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



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

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE FIRST QUARTER ENDED  
DECEMBER 31, 2018**

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### COMPANY INFORMATION

#### **Board of Directors**

Mr. Aziz Sarfaraz Khan Chairman  
Mr. Abbas Sarfaraz Khan Chief Executive  
Begum Laila Sarfaraz  
Ms. Zarmine Sarfaraz  
Ms. Najda Sarfaraz  
Ms. Samyra Rashid  
Mr. Iskander M. Khan  
Mr. Abdul Qadar Khattak

#### **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.) Limited,  
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

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### **DIRECTORS' REVIEW REPORT**

The Directors of The Premier Sugar Mills and Distillery Company Limited ("the Company") are pleased to present the un-audited condensed interim financial information of the Company for the three months period ended December 31, 2018 to the shareholders of the Company in compliance with Section 237 of the Companies Act, 2017 (the Act) and the rule book of the Pakistan Stock Exchange.

#### **OPERATIONAL OPERATIONS**

The sugarcane crushing season 2018-19 commenced on November 15, 2018 and the mills have crushed 141,512 tons of sugarcane, producing 14,915 tons of sugar till March 10, 2019. The lower sugarcane crushing is because of diversion of 85% 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, 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. The Sugar prices have improved compared to the last quarter.

#### **FINANCIAL PERFORMANCE**

The Company earned profit after taxation of Rs. 31.606 million (2017: Loss after taxation 120.457 million) during the first quarter ended December 31, 2018.

#### **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

  
(ISKANDER M. KHAN)  
Director

  
(ABBAS SARFARAZ KHAN)  
Chief Executive

Islamabad  
March 13, 2019

## مالیاتی کارکردگی

پہلی سہ ماہی 31 دسمبر 2018 کے اختتام تک کمپنی کا ٹیکس کے بعد منافع 31.606 ملین روپے رہا (2017 میں بعد از ٹیکس نقصان 99.429 ملین روپے تھا)۔


## اکاؤنٹنگ کی پالیسیاں


کمپنی کی سہ ماہی کنڈرینڈ انٹیرم مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی حسابات میں اپنائی گئی تھیں۔

## اعتراف

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

## مخائب بورڈ

  
اکسندر محمد خان  
ڈائریکٹر

  
عباس میر فراز خان  
چیف ایگزیکٹو

اسلام آباد  
تاریخ: 13 مارچ 2019

## دی پریس میئر شو گرملز اینڈ ڈسٹری بیوٹرز کمپنی لمیٹڈ

### ڈائریکٹرز کی جائزہ رپورٹ

دی پریس میئر شو گرملز اینڈ ڈسٹری بیوٹرز کمپنی لمیٹڈ کے ڈائریکٹرز کمپنی کی سہ ماہی رپورٹ 31 دسمبر 2018 کو تیسرے مہینے کے اختتام پر زیر ہونے پر غیر آڈٹ شدہ کنڈرینڈ انٹیرم مالیاتی معلومات حصص داروں کو سننے کمپنیز ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور پاکستان سٹاک ایکسچینج کے قواعد کے مطابق مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

### آپریشن کا جائزہ

گئے کارکننگ سیزن 2018-19 کا آغاز 15 نومبر 2018 کو شروع ہوا۔ 10 مارچ 2019 تک ملز نے 141,512 ٹن گنے کو کرش کیا اور 14,915 ٹن چینی پیدا کی۔ گنے کے کرکنگ میں کمی کی وجہ سے 85% فیصد گنے کا کرشل اور میکانائزڈ گڑ بنانے کے عمل کی طرف منتقل ہونا ہے۔ حکومت کی طرف سے منڈی میں گڑ کی کرشل لین دین پر سیلز ٹیکس لگانے کے باوجود وصول نہیں کیا جاتا، حکومت شو گرملز کو برابری کا سلوک مہیا کرنے میں ناکام رہی ہے۔

### چینی کی قیمت

حکومت پاکستان نے 1.1 ملین ٹن چینی برآمد کرنے کی اجازت دی ہے (پارشل سبسڈی کے ساتھ) اور صوبائی حکومت کو ہدایت دی ہے کہ وہ سبسڈی ادا کریں۔ گزشتہ تین ماہ کے مقابلے میں چینی کی قیمتیں مستحکم ہوئی ہیں۔

**THE PREMIER SUGAR MILLS &  
CONDENSED INTERIM STATEMENT OF FINANCIAL**

	Unaudited Dec 31, 2018	Audited Sep 30, 2018
Note	Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
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	15    37,500	37,500
Capital reserves		
- share redemption	1	1
- revaluation surplus on property, plant and equipment	554,088	565,596
General revenue reserve	900,000	900,000
Accumulated loss	<u>(467,167)</u>	<u>(510,281)</u>
	<u>1,024,422</u>	<u>992,816</u>
<b>NON-CURRENT LIABILITIES</b>		
Liabilities against assets subject to finance lease	2,596	3,009
Staff retirement benefits - gratuity	14,722	14,135
	<u>17,318</u>	<u>17,144</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	16    267,107	114,237
Unclaimed dividends	7,674	7,674
Accrued mark-up	14,260	22,300
Short term borrowings	17    732,937	945,384
Current portion of: - long term finances	66,666	66,666
- liabilities against assets subject to finance lease	2,158	2,329
Taxation	18    29,704	21,686
	<u>1,120,506</u>	<u>1,180,276</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	19	
	<u>2,162,246</u>	<u>2,190,236</u>

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

  
**CHIEF EXECUTIVE**

**DISTILLERY COMPANY LIMITED  
POSITION AS AT DECEMBER 31, 2018**

	Unaudited Dec 31, 2018	Audited Sep 30, 2018
Note	Rupees in thousand	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5    938,227	921,214
Investment property	6    27,367	27,607
Long term investments	7    170,006	170,006
Long term loan to Subsidiary Company	8    252,359	279,500
Security deposits	<u>1,258</u>	<u>1,258</u>
	<u>1,389,217</u>	<u>1,399,585</u>
<b>CURRENT ASSETS</b>		
Stores and spares	9    122,866	108,029
Stock-in-trade	10    428,412	371,602
Trade debts	138,653	178,054
Advances	11    11,173	14,423
Trade deposits and short term prepayments	12    7,601	7,058
Accrued profit on bank deposits	145	69
Other receivables	13    9,441	9,429
Advance sales tax	0	25,000
Sales tax refundable	0	11,187
Income tax refundable, advance income tax and tax deducted at source	17,029	14,080
Bank balances	14    37,709	51,720
	<u>773,029</u>	<u>790,651</u>
	<u>2,162,246</u>	<u>2,190,236</u>

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

		Dec 31, 2018	Dec 31, 2017
	<b>Note</b>	<b>Rupees in thousand</b>	
Sales - net	19	458,270	445,612
Cost of sales	20	395,727	539,078
Gross profit (loss)		<u>62,543</u>	(93,466)
Distribution cost	21	1,871	1,557
Administrative expenses	22	14,300	12,570
Other expenses	23	2,105	0
		<u>18,276</u>	14,127
		<u>44,267</u>	(107,593)
Other income	24	15,808	7,417
Profit / loss from operations		<u>60,075</u>	(100,176)
Finance cost	25	20,450	14,304
Profit / (loss) before taxation		<u>39,625</u>	(114,480)
Taxation		<u>8,019</u>	5,977
Profit / (loss) after taxation		<u>31,606</u>	(120,457)
Other comprehensive income		<u>0</u>	0
Total comprehensive profit (loss)		<u><u>31,606</u></u>	<u>(120,457)</u>

**Rupees**

	<b>Rupees</b>	
Earning / (loss) per share	<u>8.43</u>	<u>(32.12)</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

	Dec 31, 2018	Dec 31, 2017
	<b>Rupees in thousand</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) for the period - before taxation	39,625	(114,480)
Adjustments for:		
Depreciation on property, plant and equipment	21,349	23,655
Depreciation on investment property	240	263
Mark-up on loan to Subsidiary company and profit / mark-up on bank deposits	(7,670)	(5,418)
Staff retirement benefits-gratuity (Net)	587	415
Finance cost	20,450	14,304
<b>Profit / (Loss) before working capital changes</b>	<u>74,581</u>	(81,261)
<b>EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES</b>		
<b>Decrease / (Increase) in current assets:</b>		
Stores and spares	(14,837)	(10,406)
Stock-in-trade	(56,810)	317,925
Trade debtors	39,401	(6,681)
Loans and advances	3,250	13,415
Trade Deposits and short term prepayments	(543)	(1,140)
Other receivables	(12)	903
Advance sales tax - net	36,187	56,525
<b>Increase in trade and other payables</b>	<u>152,870</u>	37,756
	<u>159,506</u>	408,297
<b>Cash generated from operations</b>	<u>234,087</u>	327,036
Income Tax paid	(2,951)	(368)
<b>Net cash generated from operating activities</b>	<u>231,136</u>	326,668
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(38,362)	(131)
Mark-up / profit received on loan to Subsidiary company and bank deposits	7,595	68
<b>Net cash used in investing activities</b>	<u>(30,767)</u>	(63)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings-net	(212,447)	(312,313)
Long term loan to Subsidiary Company	27,141	0
Finance cost paid	(28,490)	(22,218)
Lease finances - net	(584)	(1,632)
<b>Net cash used in financing activities</b>	<u>(214,380)</u>	(336,163)
<b>Net decrease in cash and cash equivalents</b>	<u>(14,011)</u>	(9,558)
<b>Cash and cash equivalents - at beginning of the period</b>	<u>51,720</u>	53,602
<b>Cash and cash equivalents - at end of the period</b>	<u><u>37,709</u></u>	<u>44,044</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

	Share capital	Reserves				TOTAL
		Capital		Revenue		
		Share redemption	Revaluation surplus on property, plant and	General	Accumulated Loss	
Balance as at September 30, 2017 - audited	37,500	1	607,776	900,000	(364,263)	1,181,014
Total comprehensive loss for the quarter ended December 31, 2017	0	0	0	0	(120,457)	(120,457)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	(11,964)	0	11,964	11,964
<b>Balance as at December 31, 2017 - unaudited</b>	<b>37,500</b>	<b>1</b>	<b>595,812</b>	<b>900,000</b>	<b>(472,756)</b>	<b>1,072,521</b>
Balance as at September 30, 2018 - audited	37,500	1	565,596	900,000	(510,281)	992,816
Total comprehensive loss for the quarter ended December 31, 2018	0	0	0	0	31,606	31,606
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for current period -net of deferred taxation	0	0	(11,508)	0	11,508	0
<b>Balance as at December 31, 2018 unaudited</b>	<b>37,500</b>	<b>1</b>	<b>554,088</b>	<b>900,000</b>	<b>(467,167)</b>	<b>1,024,422</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

**1. Legal status and operations**

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, 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 this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended September 30, 2018 except following.

**3.1 Change in accounting standards, interpretations and amendments to published approved accounting standards**

**(a) "Standards and amendments to published approved accounting standards which are effective during the quarter ended December 31, 2018"**

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial information.

**(b) "Standards and amendments to published approved accounting standards that are not yet effective"**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial information.

#### 4. Accounting Estimates, Judgments and Financial Risk Management

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

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

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

	<b>Unaudited Dec 31, 2018</b>	<b>Audited Sep 30, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>5. Operating fixed assets</b>		
Operating fixed assets - tangible	5.1. 899,875	921,214
Capital work-in-progress	5.2. 38,352	0
	<u>938,227</u>	<u>921,214</u>
<b>5.1. Operating fixed assets - tangible</b>		
Book value at the beginning of the period / year	921,214	1,014,128
Additions during the period / year :		
- plant and machinery	0	15
- furniture, fittings & office equipment	10	1,360
- vehicles	0	2,887
	<u>10</u>	<u>4,262</u>
Book value of assets disposed-off during the period / year	0	(4,615)
Depreciation charge for the period / year	(21,349)	(92,561)
Book value at the end of the period / year	<u>899,875</u>	<u>921,214</u>
<b>5.2. Capital work-in-progress</b>		
At the beginning of the period / year	0	0
Add: Additions during the period / year	38,352	0
Less: Capitalized / adjusted during the period/ year	0	0
Balance at the end of the period / year	<u>38,352</u>	<u>0</u>
<b>6. Investment property</b>		
Opening book value	27,607	28,654
Depreciation charge for the period/ year	(240)	(1,047)
Closing book value	<u>27,367</u>	<u>27,607</u>

#### 7. Long term investments

Market values of the Company's quoted investments in Chashma Sugar Mills Ltd. (a Subsidiary Company) and Arpak International Investments Ltd. (an Associated Company) as at December 31, 2018 were Rs.632.546 million and Rs.3.913 million respectively.

	<b>Unaudited Dec 31, 2018</b>	<b>Audited Sep 30, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>8. Long term loan to Subsidiary Company</b>		
Opening balance	279,500	279,500
Less: recovered during the year	(27,141)	0
Closing balance	<u>252,359</u>	<u>279,500</u>

The Company and Chashma Sugar Mills Ltd., on February 09, 2017, have entered into a loan agreement whereby the Company has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is repayable in 7 equal instalments commencing February, 2020. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of the Company, the effective mark-up rates during the year ranged from 7.51% to 9.26% (2017: 7.47% to 7.53%) per annum. The loan is secured against a promissory note of Rs.374 million.

#### 9. STORES AND SPARES

Stores	56,381	42,821
Spares	66,485	65,208
	<u>122,866</u>	<u>108,029</u>

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

#### 10. Stock-in-trade

Sugar-in-process	17,922	2,117
Finished goods:		
- sugar	378,495	369,004
- molasses	31,995	481
	<u>410,490</u>	<u>369,485</u>
	<u>428,412</u>	<u>371,602</u>

#### 11. ADVANCES - Considered good

Suppliers and contractors	8,138	9,980
Employees	3,035	4,443
	<u>11,173</u>	<u>14,423</u>

11.1 No amount was due from key management personnel of the Company during the current and preceding years.

#### 12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Excise duty deposit	136	136
Short term prepayments	7,465	6,922
	<u>7,601</u>	<u>7,058</u>

**13. Other receivables**

Other receivables include due from Premier Board Mills Ltd. (an Associated Company) amounting Rs.null (September 30, 2018: Rs.1.972 million) on account of building lease rentals and from The Frontier Sugar Mills and Distillery Ltd. amounting Rs.12 Thousand (September 30, 2018: Rs. 12 Thousand ) on account of sale of store items.

**14. Bank balances**

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

**14.2** The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the 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). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

The 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.

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

**14.3** There has been no change in the status of matter as reported in note 16.4 to the audited financial statements of the Company for the year ended September 30, 2018.

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

**15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

Dec 31, 2018	Sep. 30, 2018		Un-audited	Audited
			Dec 31, 2018	Sep. 30, 2018
<b>(No. of shares)</b>			<b>(Rupees in thousand)</b>	
<b>1,476,340</b>	1,476,340	ordinary shares of Rs.10 each fully paid in cash	<b>14,763</b>	14,763
<b>2,273,660</b>	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>22,737</b>	22,737
<b><u>3,750,000</u></b>	<b><u>3,750,000</u></b>		<b><u>37,500</u></b>	<b><u>37,500</u></b>

**15.1** Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.

**15.2** Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at December 31, 2018 and September 30, 2018.

**16. TRADE AND OTHER PAYABLES**

Due to related parties	<b>16.1</b>	<b>66,097</b>	78,875
Creditors		<b>149,635</b>	14,747
Accrued expenses		<b>23,753</b>	10,778
Due to employees against vehicles		<b>5,423</b>	5,018
Deposits from contractors and others		<b>2,262</b>	1,427
Income tax deducted at source		<b>431</b>	64
Sales tax payable		<b>4,379</b>	14
Gratuity payable to ex-employees		<b>3,253</b>	3,253
Others		<b>11,874</b>	61
		<b><u>267,107</u></b>	<u>114,237</u>

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

Chashma Sugar Mills Ltd.		<b>44,184</b>	74,135
Syntronics Ltd.		<b>4,740</b>	4,740
Syntron Ltd.		<b>15,268</b>	0
Premier Board Limited		<b>1,905</b>	0
		<b><u>66,097</u></b>	<u>78,875</u>

**17. SHORT TERM BORROWINGS**

Secured	<b>17.1</b>	<b>703,000</b>	944,000
Un-secured - temporary bank overdraft	<b>17.3</b>	<b>29,936</b>	1,384
		<b><u>732,936</u></b>	<u>945,384</u>



**17.1** Short term finance facilities available from commercial banks under mark-up arrangements aggregate Rs.1,250 million (2018: Rs.1,250 million). These facilities are secured against pledge of stock of refined sugar, charge over fixed assets and charge over present and future current assets of the Company. These facilities, during the year, carried mark-up at the rates ranging from 8.04% to 9.88% (2018: 7.15% to 7.93%) per annum and are expiring on various dates by September 30, 2019.

**17.2** Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2018: Rs.125 million). Out of the available facilities, facilities aggregating Rs.105 million (2018: Rs.105 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

**17.3** This has arisen due to issuance of cheques for amounts in excess of balance in a bank account.

#### **18. Taxation**

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

	<b>Unaudited Period ended Dec 31, 2018</b>	<b>Audited Year ended Sep 30, 2018</b>
	<b>Rupees in thousand</b>	
<b>18.1 Deferred</b>		
This is comprised of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	11,724	12,559
- revaluation surplus on property, plant and equipment	226,317	231,018
- lease finances	315	314
	<u>238,356</u>	<u>243,891</u>
Deductible temporary differences arising in respect of:		
- available unused tax losses	18.2 (175,785)	(176,552)
- staff retirement benefits - gratuity	(4,269)	(4,099)
- provision for doubtful bank balance	(1,450)	(1,450)
- minimum tax recoverable against normal tax charge in future years	(56,852)	(61,790)
	<u>(238,356)</u>	<u>(243,891)</u>
	<u>0</u>	<u>0</u>

**18.2** Deferred tax asset recognised in this unconsolidated condensed interim financial information has been restricted to Rs.175.785 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 December 31, 2018 amounts to Rs.142.136 million (September 30, 2018: Rs.53.875 million).

#### **19. Contingencies and commitments**

**19.1** There has been no significant change in the status of contingencies as reported in the audited financial statements of the Company for the year ended September 30, 2018.

**19.2** Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at December 31, 2018 were for Rs.20 million (September 30, 2018: Rs.10 million). These guarantees are valid upto May 26, 2019.

	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
	<b>Rupees in thousand</b>	
<b>20. SALES - Net</b>		
Turnover:		
Local	504,309	506,676
Less: sales tax	46,039	61,064
	<u>458,270</u>	<u>445,612</u>
<b>21. COST OF SALES</b>		
Raw materials consumed	363,549	146,832
Chemicals and stores consumed	7,440	3,383
Salaries, wages and benefits	41,437	33,258
Power and fuel	7,684	4,807
Insurance	849	943
Repair and maintenance	11,467	9,594
Depreciation	20,111	22,336
	<u>452,537</u>	<u>221,153</u>
Adjustment of sugar-in-process:		
Opening	2,117	3,370
Closing	(17,922)	(13,367)
	<u>(15,805)</u>	<u>(9,997)</u>
Cost of goods manufactured	436,732	211,156
Adjustment of finished goods:		
Opening stock	369,485	640,835
Closing stock	(410,490)	(312,913)
	<u>(41,005)</u>	<u>327,922</u>
	<u>395,727</u>	<u>539,078</u>
<b>22. DISTRIBUTION COST</b>		
Commission	671	687
Salaries, wages and amenities	296	170
Stacking and loading	691	109
Freight and packing charges for delivering sugar in small packets to a customer	0	591
Others	213	0
	<u>1,871</u>	<u>1,557</u>

	Dec 31, 2018	Dec 31, 2017
	Rupees in thousand	
<b>23. ADMINISTRATIVE EXPENSES</b>		
Salaries and amenities	9,075	7,066
Travelling, vehicles' running and maintenance	578	724
Utilities	233	166
Directors' travelling	5	30
Rent, rates and taxes	313	586
Insurance	210	169
Repair and maintenance	940	816
Printing and stationery	174	206
Communication	344	291
Legal and professional charges (other than Auditors)	238	474
Subscription	178	74
Depreciation on:		
- operating fixed assets	1,239	1,320
- investment property	240	262
General office expenses	533	386
	<u>14,300</u>	<u>12,570</u>
<b>24. OTHER EXPENSES</b>		
Workers profit participation fund	2,085	0
Sales tax and default surcharge	20	0
	<u>2,105</u>	<u>0</u>
<b>25. OTHER INCOME</b>		
<b>Income from financial assets:</b>		
Mark-up on loan to Subsidiary Company	7,505	5,295
Mark-up / interest / profit on bank deposits / saving accounts and certificates	165	123
<b>Income from other than financial assets:</b>		
Rent	6,630	1,680
Sale of scrap	7	44
Sale of agricultural produce	468	275
Miscellaneous	1,033	0
	<u>15,808</u>	<u>7,417</u>
<b>26. FINANCE COST</b>		
Mark-up on:		
- long term finances	1,351	2,403
- short term borrowings	18,701	11,380
Lease finance charges	118	127
Bank charges	280	394
	<u>20,450</u>	<u>14,304</u>

**27. Transactions with related parties**

**27.1** 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 Period ended	
	Dec. 31, 2018	Dec. 31, 2017
	(Rupees in thousand)	
<b>Subsidiary Companies:</b>		
- purchase of goods	1,209	0
- sale of store items	490	0
- sale of goods	0	0
- rent paid	29	0
- rent received	4,950	0
- sale of molasses	18,673	0
- mark-up earned on long term loan	7,505	5,296
- Expenses paid on behalf of the Company	0	9
- Expenses paid by the Company	60	3,778
- dividend received	0	0
<b>Associated Companies:</b>		
- purchase of goods	15,269	5,353
- rent received	1,678	1,678

**Key management personnel**

- salaries and other benefits	3,391	3,947
- contribution towards provident fund	249	217

**27.2** The Company's shareholdings in Subsidiary and Associated Companies' have been detailed in note 8 of annual financial statements of the Company for the year ended September 30, 2018.. In addition to the names of the Associated Companies detailed in note 8, the following are other Associated Companies:

- Syntronics Limited
- Syntron Limited
- Premier Construction and Housing Limited
- Phipson & Co. Pakistan (Pvt.) Ltd.

**27.3 Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the Company. The Company considers its Chief Executive, directors and all members of management team to be its key management personnel.

**28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Particulars	Chief Executive		Directors		Executives	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	----- Rupees in thousand -----					
Managerial remuneration	300	300	1,842	2,309	1,249	1,338
Contribution to provident fund	0	0	113	113	136	104
	300	300	1,955	2,422	1,385	1,442
Number of persons	1	1	2	2	2	2

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

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

**29. Date of Authorisation for Issue**

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on March 13, 2019.

**30. Corresponding Figures**

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

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

30.2 Figures in this condensed interim financial information has been rounded-off to the nearest thousand Rupees.



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



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

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION  
FOR THE FIRST QUARTER ENDED  
DECEMBER 31, 2018**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2018**

	Unaudited December 31, 2018	Audited September 30, 2018
	Rupees in thousand	
<b>Assets</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	10,545,446	10,570,992
Investment property	27,367	27,607
Long term investments	117,637	124,297
Security deposits	16,409	15,208
	<u>10,706,859</u>	<u>10,738,104</u>
<b>Current Assets</b>		
Stores and spares	658,947	483,059
Stock-in-trade	2,276,105	2,614,240
Trade debts	314,491	397,180
Loans and advances	650,961	237,075
Trade deposits, short term prepayments and other receivables	437,243	413,880
Accrued profit on bank deposits	145	69
Tax refunds due from the Government	346,425	492,024
Advance sales tax	-	25,000
Short term investments	10,126	12,939
Bank balances	325,041	360,878
	<u>5,019,484</u>	<u>5,036,344</u>
<b>TOTAL ASSETS</b>	<u>15,726,343</u>	<u>15,774,448</u>
<b>Equity and Liabilities</b>		
<b>Share Capital and Reserves</b>		
Authorised capital		
5,750,000 (2018: 5,750,000) ordinary shares of Rs.10 each	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	2,598,672	2,646,568
General revenue reserve	1,010,537	1,010,537
Fair value reserve on available-for-sale investments	11,872	16,052
Accumulated loss	377,803	263,315
<b>Equity Attributable to Equity Holders of the Holding Company</b>	<u>4,036,385</u>	<u>3,973,973</u>
<b>Non-Controlling Interest</b>	<u>2,973,496</u>	<u>2,939,859</u>
	<u>7,009,881</u>	<u>6,913,832</u>
<b>Non-current Liabilities</b>		
Long term finances	1,268,177	1,177,828
Loans from related parties	173,707	179,325
Liabilities against assets subject to finance lease	28,557	37,111
Deferred taxation	1,059,377	1,147,169
Staff retirement benefits - gratuity	23,154	21,916
	<u>2,552,972</u>	<u>2,563,349</u>
<b>Current Liabilities</b>		
Trade and other payables	1,986,764	757,854
Unclaimed dividends	7,674	7,674
Accrued mark-up	84,302	166,431
Short term borrowings	3,286,937	4,652,665
Current portion of non-current liabilities	759,492	682,271
Dividends payable to non-controlling interest	8,395	8,562
Taxation	29,926	21,810
	<u>6,163,490</u>	<u>6,297,267</u>
<b>Total liabilities</b>	<u>8,716,462</u>	<u>8,860,616</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>15,726,343</u>	<u>15,774,448</u>
<b>Contingencies and Commitments</b>		

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS (Un-audited)**

**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

	Quarter ended	
	December 31, 2018	December 31, 2017
	-----Rupees in thousand-----	
<b>Sales - Net</b>	2,738,957	1,863,767
<b>Cost of Sales</b>	2,400,773	1,932,161
<b>Gross Profit / (Loss)</b>	338,184	(68,394)
<b>Distribution Cost</b>	58,111	47,925
<b>Administrative Expenses</b>	119,045	101,379
<b>Other Expenses</b>	2,164	774
	<u>179,320</u>	<u>150,078</u>
	158,864	(218,472)
<b>Other Income</b>	41,751	3,517
<b>Profit / (Loss) from Operations</b>	200,615	(214,955)
<b>Finance Cost</b>	152,098	108,628
	48,517	(323,583)
<b>Share of Loss from Associated Companies</b>	(87)	(214)
<b>Profit / (Loss) before Taxation</b>	48,430	(323,797)
<b>Taxation</b>		
Group		
- Current	35,963	5,977
- Deferred	(87,793)	21,732
	<u>(51,830)</u>	<u>27,709</u>
Associated Companies	33	18
	<u>(51,797)</u>	<u>27,727</u>
<b>Profit / (Loss) after Taxation</b>	100,227	(351,524)
	----- Rupees -----	
<b>Combined Profit / (Loss) per share - basic and diluted</b>	16.91	(62.99)

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF**  
**COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

	Quarter ended	
	December 31, 2018	December 31, 2017
	-----Rupees in thousand-----	
<b>Profit / (Loss) after Taxation</b>	<b>100,227</b>	<b>(351,524)</b>
<b>Other Comprehensive Income / (Loss)</b>		
Fair value gain / (loss) on available-for-sale investments	(1,010)	(3,005)
Share of other comprehensive (loss) / income from Associated Companies	1	14
Adjustment for gain included in statement of profit or loss upon sale of Available for sale investments	(3,170)	-
<b>Total Comprehensive Profit / (Loss) Attributable to:</b>	<b>96,048</b>	<b>(354,515)</b>
- Equity holders of the Parent Company	62,411	(239,188)
- Non-controlling interest	33,637	(115,327)
	<b>96,048</b>	<b>(354,515)</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CASH FLOWS (Un-audited)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

	Quarter ended	
	December 31, 2018	December 31, 2017
	-----Rupees in thousand-----	
<b>Cash flow from operating activities</b>		
Profit / (Loss) for the period - before taxation	48,430	(323,797)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	218,539	190,667
Depreciation on investment property	240	263
Loss from Associated Companies - net	87	214
Interest / profit on bank deposits and saving accounts	(625)	(5,448)
Staff retirement benefits - gratuity (net)	1,238	291
Loss / (gain) on disposal of operating fixed assets	(1,651)	19
Gain on re-measurement of short term investments to fair value	(179)	(107)
Gain on redemption of long term investment	(3,170)	
Unclaimed payable balances written-back	-	-
Doubtful advance written-off	-	-
Dividend income	608	-
Finance cost	152,098	108,628
<b>Profit / (Loss) before working capital changes</b>	<b>415,615</b>	<b>(29,270)</b>
<b>Effect on cash flow due to working capital changes (Increase) / decrease in current assets</b>		
Stores and spares	(175,888)	(113,162)
Stock-in-trade	338,135	(7,855)
Trade debts	82,689	(54,943)
Loans and advances	(413,886)	(178,520)
Trade deposits, short term prepayments and other receivables	(23,363)	27,426
Sales tax refundable	-	(1,093)
Advance sales tax	25,000	57,000
Other receivables	-	(11,401)
<b>Increase in current liabilities</b>		
Trade and other payables	1,228,910	1,429,063
	<b>1,061,597</b>	<b>1,146,515</b>
<b>Cash generated from / (used in) operations</b>	<b>1,477,212</b>	<b>1,117,245</b>
Income tax paid	117,753	(282,857)
Security deposits	(1,201)	-
<b>Net cash generated from operating activities</b>	<b>1,593,764</b>	<b>834,388</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(194,868)	(62,694)
Sale proceeds of operating fixed assets	3,526	33
Interest / profit on bank deposits and saving accounts	549	5,393
Proceeds from disposal of long term investment	5,529	-
Short term investments - net	2,995	-
Dividend received	(608)	-
<b>Net cash used in investing activities</b>	<b>(182,877)</b>	<b>(57,268)</b>
<b>Cash flow from financing activities</b>		
Long term finances - net	90,349	(252,862)
Loans from Associated Companies	(5,618)	-
Lease finances - net	68,667	85,731
Short term borrowings - net	(1,365,728)	(496,755)
Finance cost paid	(234,227)	(154,543)
Dividend paid	(167)	(7,734.00)
<b>Net cash used in financing activities</b>	<b>(1,446,724)</b>	<b>(826,163)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(35,837)</b>	<b>(49,043)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>360,878</b>	<b>179,283</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>325,041</b>	<b>130,240</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

Share capital	----- Attributable to equity holders of the Parent -----						Total	Non-controlling interest	Total equity
	Capital		Reserves			Accumulated loss			
	Share redemption	Revaluation surplus on property, plant and equipment	General	Fair value reserve on available-for-sale investments	Revenue				

	----- Rupees in thousand -----								
Balance as at September 30, 2017 - audited	37,500	1	1,982,765	1,010,537	17,929	253,304	3,302,036	2,069,465	5,371,501
Total comprehensive income / (loss) for the period ended December 31, 2017									
Loss after taxation	0	0	0	0	0	(236,197)	(236,197)	(114,689)	(350,886)
Other comprehensive income / (loss)	0	0	0	0	(3,005)	14	(2,991)	(638)	(3,629)
	0	0	0	0	(3,005)	(236,183)	(239,188)	(115,327)	(354,515)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	187	187	0	187
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	(33,295)	0	0	33,295	-	0	0
<b>Balance as at December 31, 2017 - unaudited</b>	<b>37,500</b>	<b>1</b>	<b>1,949,470</b>	<b>1,010,537</b>	<b>14,924</b>	<b>50,603</b>	<b>3,063,035</b>	<b>1,954,138</b>	<b>5,017,173</b>
<b>Balance as at September 30, 2018 - audited</b>	<b>37,500</b>	<b>1</b>	<b>2,646,568</b>	<b>1,010,537</b>	<b>16,052</b>	<b>263,315</b>	<b>3,973,973</b>	<b>2,939,859</b>	<b>6,913,832</b>
Total comprehensive income / (loss) for the period ended December 31, 2017									
Profit after taxation	0	0	0	0	0	66,590	66,590	33,637	100,227
Other comprehensive income / (loss)	0	0	0	0	(4,180)	1	(4,179)	0	(4,179)
	0	0	0	0	(4,180)	66,591	62,411	33,637	96,048
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	0	0	0
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	(47,896)	0	0	47,897	1	0	1
<b>Balance as at December 31, 2018</b>	<b>37,500</b>	<b>1</b>	<b>2,598,672</b>	<b>1,010,537</b>	<b>11,872</b>	<b>377,803</b>	<b>4,036,385</b>	<b>2,973,496</b>	<b>7,009,881</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED**  
**CONSOLIDATED FINANCIAL INFORMATION (Un-audited)**  
**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018**

**1. THE GROUP AND ITS OPERATIONS**

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

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

**1.2 Subsidiary Companies**

**(a) Chashma Sugar Mills Ltd. (CSM)**

(i) CSM was incorporated on 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 Pakistan Stock Exchange. The Head Office of CSM is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and the Mills are located at Dera Ismail Khan.

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

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

## 2. BASIS OF PREPERATION

This condensed interim consolidated financial information of the Company for the three months period ended December 31, 2018 has been prepared in accordance with requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. This condensed interim consolidated financial information should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2018, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. This condensed interim consolidated financial information do not include all the information required for annual consolidated financial statements and, therefore, should be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended September 30, 2018 except following.

### 3.1 Change in accounting standards, interpretations and amendments to published approved accounting standards

#### (a) "Standards and amendments to published approved accounting standards which are effective during the quarter ended December 31, 2018"

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial information.

#### (b) "Standards and amendments to published approved accounting standards that are not yet effective"

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial information.

## 4. Accounting Estimates, Judgments and Financial Risk Management

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

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

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

## 5. TAXATION

### The Holding Company

Provision for the current period 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.

### CSM

There has been no significant change in the status of taxation matters as reported in note 26 to the preceding published financial statements of the Company for the year ended September 30, 2018.

The Company, for the current period, is mainly liable to pay tax due under sections 113 (minimum tax on the income of certain persons) and 154 (tax on export proceeds) of the Tax Ordinance.

### FSM

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

## 6. CONTINGENCIES AND COMMITMENTS

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

## 7. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on March 13, 2019 in accordance with the resolution of the Board of Directors of the Holding Company.

## 8. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the Group for the year ended September 30, 2018, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER