the Associated Company is not less than the borrowing cost of the Associated Company.

16. Trade and other payables

	Note	Un-audited March 31, 2019	Audited September 30, 2018
Creditors		**2,014,188**	220,651
Due to Associated Companies	16.1	**71,764**	26,995
Accrued expenses		**63,058**	103,271
Retention money		**21,590**	15,962
Security deposits - interest free repayable on demand		**995**	2,222
Advance payments from customers		**352,583**	297,802
Income tax deducted at source		**13,115**	17,828
Sales tax payable		**14**	14
Gratuity payable to ex-employees		**5,088**	5,268
Advance received against sale of scrap		**2,024**	2,024
Payable for workers' welfare obligations		**25,029**	16,570
Workers' (profit) participation fund		**1,635**	0
Payable to provident fund		**3,038**	2,201
Payable to employees		**28,863**	27,562
Others		**8,940**	19,484
		2,611,924	757,854

	Note	Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
16.1 This represents amounts due to:			
- Azlak Enterprises (Pvt.) Ltd.		**15,977**	17,570
- Syntronics Ltd.		**7,459**	9,425
- Syntron Ltd.		**48,100**	0
- Premier Board Mills Ltd.		**228**	0
		71,764	26,995
17. Current portion of non-current liabilities			
Long term finances	14	**568,685**	655,258
Liabilities against assets subject to finance lease		**27,123**	27,013
Loans from related parties	15	**15,618**	0
		611,426	682,271

18. Taxation

The Holding Company

18.1 Provision for the current period mainly represents tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001 (the Ordinance).

18.2 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 from finalising the proceedings. The petition is pending adjudication.

FSM

There has been no significant change in the status of taxation matters as reported in note 29.4 to the preceding consolidated financial statements of the Group for the year ended September 30, 2018.

18.3 Provision for the current period represents tax payable under section 5 (Tax on dividends) of the Ordinance.

19. Contingencies and commitments

The Holding Company

19.1 The Holding Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Holding Company, 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.

19.2 The Holding Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bills for the month of March, 2019, has raised GIDC demands aggregating Rs.72.738 million, which are payable in case of an adverse judgment by the SCP. No provision for these GIDC demands has been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

19.3 The Holding Company's petition filed before the PHC, against Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers was fixed at Rs.12,000 per month with effect from July 01, 2014, has been disposed of by PHC vide judgment dated April 02, 2019.

19.4 The Additional Commissioner, Corporate Zone, has vacated the demand of Rs.5.592 million created under section 14 of the Federal Excise Act, 2005. The case is disposed of accordingly.

19.5 The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the Commissioner Inland Revenue (Appeals) [CIR(A)] has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the Deputy Commissioner Inland Revenue (DCIR), Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Holding Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.

19.6 The DCIR for the tax year 2013 initially has held the Holding Company as taxpayer-in-default for non-deduction of tax on certain supplies / services and tax demand was raised at Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001 (the Ordinance). The Holding Company filed rectification application under section 221 of the Ordinance and the demand was reduced to Rs.237,360. Against the said demand, the Holding Company has filed an appeal before the CIR(A), who dismissed the Holding Company's appeal. Presently, the Holding Company's appeal against the CIR(A)'s order is pending before the ATIR, Peshawar.

19.7 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Holding Company outstanding as at March 31, 2019 were for Rs.20 million (September 30, 2018: Rs.20 million).These guarantees are valid upto April 24, 2019 and May 26, 2019.

19.8 No commitments were outstanding as at March 31, 2019 and September 30, 2018.

CSM

19.9 There has been no significant change in the status of contingencies as disclosed in notes 30.13 to 30.16 and 30.21 to the audited consolidated financial statements of the Group for the year ended September 30, 2018.

19.10 Commitments

	Un-audited March 31, 2019	Audited September 30, 2018
Commitments in respect of :	(Rupees in thousand)	
- foreign letters of credit for purchase of plant & machinery	**154,623**	68,041
- capital expenditure other than for letters of credit	**17,815**	30,240

FSM

19.11 There has been no significant change in the status of contingencies as reported in notes 30.9 to 30.11 to the preceding consolidated financial statements of the Group for the year ended September 30, 2018.

19.12 No commitments were outstanding as at March 31, 2019 and September 30, 2018.

20. Other income

	Note	Un-audited Half year ended March 31, 2019	March 31, 2018
Income from financial assets:		(Rupees in thousand)	
Profit on bank deposits and saving accounts		**3,127**	2,451
Gain on redemption and remeasurement of short term investments to fair value	12	**372**	192
Exchange fluctuation gain		**15,768**	10,101
Dividend		**609**	406
Income from other than financial assets:			
Export subsidy		**0**	28,484
Rent from - an Associated Company		**3,355**	3,355
- other		**134**	0
Sale of scrap		**16,176**	45
Sale of press mud - net		**6,433**	5,193
Unclaimed payable balances written-back		**1,165**	72
Gain on sale of operating fixed assets		**2,244**	0
Sale of seeds and agricultural produce		**5,473**	4,599
Sale of fusel oil - net		**696**	513
Miscellaneous		**5**	152
		55,557	55,563

21. Other expenses

Donations-without directors' interest		**218**	1,388
Uncollectible receivable balances written-off		**7**	525
Workers' (profit) participation fund		**1,635**	5,345
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		**2,755**	2,447
Others		**8,460**	5,790
		13,075	15,495

22. **Segment operating results of CSM for the half year ended March 31, 2019 (Un-audited)**

	Sugar Division				Ethanol Division				Total			
	Three month period ended		Six month period ended		Three month period ended		Six month period ended		Three month period ended		Six month period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees in thousand											
Sales												
- External	2,041,729	2,259,569	3,734,971	3,026,889	734,130	513,322	1,571,866	1,274,325	2,775,859	2,772,891	5,306,837	4,301,214
- Internal	206,966	204,506	374,935	315,633				-	206,966	204,506	374,935	315,633
	2,248,695	2,464,075	4,109,906	3,342,522	734,130	513,322	1,571,866	1,274,325	2,982,825	2,977,397	5,681,772	4,616,847
Less : sales tax and commission	(200,158)	(248,660)	(365,437)	(344,596)	(27,762)	(16,115)	(92,863)	(31,455)	(227,920)	(264,775)	(458,300)	(376,051)
Sales - net	2,048,537	2,215,415	3,744,469	2,997,926	706,368	497,207	1,479,003	1,242,870	2,754,905	2,712,622	5,223,472	4,240,796
Segment expenses:												
Cost of sales												
Cost of sales	(1,560,404)	(1,800,432)	(3,370,057.31)	(2,711,533)	(529,483)	(136,033)	(744,313)	(618,015)	(2,089,887)	(1,936,465)	(4,114,370)	(3,329,548)
less: Internal transfer		-		-	(206,966)	(204,506)	(374,935)	(315,633)	(206,966)	(204,506)	(374,935)	(315,633)
	(1,560,404)	(1,800,432)	(3,370,057)	(2,711,533)	(736,449)	(340,539)	(1,119,248)	(933,648)	(2,296,853)	(2,140,971)	(4,489,305)	(3,645,181)
Gross profit / (loss)	488,132	414,984	374,411	286,393	(30,081)	156,668	359,755	309,222	458,051	571,652	734,166	595,615
Selling and distribution expenses	(10,534)	(45,546)	(27,382)	(51,250)	(42,502)	(41,351)	(81,894)	(80,907)	(53,036)	(86,897)	(109,276)	(132,157)
Administrative and general exper	(112,104)	(122,844)	(207,683)	(199,008)	(9,500)	(10,665)	(21,409)	(21,626)	(121,604)	(133,509)	(229,092)	(220,634)
	(122,638)	(168,391)	(235,065)	(250,258)	(52,002)	(52,016)	(103,303)	(102,533)	(174,640)	(220,407)	(338,368)	(352,791)
Profit from operations	365,494	246,593	139,346	36,135	(82,083)	104,652	256,452	206,689	283,411	351,245	395,798	242,824
Other income	12,324	36,467	27,887	37,468	(1,142)	10,012	16,604	10,269	11,182	46,479	44,491	47,737
Other expenses	(8,618)	(6,454)	(8,677)	(6,733)	-	-		-	(8,618)	(6,454)	(8,677)	(6,733)
	3,706	30,013	19,210	30,735	(1,142)	10,012	16,604	10,269	2,564	40,025	35,814	41,004
Segment results	369,200	276,606	158,556	66,870	(83,225)	114,664	273,056	216,958	285,975	391,270	431,612	283,828
Finance cost									(193,921)	(108,559)	(333,071)	(208,177)
Profit before tax									92,054	282,711	98,541	75,651
Taxation									(1,307)	(21,319)	58,642	413
Profit after taxation									90,747	261,392	157,183	76,064

22.1 Segment assets and liabilities

	Un-audited March 31, 2019		Audited September 30, 2018	
	(Rupees in thousand)			
	Assets	Liabilities	Assets	Liabilities
Sugar	14,511,445	7,410,911	7,995,346	3,089,189
Ethanol	3,969,172	3,605,127	5,819,420	3,265,854
Total for reportable segment	18,480,617	11,016,038	13,814,766	6,355,043
Others	44,334	1,590,756	-	1,655,711
Entity's total assets / liabilities	18,524,951	12,606,794	13,814,766	8,010,754

23. Transactions with related parties

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

	Un-audited Half year ended	
	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
- purchase of goods	**137,768**	86,963
- services received	**13,157**	10,207
- mark-up expensed	**0**	4,140
- rental income	**3,355**	3,355
- dividend paid	**8,041**	8,041
- post employment benefit - expense charged in respect of retirement benefit plan	**1,300**	6,702
- key management personnel - salaries and other benefits	**31,419**	20,990

23.2 Receivables from and payables to Associated Companies have been disclosed in notes 11, 15 and 16 respectively to these consolidated condensed interim financial statements.

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

24. Corresponding figures

In order to comply with the requirements of IAS 34 'Interim financial reporting', the consolidated condensed interim statement of financial position has been compared with the balances of annual audited consolidated financial statements of the preceding financial year, whereas, consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of other comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

25. Date of authorisation for issue

These consolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Holding Company on May 27, 2019.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER