



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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED
DECEMBER 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 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 first quarter ended December 31, 2019 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 2019-20 commenced on November 09, 2019 and the mills have crushed 35,145 tons of sugarcane, producing 2,892 tons of sugar till January 27, 2020. The entire sugarcane crop is being diverted towards the tax-free Commercial Gur making by the Traders. The Government is losing Rs. 5.00 billion of taxes and its inaction will force the sugar industry to close its operations in the Peshawar Valley.

SUGAR PRICES

As the Company is operating at 10% of its capacity, the sugar prices do not contribute to the fixed costs.

FINANCIAL PERFORMANCE

The Company suffered Rs. 41.776 million loss after taxation (2018: profit after taxation Rs. 31.606 million) during the first quarter ended December 31, 2019.

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 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
January 28, 2020

مالیاتی کارکردگی

پہلی سہ ماہی 31 دسمبر 2019 کے اختتام تک کمپنی کا نقصان بعد از ٹیکس 41.776 ملین روپے رہا (2018 میں منافع بعد از ٹیکس 31.606 ملین روپے تھا)۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی کنڈنڈ 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۔

منجانب بورڈ



اسکندر محمد خان
ڈائریکٹر



عباس میر فراز خان
چیف ایگزیکٹو

اسلام آباد

بتاریخ: 28 جنوری 2020

دی پریسمیر شوگر ملز اینڈ ڈسٹری بیوٹرز کمپنی لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

دی پریسمیر شوگر ملز اینڈ ڈسٹری بیوٹرز کمپنی لمیٹڈ کے ڈائریکٹرز کمپنی کی سہ ماہی رپورٹ 31 دسمبر 2019 کو پہلی سہ ماہی کے اختتام پر زیر ہونے پر غیر آڈٹ شدہ کنڈنڈ 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

گنے کا کرٹنگ سیزن 20-2019 کا آغاز 09 نومبر 2019 کو شروع ہوا۔ 27 جنوری 2020 تک ملز نے 35,145 ٹن گنے کو کرش کرتے ہوئے 2,892 ٹن چینی کی پیداوار کی۔ تاجروں کی جانب سے گنے کی مکمل فصل کو ٹیکس فری کر شل گز بنانے میں استعمال کیا جا رہا ہے۔ جس کی وجہ سے حکومت کو 5 بلین کے ٹیکسز کا نقصان ہو رہا ہے جبکہ حکومت کی اس بے عملی کی وجہ سے پشاور و بلی میں چینی کی صنعت اپنی کاروائیاں بند کرنے پر مجبور ہو جائے گی۔

چینی کی قیمت

جیسا کہ اب تک کمپنی صرف اپنی 10 فیصد صلاحیت کے مطابق کام کرتی رہی ہے، اسی وجہ سے چینی کی قیمت کمپنی کی فلڈ کاسٹ کو پورا نہیں کر پائے گی۔

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

	<u>Unaudited</u>	<u>Audited</u>
	Dec 31, 2019	Sep 30, 2019
Note	Rupees in thousand	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
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	14 <u>37,500</u>	37,500
Capital reserves		
- share redemption	1	1
- revaluation surplus on property,		
plant and equipment	509,143	519,562
General revenue reserve	900,000	900,000
Accumulated loss	<u>(494,956)</u>	<u>(463,599)</u>
	<u>951,688</u>	<u>993,464</u>
NON-CURRENT LIABILITIES		
Liabilities against assets		
subject to finance lease	1,645	2,283
Deferred taxation	10,719	14,352
Staff retirement benefits - gratuity	<u>15,850</u>	<u>15,139</u>
	<u>28,214</u>	<u>31,774</u>
CURRENT LIABILITIES		
Trade and other payables	15 <u>82,030</u>	185,447
Unclaimed dividends	7,632	7,636
Accrued mark-up	18,880	31,645
Short term borrowings	16 <u>800,000</u>	653,000
- liabilities against assets		
subject to finance lease	1,440	1,980
Taxation	17 <u>23,549</u>	19,303
	<u>933,531</u>	<u>899,011</u>
CONTINGENCIES AND		
COMMITMENTS		
	18 <u>1,913,433</u>	<u>1,924,249</u>

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


CHIEF EXECUTIVE

**DISTILLERY COMPANY LIMITED
POSITION AS AT DECEMBER 31, 2019**

	<u>Unaudited</u>	<u>Audited</u>
	Dec 31, 2019	Sep 30, 2019
Note	Rupees in thousand	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5 <u>923,645</u>	942,937
Investment property	6 <u>26,426</u>	26,647
Long term investments	7 <u>170,006</u>	170,006
Long term loan to Subsidiary Company	<u>124,239</u>	124,239
Security deposits	<u>1,263</u>	1,263
	<u>1,245,579</u>	<u>1,265,092</u>
CURRENT ASSETS		
Stores and spares	8 <u>114,070</u>	110,873
Stock-in-trade	9 <u>400,201</u>	420,358
Trade debts	<u>586</u>	0
Advances	10 <u>12,108</u>	6,842
Trade deposits and short		
term prepayments	11 <u>3,476</u>	1,347
Accrued profit / mark-up		
on bank deposits and		
loan to Subsidiary Company	<u>8,491</u>	123
Other receivables	12 <u>20,430</u>	10,546
Current portion of		
long term loan to Subsidiary Company	<u>49,695</u>	49,695
Sales Tax Adjustable	<u>2,779</u>	0
Income tax refundable,		
advance income tax and		
tax deducted at source	<u>10,491</u>	6,099
Bank balances	13 <u>45,527</u>	53,274
	<u>667,854</u>	<u>659,157</u>
	<u>1,913,433</u>	<u>1,924,249</u>


DIRECTOR


CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

		Dec 31, 2019	Dec 31, 2018
	Note	Rupees in thousand	
Sales - net	19	282,458	458,270
Cost of sales	20	300,221	395,727
Gross (loss) / profit		<u>(17,763)</u>	62,543
Distribution costs	21	1,444	1,871
Administrative expenses	22	12,270	14,300
Other expenses	23	0	2,105
		<u>13,714</u>	18,276
		<u>(31,477)</u>	44,267
Other income	24	14,425	15,808
(Loss) / profit from operations		<u>(17,052)</u>	60,075
Finance cost	25	24,110	20,450
(Loss) / profit before taxation		<u>(41,162)</u>	39,625
Taxation		614	8,019
(Loss) / profit after taxation		<u>(41,776)</u>	31,606
Other comprehensive income		0	0
Total comprehensive (loss) / profit		<u>(41,776)</u>	31,606
		Rupees	
(Loss) / earning per share		<u>(11.14)</u>	8.43

- 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 (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

	Dec 31, 2019	Dec 31, 2018
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit for the period - before taxation	(41,162)	39,625
Adjustments for:		
Depreciation on property, plant and equipment	19,292	21,349
Depreciation on investment property	221	240
Mark-up on loan to Subsidiary company and profit / mark-up on bank deposits	(7,091)	(7,670)
Staff retirement benefits-gratuity (Net)	711	587
Finance cost	23,667	20,450
(Loss) / profit before working capital changes	<u>(4,362)</u>	74,581
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets:		
Stores and spares	(3,197)	(14,837)
Stock-in-trade	20,157	(56,810)
Trade debtors	(586)	39,401
Loans and advances	(5,266)	3,250
Trade Deposits and short term prepayments	(2,129)	(543)
Other receivables	(9,884)	(12)
Advance sales tax - net	(2,779)	36,187
(Decrease) / increase in trade and other payables	<u>(103,417)</u>	152,870
	<u>(107,101)</u>	159,506
Cash (used in) / generated from operations	<u>(111,463)</u>	234,087
Income Tax paid	(4,393)	(2,951)
Net cash (used in) / generated from operating activities	<u>(115,856)</u>	231,136
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	0	(38,362)
Mark-up / profit received on loan to Subsidiary company and bank deposits	(1,277)	7,595
Net cash used in investing activities	<u>(1,277)</u>	(30,767)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings-net	147,000	(212,447)
Long term loan to Subsidiary Company	0	27,141
Finance cost paid	(36,432)	(28,490)
Dividend paid	(4)	0
Lease finances - net	(1,178)	(584)
Net cash generated from / (used in) financing activities	<u>109,386</u>	(214,380)
Net increase/ (decrease) in cash and cash equivalents	<u>(7,747)</u>	(14,011)
Cash and cash equivalents - at beginning of the period	<u>53,274</u>	51,720
Cash and cash equivalents - at end of the period	<u>45,527</u>	37,709

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 (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

	Share capital	Reserves				TOTAL
		Share redemption	Revaluation surplus on property, plant and	Revenue		
				General	Accumulated Loss	
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 the period -net of deferred taxation	0	0	(11,508)	0	11,508	0
Balance as at December 31, 2018 - unaudited	37,500	1	554,088	900,000	(467,167)	1,024,422
Balance as at September 30, 2019 - audited	37,500	1	519,562	900,000	(463,599)	993,464
Total comprehensive loss for the quarter ended December 31, 2019	0	0	0	0	(41,776)	(41,776)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for current period -net of deferred taxation	0	0	(10,419)	0	10,419	0
Balance as at December 31, 2019 unaudited	37,500	1	509,143	900,000	(494,956)	951,688

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 (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

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

3.1 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, 2019 except following;

3.2 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, 2019"

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, 2019. 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, 2019.

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, 2019.

	Unaudited Dec 31, 2019	Audited Sep 30, 2019
5. PROPERTY, PLANT AND EQUIPMENT	(Rupees in thousand)	
Operating fixed assets	818,079	837,371
Capital work-in-progress		
- plant & machinery	78,010	78,010
- electric installation	21,571	21,571
- others	5,985	5,985
(a)	105,566	105,566
	923,645	942,937

(a) These represent costs incurred for erection of distillery at Ramak, Dera Ismail Khan.

5.1. Operating fixed assets - tangible

Book value at the beginning of the period / year	837,371	921,214
Additions during the period / year :		
- furniture, fittings & office equipment	0	176
- vehicles	0	1,559
	0	1,735
Depreciation charge for the period / year	(19,292)	(85,578)
Book value at the end of the period / year	818,079	837,371

6. Investment property

Opening book value	26,647	27,607
Depreciation charge for the period/ year	(221)	(960)
Closing book value	26,426	26,647

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, 2019 were Rs.823.684 million and Rs.5.306 million respectively.

	Unaudited Dec 31, 2019	Audited Sep 30, 2019
8. STORES AND SPARES	(Rupees in thousand)	
Stores	47,658	46,216
Spares	66,412	64,657
	114,070	110,873
8.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.		
9. Stock-in-trade		
Sugar-in-process	17,740	3,003
Finished goods:		
- sugar	361,661	304,685
- molasses	20,800	112,670
	382,461	417,355
	400,201	420,358
10. ADVANCES - Considered good		
Suppliers and contractors	7,724	5,003
Employees	4,384	1,839
	12,108	6,842
10.1 No amount was due from key management personnel of the Company during the current and preceding years.		
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Excise duty deposit	136	136
Short term prepayments	3,340	1,211
	3,476	1,347
12. Other receivables		
Other receivables include due from Premier Board Mills Ltd. (an Associated Company) amounting Rs.4.805 million (September 30, 2019: Rs.3.127 million) on account of building lease rentals.		
13. Bank balances		
13.1 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.		

13.2 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 and preceding financial years.

13.3 There has been no change in the status of matter as reported in note 15.4 to the audited financial statements of the Company for the year ended September 30, 2019.

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

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

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		Un-audited	Audited
Dec 31, 2019	Sep. 30, 2019	Dec 31, 2019	Sep. 30, 2019
(No. of shares)		(Rupees in thousand)	
1,476,340	1,476,340	14,763	14,763
	ordinary shares of Rs.10 each fully paid in cash		
2,273,660	2,273,660	22,737	22,737
	ordinary shares of Rs.10 each issued as fully paid bonus shares		
<u>3,750,000</u>	<u>3,750,000</u>	<u>37,500</u>	<u>37,500</u>

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

14.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at December 31, 2019 and September 30, 2019.

15. TRADE AND OTHER PAYABLES	Unaudited	Audited
	Period ended	Year ended
Note	Dec 31, 2019	Sep 30, 2019
	Rupees in thousand	
Due to related parties - Chashma Sugar Mills Ltd.	0	107,157
Creditors	40,689	20,547
Bills payable	3,013	3,171
Accrued expenses	5,030	6,138
Due to employees	6,090	5,467
Deposits from contractors and others	2,155	1,155
Advances from customers - contract liabilities	18,603	12,105
Income tax deducted at source	470	333
Sales tax payable	301	24,007
Workers' (profit) participation fund - allocation for the year	1,625	1,625
Gratuity payable to ex-employees	3,304	3,304
Employees' provident fund payable	592	357
Others	158	81
	<u>82,030</u>	<u>185,447</u>

16. SHORT TERM BORROWINGS

Secured	16.1	<u>800,000</u>	<u>653,000</u>
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16.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,500 million (2019: Rs.1,500 million). These facilities are secured against pledge of stock of refined sugar, charge over fixed assets, charge over present and future current assets of the Company and registered first exclusive charge over the Company's head office second and third floors. These facilities, during the year, carried mark-up at the rates ranging from 13.52% to 15.14% (2019: 9.19% to 13.97%) per annum and are expiring on various dates by March 31, 2020.

16.2 Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2019: Rs.125 million). Out of the available facilities, facilities aggregating Rs.105 million (2019: 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. 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).

18. Contingencies and commitments

- 18.1** 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, 2019.
- 18.2** Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at December 31, 2019 were for Rs.20 million (September 30, 2019: Rs.20 million). These guarantees are valid upto May 26, 2019.

	Un-audited	
	Dec 31, 2019	Dec 31, 2018
19. SALES - Net		
Turnover:	Rupees in thousand	
Local	312,470	504,309
Less: sales tax	30,012	46,039
	<u>282,458</u>	<u>458,270</u>
20. COST OF SALES		
Raw materials consumed	190,310	363,549
Chemicals and stores consumed	1,521	7,440
Salaries, wages and benefits	39,812	41,437
Power and fuel	14,709	7,684
Insurance	867	849
Repair and maintenance	14,657	11,467
Depreciation	18,188	20,111
	<u>280,064</u>	<u>452,537</u>
Adjustment of sugar-in-process:		
Opening	3,003	2,117
Closing	(17,740)	(17,922)
	<u>(14,737)</u>	<u>(15,805)</u>
Cost of goods manufactured	<u>265,327</u>	<u>436,732</u>
Adjustment of finished goods:		
Opening stock	417,355	369,485
Closing stock	(382,461)	(410,490)
	<u>34,894</u>	<u>(41,005)</u>
	<u>300,221</u>	<u>395,727</u>
21. DISTRIBUTION COSTS		
Commission	197	671
Salaries, wages and amenities	343	296
Stacking and loading	781	904
Freight and packing charges for delivering sugar in small packets to a customer	123	0
	<u>1,444</u>	<u>1,871</u>

22. ADMINISTRATIVE EXPENSES

	Un-audited	
	Dec 31, 2019	Dec 31, 2018
	Rupees in thousand	
Salaries and amenities	6,560	9,075
Travelling, vehicles' running and maintenance	623	578
Utilities	256	233
Directors' travelling	6	5
Rent, rates and taxes	450	313
Insurance	320	210
Repair and maintenance	824	940
Printing and stationery	731	174
Communication	399	344
Legal and professional charges (other than Auditors)	219	238
Subscription	127	178
Depreciation on:		
- operating fixed assets	1,104	1,239
- investment property	220	240
General office expenses	431	533
	<u>12,270</u>	<u>14,300</u>
23. OTHER EXPENSES		
Workers profit participation fund	0	2,085
Sales tax and default surcharge	0	20
	<u>0</u>	<u>2,105</u>
24. OTHER INCOME		
Income from financial assets:		
Mark-up on loan to Subsidiary Company	6,734	7,505
Mark-up / interest / profit on bank deposits / saving accounts and certificates	357	165
Income from other than financial assets:		
Rent	6,630	6,630
Sale of scrap	0	7
Sale of agricultural produce	133	468
Miscellaneous	571	1,033
	<u>14,425</u>	<u>15,808</u>
25. FINANCE COST		
Mark-up on:		
- long term finances	0	1,351
- short term borrowings	23,667	18,701
Lease finance charges	144	118
Bank charges	299	280
	<u>24,110</u>	<u>20,450</u>

26. Transactions with related parties

26.1 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	
	Dec. 31, 2019	Dec. 31, 2018
Subsidiary Companies:	(Rupees in thousand)	
- purchase of goods	6,000	1,209
- sale of store items	0	490
- rent paid	29	29
- rent received	4,950	4,950
- sale of molasses	105,920	18,673
- mark-up earned on long term loan	6,734	7,505
- expenses paid on behalf of the Company	4,220	0
- expenses paid by the Company	418	60
Associated Companies:		
- purchase of goods	0	15,269
- rent received	1,678	1,678
Key management personnel		
- salaries and other benefits	4,636	3,391
- contribution towards provident fund	249	249

26.2 The Company's shareholdings in Subsidiary and Associated Companies' have been detailed in note 7 of annual financial statements of the Company for the year ended September 30, 2019. 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.

26.3 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.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	----- Rupees in thousand -----					
Managerial remuneration	300	300	2,059	1,842	2,277	1,249
Contribution to provident fund	0	0	113	113	153	136
	300	300	2,172	1,955	2,430	1,385
Number of persons	1	1	2	2	2	2

27.1 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.

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

28. 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 January 28, 2020.

29. Corresponding Figures

29.1 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.

29.2 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, 2019**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2019

	Note	Unaudited December 31, 2019	Audited September 30, 2019
Assets			
Non-current Assets			
		Rupees in thousand	
Property, plant and equipment	7	10,508,434	10,568,405
Investment property		26,426	26,647
Long term investments		111,731	110,273
Security deposits		16,439	16,439
		<u>10,663,030</u>	<u>10,721,764</u>
Current Assets			
Stores and spares	8	670,574	612,913
Stock-in-trade	9	3,557,696	2,145,182
Trade debts		114,697	57,011
Loans and advances		2,059,568	1,183,483
Trade deposits, short term prepayments and other receivables	10	401,859	353,099
Accrued profit on bank deposits		271	123
Tax refunds due from the Government		41,400	54,714
Short term investments	11	26,775	28,837
Bank balances	12	698,864	312,499
		<u>7,571,704</u>	<u>4,747,861</u>
TOTAL ASSETS		<u>18,234,734</u>	<u>15,469,625</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		57,500	57,500
5,750,000 (2019: 5,750,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		37,500	37,500
Capital reserves			
- share redemption		1	1
- revaluation surplus on property, plant and equipment		2,404,446	2,447,144
General revenue reserve		1,010,537	1,010,537
Accumulated profit		856,640	737,032
Equity Attributable to Equity Holders of the Holding Company		<u>4,309,124</u>	<u>4,232,214</u>
Non-Controlling Interest		<u>3,311,500</u>	<u>3,192,360</u>
		<u>7,620,624</u>	<u>7,424,574</u>
Non-current Liabilities			
Long term finances	13	1,293,592	1,312,000
Loans from related parties	14	195,873	163,089
Liabilities against assets subject to finance lease		86,084	97,253
Deferred liabilities		1,081,443	1,108,251
		<u>2,656,992</u>	<u>2,680,593</u>
Current Liabilities			
Trade and other payables	15	1,861,941	787,798
Unclaimed dividends		16,892	7,636
Accrued mark-up		63,527	225,094
Short term borrowings		5,261,910	3,650,993
Current portion of non-current liabilities	16	711,768	654,531
Dividends payable to non-controlling interest		-	9,260
Taxation	17	41,080	29,146
		<u>7,957,118</u>	<u>5,364,458</u>
Total liabilities		<u>10,614,110</u>	<u>8,045,051</u>
Contingencies and Commitments	18		
TOTAL EQUITY AND LIABILITIES		<u>18,234,734</u>	<u>15,469,625</u>

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 ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

	December 31, 2019	December 31, 2018
Note	-----Rupees in thousand-----	
Sales - Net	2,615,396	2,738,957
Cost of Sales	1,945,798	2,400,773
Gross Profit	669,598	338,184
Distribution Costs	134,044	58,111
Administrative Expenses	152,574	119,045
Other Expenses	19 17,240	2,164
	303,858	179,320
	365,740	158,864
Other Income	20 12,328	41,751
Profit from Operations	378,068	200,615
Finance Cost	179,343	152,098
	198,725	48,517
Share of profit / (loss) from Associated Companies	1,157	(87)
Profit before Taxation	199,882	48,430
Taxation		
Group		
- Current	33,696	35,963
- Deferred	(29,889)	(87,793)
	3,807	(51,830)
Associated Companies	25	33
	3,832	(51,797)
Profit after Taxation	196,050	100,227
Attributable to:		
- Equity holders of the Parent Company	76,910	65,858
- Non-controlling interest	119,140	34,369
	196,050	100,227
	----- Rupees -----	
Combined profit per share - basic and diluted	20.51	17.56

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, 2019

	December 31, 2019	December 31, 2018
	-----Rupees in thousand-----	
Profit after Taxation	196,050	100,227
Other Comprehensive Income / (Loss)		
Fair value gain / (loss) on available-for-sale investments	-	(1,010)
Share of other comprehensive (loss) / income from Associated Companies	-	1
Adjustment for gain included in statement of profit or loss upon sale of Available for sale investments	-	(3,170)
Total Comprehensive profit	196,050	96,048
Attributable to:		
- Equity holders of the Parent Company	76,910	62,411
- Non-controlling interest	119,140	33,637
	196,050	96,048

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, 2019

	December 31, 2019	December 31, 2018
	-----Rupees in thousand-----	
Cash flow from operating activities		
profit for the period - before taxation	199,882	48,430
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	219,591	218,539
Depreciation on investment property	221	240
Loss from Associated Companies - net	(1,157)	87
Interest / profit on bank deposits and saving accounts	(1,180)	(625)
Staff retirement benefits - gratuity (net)	2,755	1,238
Gain on disposal of operating fixed assets	(722)	(1,651)
Gain on re-measurement of short term investments to fair value	(738)	(179)
Gain on redemption of long term investment	-	(3,170)
Dividend income	-	(608)
Finance cost	179,343	152,098
Profit before working capital changes	597,995	414,399
Effect on cash flow due to working capital changes (Increase) / decrease in current assets		
Stores and spares	(57,661)	(175,888)
Stock-in-trade	(1,412,514)	338,135
Trade debts	(57,686)	82,689
Loans and advances	(876,085)	(413,886)
Trade deposits, short term prepayments and other receivables	(48,760)	(23,363)
Sales tax refundable	17,713	-
Advance sales tax	-	25,000
Increase in current liabilities		
Trade and other payables	1,074,143	1,228,910
	(1,360,850)	1,061,597
Cash (used in) / generated from operations	(762,855)	1,475,996
Income tax paid	(26,161)	117,753
Security deposits	0	(1,201)
Net cash (used in) / generated from operating activities	(789,016)	1,592,548
Cash flow from investing activities		
Additions to property, plant and equipment	(162,199)	(194,868)
Sale proceeds of operating fixed assets	3,301	3,526
Interest / profit on bank deposits and saving accounts	1,032	549
Proceeds from disposal of long term investment	-	5,529
Short term investments - net	2,800	2,995
Dividend received	0	608
Net cash used in investing activities	(155,066)	(181,661)
Cash flow from financing activities		
Long term finances - net	(18,408)	90,349
Loans from Associated Companies	32,784	(5,618)
Lease finances - net	46,068	68,667
Short term borrowings - net	1,610,917	(1,365,728)
Finance cost paid	(340,910)	(234,227)
Dividend paid	(4)	(167)
Net cash generated from / (used in) financing activities	1,330,447	(1,446,724)
Net decrease in cash and cash equivalents	386,365	(35,837)
Cash and cash equivalents - at beginning of the period	312,499	360,878
Cash and cash equivalents - at end of the period	698,864	325,041

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, 2019

	----- Attributable to equity holders of the Parent -----						Non-controlling interest	Total equity	
	Share capital	Reserves				Accumulated loss			Total
		Share redemption	Revaluation surplus on property, plant and equipment	General	Fair value reserve on available-for-sale investments				
	----- Rupees in thousand -----								
Balance as at September 30, 2018 - audited	37,500	1	2,646,568	1,010,537	16,052	263,315	3,973,973	2,939,859	6,913,832
Total comprehensive income / (loss) for the period ended December 31, 2018									
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
Balance as at December 31, 2018 - unaudited	37,500	1	2,598,672	1,010,537	11,872	377,803	4,036,385	2,973,496	7,009,881
Balance as at September 30, 2019 - audited	37,500	1	2,447,144	1,010,537	-	737,032	4,232,214	3,192,360	7,424,574
Total comprehensive income / (loss) for the period ended December 31, 2019									
Loss after taxation	0	0	0	0	0	76,910	76,910	119,140	196,050
Other comprehensive income / (loss)	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	76,910	76,910	119,140	196,050
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	0	0	0
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)						42,698	42,698	32,197	74,895
-net of deferred taxation	0	0	(42,698)	0	0	0	(42,698)	(32,197)	(74,895)
Balance as at December 31, 2019	37,500	1	2,404,446	1,010,537	0	856,640	4,309,124	3,311,500	7,620,624

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, 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 Pakhtunkhwa.

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 June 30, 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

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 JUNE 30, 2019. The Holding Company's direct interest, as at JUNE 30, 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

	Un-audited Dec 31, 2019	Audited September 30, 2019
	(Rupees in thousand)	
Operating fixed assets - tangible	7.1 9,849,551	10,045,946
Capital work-in-progress	7.2 658,883	522,459
	10,508,434	10,568,405

7.1 Operating fixed assets - tangible

Book value at beginning of the period - audited 10,045,946

Additions during the period:

- furniture, fixtures and office equipment	4,820
- vehicles:	
owned	4,057
leased	16,898
	25,775

Book value of operating fixed assets disposed-off during the period (2,579)

Depreciation charge for the period (219,591)

Book value at end of the period - un-audited **9,849,551**

7.2 Capital work-in-progress

At beginning of the period / year 522,459 472,983

Add: Additions during the period / year 153,480 994,781

Adjustment against long term loan - PSML 0 (212,208)

Less: Capitalised during the period / year (17,056) (733,097)

Balance at end of the period / year **658,883 522,459**

8. 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.

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

9. Stock-in-trade

	Un-audited Dec 31, 2019 (Rupees in thousand)	Audited September 30, 2019
Work-in-process	80,385	12,143
Finished goods:		
- sugar	2,838,767	1,688,849
- molasses	437,922	333,242
- ethanol	200,622	110,948
	3,477,311	2,133,039
	<u>3,557,696</u>	<u>2,145,182</u>

10. Trade deposits, short term prepayments and other receivables

Sugar export subsidy receivable	308,510	308,510
Prepayments	26,195	6,312
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.)	4,805	3,127
Guarantees issued	19,000	19,000
Trade deposits	33	33
Letters of credit	28,845	9,726
Other receivables	11,317	3,237
	<u>401,859</u>	<u>353,099</u>

11. Short term investments - At fair value through profit or loss

First Habib Cash Fund

Opening balance - 284,785 Units (2019: 127,050 Units)	28,837	12,939
Investments made during the period / year -Nil (2019:209,330 Units)	0	21,000
Gain on redemption and re-measurement to fair value	738	1,898
Bonus received during the period / year - 7,471 Units (2019: 17,656 Units)	0	0
Units redeemed during the period / year - 27,698 Units (2019: 69,251 Units)	(2,800)	(7,000)
Closing balance - 267,144 Units (2019: 284,785 Units)	<u>26,775</u>	<u>28,837</u>

12. Cash and bank balances

12.1 Period-end bank balances include deposits aggregating Rs.5 million (September 30, 2019: 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.

12.2 (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
	<u>78,000</u>
Less: amounts realised during the preceding financial year	<u>(20,000)</u>
	<u>58,000</u>

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

(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.

12.3 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.

13. Long term finances - secured From banking companies	Un-audited June 30, 2018 (Rupees in thousand)	Audited September 30, 2018	
			Note
CSM			
Bank Al-Habib Ltd.	13.1	268,155	297,710
Soneri Bank Ltd.	13.1	672,630	538,852
The Bank of Punjab	13.1	75,702	103,166
Dubai Islamic Bank Pakistan Ltd.	13.1	584,959	682,452
MCB Bank Ltd.	13.1	291,313	291,313
		1,892,759	1,913,493
Less: current portion grouped under current liabilities:		574,832	579,813
deferred benefit of below market rate of interest on refinance facility		24,335	21,680
Amount due after December 31, 2020	13.2	1,293,592	1,312,000
13.1 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.			
13.2 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.			
14. Loans from related parties - secured			
Premier Board Mills Ltd.	14.1	90,575	65,575
Arpak International Investments Ltd.	14.2	43,750	43,750
Azlak Enterprises (Private) Ltd.	14.3	85,000	85,000
		219,325	194,325
Less: current portion grouped under current liabilities		23,452	31,236
		195,873	163,089
14.1 The long term finance facility had been renewed on November 04, 2016. The principal is repayable in 7 semi annual instalments commencing from 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. This loan is secured against promissory note from CSM.			
14.2 The long term finance facility had been renewed on November 04, 2016. The principal is repayable in 7 semi annual instalments commencing from 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. This loan is secured against promissory note from CSM.			

14.3 The long term finance facility was obtained in prior year. The principal is repayable in 8 semi annual instalments commencing from 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. This loan is secured against promissory note from CSM.			
15. Trade and other payables			
		Un-audited Dec 31, 2019 (Rupees in thousand)	Audited September 30, 2019
Creditors		1,323,652	251,054
Bills payable		3,013	3,171
Due to Associated Companies	15.1	63,986	19,145
Accrued expenses		115,883	78,033
Retention money		21,671	13,981
Security deposits - interest free repayable on demand		3,320	2,070
Advance payments from customers		156,528	275,407
Income tax deducted at source		53,430	23,127
Sales tax payable		301	24,007
Gratuity payable to ex-employees		5,139	5,139
Advance received against sale of scrap		2,024	2,024
Payable for workers' welfare obligations		62,622	46,537
Payable to provident fund		2,966	2,955
Payable to employees		39,288	35,535
Others		8,118	5,613
		1,861,941	787,798
15.1 This represents amounts due to:			
- Azlak Enterprises (Pvt.) Ltd.		22,276	18,202
- Syntronics Ltd.		511	943
- Phipson & Company Pakistan (Private) Limited		138	0
- Syntron Limited		32,841	0
- The Premier Sugar Mills and Distillery Company Limited		8,220	0
		63,986	19,145
16. Current portion of non-current liabilities			
Long term finances		629,289	579,813
Liabilities against assets subject to finance lease		42,236	31,236
Loans from related parties	14	40,243	43,482
		711,768	654,531
17. Taxation			
The Holding Company			
17.1 The returns for the Tax Years 2010 to 2019 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.			
17.2 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

The Tax Department against the judgment of the PHC dated October 22, 2008 has filed an appeal before the Supreme Court of Pakistan. The PHC, vide its aforementioned judgment had rejected the departmental application and upheld the order of the Income Tax Appellate Tribunal (ITAT) dated April 28, 2007. Earlier, the ITAT had upheld the Commissioner of Income Tax - Appeals' action of annulment of amendment of assessment orders passed by the Additional Commissioner (Audit) under section 122(5A) of the Ordinance.

- 17.3 The returns upto tax year 2019 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

18. Contingencies and commitments

The Holding Company

- 18.1 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, however, during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.

- 18.2 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 bill for the month of September, 2019, has raised GIDC demands aggregating Rs.79.115 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.

- 18.3 The Holding Company's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. The PHC has observed that the Holding Company cannot challenge the revised rate of Rs.12,000 as it was fixed at its wish and will in line with rest of the country. The additional wage liabilities aggregate Rs.2.359 million approximately.

- 18.4 A sales tax appeal is pending before the Commissioner Inland Revenue (Appeals) [CIR(A)], Peshawar against assessment order dated June 28, 2016 passed by the Deputy Commissioner Inland Revenue [DCIR], Peshawar regarding the alleged stock taking to the tune of Rs.5.592 million recoverable under section 14 of the Federal Excise Act, 2005.

- 18.5 The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the 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.

- 18.6 The CIR(A) vide his order dated March 03, 2019 has vacated the demand of Rs.31.798 million created vide impugned assessment order dated January 31, 2019 under section 11(2) of the Sales Tax Act, 1990.

- 18.7 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.

- 18.8 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Holding Company outstanding as at December 31, 2019 were for Rs.20 million (2019: Rs.20 million). These guarantees are valid upto November 30, 2019.

- 18.9 No commitments were outstanding as at December 31, 2019 and September 30, 2019.

CSM

- 18.10 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.

18.11 Commitments

	Un-audited Dec 31, 2019 (Rupees in thousand)	Audited September 30, 2019
Commitments in respect of :		
- foreign letters of credit for purchase of plant & machinery	88,117	79,403
- capital expenditure other than for letters of credit	38,593	94,034

FSM

- 18.12 There has been no significant change in the status of contingencies as reported in notes 29.10 to 29.13 to the preceding consolidated financial statements of the Group for the year ended September 30, 2019.

19. Other expenses

	Un-audited Dec 31, 2019 (Rupees in thousand)	Dec 31, 2018
Workers' (profit) participation fund	17,121	2,085
Donations (without Directors' interest)	119	59
Others	0	20
	17,240	2,164

20. Other income

Income from financial assets:

Profit on bank deposits and saving accounts	1,180	625
Gain on redemption and remeasurement of short term investments to fair value	11 738	4,449
Exchange fluctuation gain	0	17,305
Dividend	0	608

Income from other than financial assets:

Rent from - an Associated Company	1,709	1,680
Sale of scrap	0	12,811
Sale of press mud - net	1,729	504
Gain on sale of operating fixed assets	722	1,651
Sale of seeds and agricultural produce	5,252	644
Sale of fusel oil - net	998	441
Miscellaneous	0	1,033
	12,328	41,751

21. Segment operating results for the three month period ended December 31, 2019 (Un-audited)

	Sugar Division		Ethanol Division		Total	
	Three month period ended		Three month period ended		Three month period ended	
	December	December	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018	31, 2019	31, 2018
	Rupees in thousand					
Sales						
-External Customers	1,899,792	755,757	888,291	837,736	2,702,160	2,847,407
-Intersegment	267,200	167,969			267,200	167,969
	2,166,992	923,726	888,291	837,736	2,969,360	3,015,376
Less : sales tax and others	(195,488)	(95,936)	(30,185)	(26,568)	(353,964)	(276,419)
Sales - net	1,971,504	827,790	858,106	811,168	2,615,396	2,738,957
Segment expenses:						
Cost of sales						
Cost of Sales	(2,109,874)	(911,101)	(339,591)	(382,799)	(1,678,598)	(2,232,804)
less: Intersegment cost	0	0	(267,200)	(167,969)	(267,200)	(167,969)
	(2,109,874)	(911,101)	(606,791)	(550,768)	(1,945,798)	(2,400,773)
Gross (loss) / profit	(138,370)	(83,311)	251,315	260,400	669,598	338,184
Selling and distribution expenses	(18,292)	(5,704)	(126,909)	(77,925)	(134,044)	(58,111)
Administrative and general expenses	(95,579)	(76,164)	(30,517)	(11,909)	(152,574)	(119,045)
	(113,871)	(81,868)	(157,426)	(89,834)	(286,618)	(177,156)
(Loss) / profit from operations	(252,241)	(165,179)	93,889	170,566	382,980	161,028
Other income	18,304	1,001	1,028	441	13,485	41,664
Other expenses	(59)	(279)	0	0	(17,240)	(2,164)
	18,245	722	1,028	441	(3,755)	39,500
Segment results	(233,996)	(164,457)	94,916	171,007	379,225	200,528
Finance cost					(179,343)	(152,098)
Profit before tax					199,882	48,430
Taxation					(3,832)	51,797
Profit for the period					196,050	100,227

21.1 Segment assets and liabilities

	Un-audited		Audited	
	December 31, 2019		September 30, 2019	
	(Rupees in thousand)		(Rupees in thousand)	
	Assets	Liabilities	Assets	Liabilities
Sugar	12,977,767	6,073,997	10,809,725	3,916,436
Ethanol	5,256,967	3,005,053	4,263,337	2,403,240
Total for reportable segment	18,234,734	9,079,050	15,073,062	6,319,676
Others	0	1,535,060	396,563	1,725,375
Entity's total assets / liabilities	18,234,734	10,614,110	15,469,625	8,045,051

22. Transactions with related parties

22.1 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	
	Dec 31, 2019	Dec 31, 2018
	(Rupees in thousand)	
- purchase of goods	32,841	89,682
- services received	7,254	6,292
- mark-up expensed	7,461	1,175
- rental income	1,678	1,678
- expenses paid	587	0
- key management personnel - salaries and other benefits	26,342	13,531

23. 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.

24. 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 January 28, 2020.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER