# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

**CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020 (UN-AUDITED)**

## COMPANY INFORMATION

**Board of Directors**

| | |
|---|---|
| Mr. Aziz Sarfaraz Khan | Chairman |
| Mr. Abbas Sarfaraz Khan | Chief Executive / Director |
| Begum Laila Sarfaraz | Director |
| Ms. Zarmine Sarfaraz | Director |
| Mr. Iskander M. Khan | Director |
| Mr. Shahbaz Haider Agha | Independent Director |
| Mr. Salman Ahmad | Independent Director |

**Company Secretary**
Mr. Mujahid Bashir

**Chief Financial Officer**
Mr. Rizwan Ullah Khan

**Head of Internal Audit**
Mr. Zaheer Mir

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

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

**Legal Advisor**
Mr. Isaac Ali Qazi Advocate

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

**Bankers**

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

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





## DIRECTORS' REVIEW REPORT

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the nine months' period that ended on June 30, 2020. This condensed interim financial information is presented to the shareholders of the Company in compliance with the International Accounting Standard No. 34 “Interim Financial Reporting”, the Code of Corporate Governance, under Section 237 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The enclosed financial information has been reviewed by the external auditors, as required by the Code of Corporate Governance.

**OPERATIONAL PERFORMANCE**

The sugarcane crushing season 2019-20 commenced on November 09, 2019 and continued till February 11, 2020. The mills crushed 36,528 tons (2019: 154,414 tons) of sugarcane to produce 3,149 tons (2019: 16,768 tons) of sugar having an average recovery of 8.77% (2019: 10.90%).

**FINANCIAL PERFORMANCE**

Because of non-supply of sugarcane the Company suffered loss after taxation of Rs. 22.401 million (2019: Loss after taxation Rs. 14.449 million) during the nine months' period that ended on June 30, 2020.

**DISTILLERY**

The Ethanol Fuel Plant produced 14.88 MT of Ethanol during the nine months period that ended on June 30, 2020.

**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..

**ON BEHALF OF THE BOARD**

| | | |
|---|---|---|
| **Mardan:** | **(AZIZ SARFARAZ KHAN)** | **(ISKANDER M. KHAN)** |
| **August 27, 2020** | DIRECTOR | DIRECTOR |

# دی پریمیر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

## ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے نو مہینوں کی اختتامی مدت پر غیر آڈٹ شدہ کنڈنسڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈنسڈ مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34 انٹیرم فائنشل رپورٹنگ، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے مطابق ہیں۔ مشترکہ مالیاتی معلومات غیر آڈٹ شدہ اور بیرونی آڈیٹرز کی جانب سے جائزہ لینے کے بعد کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق ہے۔

### آپریشنل کارکردگی

گنے کا کرشنگ سیزن 20-2019، 09 نومبر 2019 کو شروع ہوا اور 11 فروری 2020 تک جاری رہا۔ ملز نے 36,528 ٹن (2019 میں 154,414 ٹن) گنا کرش کیا اور 8.77 فیصد اوسط (2019 میں 10.90 فیصد) کے حساب سے چینی کی پیداوار 3,149 ٹن (2019 میں 16,768 ٹن) رہی۔

### مالیاتی کارکردگی

گنے کی سپلائی نہ ہونے کی وجہ سے 30 جون 2020 کو ختم ہونے والے نو ماہ کے اختتام تک کمپنی کا ٹیکس کی ادائیگی کے بعد کا نقصان 22.401 ملین روپے رہا (2019 میں ٹیکس کے بعد کا نقصان 14.449 ملین روپے تھا)۔

### ڈسٹلری

ایتھنول فیول پلانٹ نے 30 جون 2020 کو اختتام ہونے والے نو ماہ کے دوران 14.88 MT ایتھنول پیدا کیا۔



### اکاؤنٹنگ کی پالیسیاں

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

### اعتراف

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

**منجانب بورڈ**

**عزیز سرفراز خان**
ڈائریکٹر

**اسکندر محمد خان**
ڈائریکٹر

مردان
بتاریخ: 27 اگست 2020

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### Unconsolidated Condensed Interim Statement of Financial Position As At June 30, 2020

| | Note | Un-audited June 30, 2020 | Audited Sep. 30, 2019 |
|---|---|---|---|
| **Assets** | | (Rupees in thousand) | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 7 | **889,583** | 942,937 |
| Investment property | | **25,985** | 26,647 |
| Long term investments | 8 | **170,006** | 170,006 |
| Long term loan to Subsidiary Company | 9 | **99,390** | 124,239 |
| Security deposits | | **1,263** | 1,263 |
| | | **1,186,227** | 1,265,092 |
| **Current Assets** | | | |
| Stores and spares | | **107,470** | 110,873 |
| Stock-in-trade | 10 | **639,204** | 420,358 |
| Trade debts | | **1,265** | 0 |
| Advances | | **5,014** | 6,842 |
| Trade deposits and short term prepayments | | **2,344** | 1,347 |
| Accrued profit on bank deposits | | **1,081** | 123 |
| Other receivables | 11 | **9,661** | 10,546 |
| Sales tax refundable | | **25,652** | 0 |
| Income tax refundable, advance tax and tax deducted at source | | **22,488** | 6,099 |
| Current portion of long term loan to Subsidiary Company | 9 | **39,696** | 49,695 |
| Bank balances | 12 | **58,966** | 53,274 |
| | | **912,841** | 659,157 |
| **Total Assets** | | **2,099,068** | 1,924,249 |
| **Equity and Liabilities** | | | |
| **Share Capital and Reserves** | | | |
| Authorised capital | | **57,500** | 57,500 |
| Issued, subscribed and paid-up capital | | **37,500** | 37,500 |
| Capital reserves | | | |
| - share redemption | | **1** | 1 |
| - revaluation surplus on property, plant and equipment | | **488,186** | 519,562 |
| General revenue reserve | | **900,000** | 900,000 |
| Accumulated loss | | **(454,624)** | (463,599) |
| **Shareholders' Equity** | | **971,063** | 993,464 |
| **Non-current Liabilities** | | | |
| Liabilities against assets subject to finance lease | | **2,532** | 2,283 |
| Staff retirement benefits - gratuity | | **17,272** | 15,139 |
| Deferred taxation | | **0** | 14,352 |
| | | **19,804** | 31,774 |
| **Current Liabilities** | | | |
| Trade and other payables | 13 | **250,261** | 185,447 |
| Unclaimed dividends | | **7,512** | 7,636 |
| Accrued mark-up | | **26,516** | 31,645 |
| Short term borrowings | | **787,000** | 653,000 |
| Current portion of liabilities against assets subject to finance lease | | **1,981** | 1,980 |
| Taxation | | **34,931** | 19,303 |
| | | **1,108,201** | 899,011 |
| **Total Liabilities** | | **1,128,005** | 930,785 |
| **Contingencies and Commitments** | 14 | | |
| **Total Equity and Liabilities** | | **2,099,068** | 1,924,249 |

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

**Director** **Director** **Chief Financial Officer**



## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

### FOR THE QUARTER AND NINE MONTHS PERIOD ENDED JUNE 30, 2020

| | Note | Quarter Ended June 30, 2020 | Quarter Ended June 30, 2019 | Nine Months Ended June 30, 2020 | Nine Months Ended June 30, 2019 |
|---|---|---|---|---|---|
| | | Rupees in thousand | | | |
| **Sales** - local | | **80,597** | 120,592 | **393,135** | 689,493 |
| **Less : sales tax** | | **(11,803)** | (8,933) | **(41,825)** | (60,197) |
| **Sales** - net | | **68,794** | 111,659 | **351,310** | 629,296 |
| **Cost of sales** | | **(44,346)** | (100,392) | **(358,332)** | (555,319) |
| **Gross profit / (loss)** | | **24,448** | 11,267 | **(7,022)** | 73,977 |
| **Distribution cost** | | **(275)** | (1,847) | **(2,018)** | (5,778) |
| **Administrative expenses** | | **(12,325)** | (16,016) | **(40,968)** | (47,192) |
| **Other income** | 15 | **12,670** | 13,040 | **112,758** | 68,316 |
| **Other expenses** | 16 | **0** | 1,430 | **(952)** | (2,967) |
| **Profit from operations** | | **24,518** | 7,874 | **61,798** | 86,356 |
| **Finance cost** | | **(27,089)** | (37,019) | **(82,922)** | (84,435) |
| **(Loss) / profit before taxation** | | **(2,571)** | (29,145) | **(21,124)** | 1,921 |
| **Taxation** | 17 | **441** | (4,240) | **(1,277)** | (16,420) |
| **Loss after taxation** | | **(2,130)** | (33,385) | **(22,401)** | (14,499) |
| **Other comprehensive income** | | **0** | 0 | **0** | 0 |
| **Total comprehensive loss** | | **(2,130)** | (33,385) | **(22,401)** | (14,499) |
| | | Rupees | | | |
| **Loss per share** | | **(0.57)** | (8.90) | **(5.97)** | (3.87) |

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

**Director** **Director** **Chief Financial Officer**

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

## FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020

| | **June 30, 2020** | June 30, 2019 |
|---|---|---|
| | **(Rupees in thousand)** | |
| **Cash flows from operating activities** | | |
| (Loss) / profit for the period - before taxation | **(21,124)** | 1,921 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on property, plant and equipment | **64,091** | 64,138 |
| Depreciation on investment property | **662** | 720 |
| Uncollectible receivable balances written-off | **30** | 7 |
| Unclaimed payable balances written-back | **(552)** | (1,165) |
| Mark-up on loan to Subsidiary Company and profit on bank deposits | **(20,177)** | (22,997) |
| Gain on sale of vehicles | **(173)** | 0 |
| Staff retirement benefits - gratuity (net) | **2,133** | 1,709 |
| Dividends from Subsidiary Company and Associated Company | **(68,984)** | (20,627) |
| Finance cost | **82,922** | 84,435 |
| **Profit before working capital changes** | **38,828** | 108,141 |
| **Effect on cash flows due to working capital changes** | | |
| Decrease / (increase) in current assets: | | |
| Stores and spares | **3,403** | (3,779) |
| Stock-in-trade | **(218,846)** | (352,548) |
| Trade debts | **(1,265)** | 158,262 |
| Advances | **1,798** | 7,737 |
| Trade deposits and short term prepayments | **(997)** | 6,172 |
| Other receivables | **885** | (641) |
| Sales tax - net | **(25,652)** | 21,513 |
| Increase / (decrease) in trade and other payables | **65,366** | (53,003) |
| | **(175,308)** | (216,287) |
| **Cash used in operations** | **(136,480)** | (108,146) |
| Income tax paid | **(16,390)** | (7,347) |
| **Net cash used in operating activities** | **(152,870)** | (115,493) |
| **Cash flows from investing activities** | | |
| Additions to property, plant and equipment | **(11,426)** | (73,622) |
| Sale proceeds of vehicles | **862** | 0 |
| Dividends received | **68,984** | 20,627 |
| Mark-up / profit received on loan to Subsidiary Company and bank deposits | **19,219** | 22,909 |
| **Net cash generated from / (used in) investing activities** | **77,639** | (30,086) |
| **Cash flows from financing activities** | | |
| Long term finances repaid | **0** | (33,333) |
| Decrease in long term loan to a Subsidiary Company | **34,848** | 71,887 |
| Lease finances - net | **250** | (536) |
| Short term borrowings - net | **134,000** | 181,616 |
| Dividends paid | **(124)** | (33) |
| Finance cost paid | **(88,051)** | (70,577) |
| **Net cash generated from financing activities** | **80,923** | 149,024 |
| **Net decrease in cash and cash equivalents** | **5,692** | 3,445 |
| **Cash and cash equivalents** - at beginning of the period | **53,274** | 51,720 |
| **Cash and cash equivalents** - at end of the period | **58,966** | 55,165 |

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

| Director | Director | Chief Financial Officer |
|---|---|---|



# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

## FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020

| | Share capital | Reserves: Capital | Reserves: Revenue | Reserves | Revaluation surplus on Property, plant and equipment | Accumulated loss | Total |
|---|---|---|---|---|---|---|---|
| | | Share redemption | General | Sub-total | | | |
| | Rupees in thousand | | | | | | |
| Balance as at September 30, 2018 | 37,500 | 1 | 900,000 | 900,001 | 565,596 | (510,281) | 992,816 |
| **Total comprehensive income / (loss) for the period** | | | | | | | |
| Loss after taxation for the nine months ended June 30, 2019 | 0 | 0 | 0 | 0 | 0 | (14,499) | (14,499) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation | 0 | 0 | 0 | 0 | (34,525) | 34,525 | 0 |
| Balance as at June 30, 2019 | 37,500 | 1 | 900,000 | 900,001 | 531,071 | (490,255) | 978,317 |
| **Total comprehensive income / (loss) for the period** | | | | | | | |
| Loss after taxation for the nine months ended June 30, 2019 | 0 | 0 | 0 | 0 | 0 | 14,683 | 14,683 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation | 0 | 0 | 0 | 0 | (11,509) | 11,509 | 0 |
| Other comprehensive income | 0 | 0 | 0 | 0 | | 464 | 464 |
| Balance as at September 30, 2019 | 37,500 | 1 | 900,000 | 900,001 | 519,562 | (463,599) | 993,464 |
| **Total comprehensive loss for the period** | | | | | | | |
| Loss after taxation for the nine months ended June 30, 2019 | 0 | 0 | 0 | 0 | | (22,401) | (22,401) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation | 0 | 0 | 0 | 0 | (31,376) | 31,376 | 0 |
| **Balance as at June 30, 2020** | **37,500** | **1** | **900,000** | **900,001** | **488,186** | **(454,624)** | **971,063** |

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

| Director | Director | Chief Financial Officer |
|---|---|---|

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020

**1. The Company and its operations**

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

**1.2** In recent weeks, Pakistan has enacted protection measures against COVID - 19 with a significant impact on daily life and supply chain of goods. The evolution of COVID - 19 as well as its impact on Pakistan economy is hard to predict at this stage. The management is monitoring the situation to ensure safety of its workers by introducing fool proof anti COVID - 19 measures and smooth operation of its business.

As of the release date of these condensed interim financial statements, there has been no specifically material quantifiable impact of COVID - 19 on the Company's financial condition or results of its operations.

The Company, being engaged in production of food item, comes under the exemption given by the Government of KPK vide its Notification dated March 24, 2020.

**2. Basis of preparation**

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

**3. Significant accounting policies**

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding unconsolidated annual financial statements of the Company for the year ended September 30, 2019.

**4. Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements, except for the following:



**(a)** Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement' are effective for periods beginning on or after January 01, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's unconsolidated condensed interim financial statements.

**(b)** IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments do not have any material impact on the Company's unconsolidated condensed interim financial statements.

**(c)** IFRIC 23, 'Uncertainty over income tax treatments' is effective for accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendments do not have any material impact on the Company's financial statements.

**(d)** IFRS 16, 'Leases' has introduced a single on-balance sheet accounting model for lessees. As a result, the Company, as a lessee has recognised right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application needs to be recognised in retained earnings. Accordingly, the comparative information presented for the year 2019 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are as follows.

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases vehicles for management use. The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the reducing balance method. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or , if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

5. These unconsolidated condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017.The figures of the unconsolidated condensed interim statement of profit or loss & other comprehensive income for the quarters ended March 31, 2020 and 2019 have not been reviewed by the statutory auditors of the Company as the auditors have reviewed the cumulative figures for the six months period ended March 31, 2020. These unconsolidated condensed interim financial statements do not include all the information and disclosures as required in the unconsolidated annual financial statements and should be read in conjunction with the Company's unconsolidated financial statements for the year ended September 30, 2019.

**6. Accounting estimates, judgments and financial risk management**

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

6.2 Judgments and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to the unconsolidated financial statements as at and for the year ended September 30, 2019.

6.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended September 30, 2019.

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

**7. Property, plant and equipment**

| | Note | Un-audited June 30, 2020 | Audited Sep. 30, 2019 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Operating fixed assets | 7.1 | **883,326** | 837,371 |
| Capital work-in-progress | | | |
| - plant & machinery | | **0** | 78,010 |
| - electric installation | | **0** | 21,571 |
| - others | | **0** | 5,985 |
| | (a) | **0** | 105,566 |
| Right-of-use assets | 7.2 | **6,257** | 0 |
| | | **889,583** | 942,937 |



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

**7.1 Operating fixed assets**

| | Un-audited June 30, 2020 (Rupees in thousand) |
|---|---|
| Book value at beginning of the period - **audited** | **837,371** |
| Additions during the period | |
| - plant and machinery | **90,002** |
| - furniture, fittings and office equipment | **24,357** |
| Book value of vehicles sold | **(689)** |
| Depreciation charge for the period | **(63,193)** |
| Transfer to right-of-use assets | **(4,522)** |
| Book value at end of the period - **un-audited** | **883,326** |

**7.2 Right-of-use assets**

| | |
|---|---|
| Opening balance | **0** |
| Transfer from operating fixed assets | **4,522** |
| Additions during the period | **2,633** |
| Depreciation for the period | **(898)** |
| | **6,257** |

**8. Long term investments**

Market values of the Company's quoted investments in Chashma Sugar Mills Ltd. (a Subsidiary Company) and Arpak International Investments Ltd. (an Associated Company) at period-end were Rs.976.321 million (September 30, 2019: Rs.550.040 million) and Rs.27.498 million (September 30, 2019: Rs.2.529 million) respectively.

**9. Long term loan to Subsidiary Company**

| | Un-audited June 30, 2020 (Rupees in thousand) |
|---|---|
| Balance as at September 30, 2019 | **173,934** |
| Less: instalment received during the period | **34,848** |
| Balance as at June 30, 2020 | **139,086** |
| Less: current portion grouped under current assets | **39,696** |
| | **99,390** |

9.1 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 receivable in 7 equal instalments commenced from February, 2020. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of the Company, the effective mark-up rates during the period ranged from 13.19% to 15.86% per annum. The loan is secured against a promissory note of Rs.374 million.

**10. Stock-in-trade**

| | Note | Un-audited June 30, 2020 | Audited Sep. 30, 2019 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Sugar-in-process | | **4,093** | 3,003 |
| Finished goods: | | | |
| - sugar | 10.1 | **425,952** | 304,685 |
| - Ethnol | | **172,577** | 0 |
| - molasses | | **36,582** | 112,670 |
| | | **635,111** | 417,355 |
| | | **639,204** | 420,358 |

**10.1** Sugar inventory as at June 30, 2020 has been stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-drown to net realisable value worked-out to Rs.183.500 million.

**11. Other receivables**

| | | |
|---|---|---|
| Sugar export subsidy | **2,991** | 2,991 |
| Gas infrastructure development cess paid under protest - refundable | **3,018** | 3,018 |
| Due from related parties: | | |
| - Premier Board Mills Ltd. (an Associated Company) (lease rentals receivable) | **1,677** | 3,127 |
| Others | **1,975** | 1,410 |
| | **9,661** | 10,546 |

**12. Bank balances**

**12.1** Period-end bank balances include deposits aggregating Rs.20 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 Company.

**12.2** **(a)** The period-end balance includes deposits lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits were as follows:

| Date of maturity | Amount of deposit |
|---|---|
| | Rupees in thousand |
| July 29, 2009 | **7,800** |
| July 29, 2010 | **7,800** |
| July 29, 2011 | **7,800** |
| July 29, 2012 | **15,600** |
| | **39,000** |
| Less: amount realised during the financial year ended September 30, 2018 | **(10,000)** |
| | **29,000** |



**(b)** The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL before the Lahore High Court, Lahore (LHC). 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 in respect of principal amount only subject to verification as per the laws. The amount of Rs.10 million, as per the LHC order, has been received by the Company during August, 2018. The management, for the release of further amount, anticipates that JOL will intimate in due course of time; no provision, therefore, for the remaining deposits aggregating Rs.29 million has been made in the books of account.

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

**12.3** There has been no change in the status of matter as detailed in note 15.5 to the unconsolidated financial statements of the Company for the year ended September 30, 2019.

**13. Trade and other payables**

| | Un-audited June 30, 2020 | Audited Sep. 30, 2019 |
|---|---|---|
| | (Rupees in thousand) | |
| Due to a related party - Chashma Sugar Mills Ltd. | **215,754** | 107,157 |
| Creditors | **11,926** | 20,547 |
| Bills payable | **995** | 3,171 |
| Accrued expenses | **2,723** | 6,138 |
| Due to employees | **7,466** | 5,467 |
| Deposits from contractors and others | **668** | 1,155 |
| Advances from customers - contract liabilities | **4,981** | 12,105 |
| Income tax deducted at source | **167** | 333 |
| Sales tax payable | **18** | 24,007 |
| Workers' (profit) participation fund | **1,625** | 1,625 |
| Gratuity payable to ex-employees | **3,304** | 3,304 |
| Employees' provident fund payable | **498** | 357 |
| Others | **136** | 81 |
| | **250,261** | 185,447 |

**14. Contingencies and commitments**

**14.1** No commitments were outstanding as at June 30, 2020 and September 30, 2019.

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

**14.3** The Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) has been adversely decided on 13 August 2020. SCP in this judgment directed the companies to pay outstanding amount in 24 equal installments. Sui Northern Gas Pipelines Ltd., along with gas bills for the month of June, 2020, has raised GIDC demands aggregating Rs.87.373 million. No provision for these GIDC demands has been made in the books of account as the management intends to file a review petition against the said judgment.

**14.4** The Company's petition filed before the SCP against judgment dated October 24, 2019 passed by the PHC in the writ petition is pending adjudication. The said writ petition was filed challenging the demand of further tax on supplies to unregistered persons under section 3 (1A) of the Sales Tax Act, 1990 through show cause notice dated October 03, 2018.

**14.5** The 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 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.The Company had already filed a Review Petition in the Peshawar High Court against the aforesaid judgment on the ground that the imposition of minimum wages for unskilled workers fixed @ Rs. 12000/- with retrospective effect is illegal. The Review petition is still pending adjudication.

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

**14.7** Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at June 30, 2020 were for Rs.20 million (2019: Rs.20 million).These guarantees are valid upto May 26, 2021.



**15. Other income**

| | Note | Un-audited nine months ended June 30, 2020 | June 30, 2019 |
|---|---|---|---|
| **Income from financial assets:** | | (Rupees in thousand) | |
| Profit on bank deposits and saving accounts | | **1,736** | 529 |
| Mark-up on loan to a Subsidiary Company | | **18,441** | 22,456 |
| Dividend from a Subsidiary Company | | **68,755** | 20,627 |
| Dividend from an Associated Company | | **229** | 0 |
| **Income from other than financial assets:** | | | |
| Sale of press mud | | **594** | 1,776 |
| Un-claimed payable balances written-back | | **552** | 1,165 |
| Rent from: | | | |
| - an Associated Company | | **5,032** | 5,032 |
| - a Subsidiary Company | | **14,850** | 14,850 |
| Sale of agricultural produce - net | | **2,206** | 1,861 |
| Gain on sale of vehicles | | **173** | 0 |
| Scrap sale | | **0** | 12 |
| Miscellaneous | | **190** | 8 |
| | | **112,758** | 68,316 |

**16. Other expenses**

| | | | |
|---|---|---|---|
| Uncollectible receivable balances written-off | | **30** | 7 |
| Workers' (profit) participation fund | | **0** | 101 |
| Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers) | | **0** | 2,755 |
| Sales tax arrears paid | | **923** | 104 |
| | | **953** | 2,967 |

**17. Taxation**

| | | | |
|---|---|---|---|
| Current | 17.1 | **15,629** | 12,180 |
| Deferred | | **(14,352)** | 0 |
| | | **1,277** | 12,180 |

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

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

**18. Transactions with related parties**

**18.1** 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 nine months ended | |
|---|---|---|
| | **June 30, 2020** | June 30, 2019 |
| **Subsidiary Companies:** | (Rupees in thousand) | |
| - purchase of goods | **14,907** | 6,517 |
| - rent expenses | **86** | 85 |
| - purchase of baggase | **6,000** | 4,170 |
| - sale of goods | **1,675** | 0 |
| - sale of molasses | **105,920** | 22,617 |
| - mark-up earned on long term loan | **18,441** | 22,456 |
| - purchase of molasses | **207,156** | 0 |
| - dividend | **68,755** | 20,627 |
| - rent received | **14,850** | 14,850 |
| - Expenses paid by Subsidery Company | **4,756** | 507 |
| - Expenses paid on behalf of Subsidery Company | **13,343** | 11,620 |
| - Distillery relocation expenses paid by Chashma Sugar Mills Ltd. (CSM) adjusted by the Company against long term loan advanced to CSM | **0** | 71,887 |
| **Associated Companies:** | | |
| - purchase of goods | **0** | 15,269 |
| - rent received | **5,033** | 5,555 |
| - dividend | **229** | 0 |

**18.2** Receivables from and payables to Subsidiary and Associated Companies have been disclosed in notes 11 and 13 respectively to these unconsolidated condensed interim financial statements.

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



**19. Corresponding figures**

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

**20. Date of authorisation for issue**

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on August 27, 2020.

| | | |
|---|---|---|
| **Director** | **Director** | **Chief Financial Officer** |

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED. MARDAN

## CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020 (UN-AUDITED)

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

| | | Un-audited June 30, 2020 | Audited Sep. 30, 2019 |
|---|---|---|---|
| **Assets** | **Note** | **(Rupees in thousand)** | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | **10,372,899** | 10,568,405 |
| Right-of-use assets | 9 | **216,093** | 0 |
| Investment property | | **25,985** | 26,647 |
| Long term investments | 10 | **113,278** | 110,273 |
| Security deposits | | **16,439** | 16,439 |
| | | **10,744,693** | 10,721,764 |
| **Current assets** | | | |
| Stores and spares | 11 | **602,563** | 612,913 |
| Stock-in-trade | 12 | **3,151,782** | 2,145,182 |
| Trade debts | | **1,862,772** | 57,011 |
| Loans and advances | | **1,318,143** | 1,183,483 |
| Trade deposits, short term prepayments and other receivables | 13 | **351,545** | 353,099 |
| Accrued profit on bank deposits | | **1,081** | 123 |
| Tax refunds due from the Government | | **24,742** | 54,714 |
| Sales tax refundable | | **35,051** | 0 |
| Short term investments | 14 | **22,249** | 28,837 |
| Cash and bank balances | 15 | **308,484** | 312,499 |
| | | **7,678,412** | 4,747,861 |
| **Total assets** | | **18,423,106** | 15,469,625 |
| **Equity and liabilities** | | | |
| **Share capital and reserves** | | | |
| Authorised capital | | **57,500** | 57,500 |
| Issued, subscribed and paid-up capital | | **37,500** | 37,500 |
| Capital reserves | | | |
| - share redemption | | **1** | 1 |
| - revaluation surplus on property, plant and equipment | | **2,319,105** | 2,447,144 |
| General revenue reserve | | **1,010,537** | 1,010,537 |
| Unappropriated profit | | **1,330,462** | 737,032 |
| **Equity attributable to equity holders of the Holding Company** | | **4,697,605** | 4,232,214 |
| **Non-controlling interest** | | **3,678,947** | 3,192,360 |
| | | **8,376,552** | 7,424,574 |
| **Non-current liabilities** | | | |
| Long term finances | 16 | **1,251,676** | 1,312,000 |
| Loans from related parties | 17 | **219,325** | 163,089 |
| Lease liabilities | | **110,958** | 97,253 |
| Deferred liabilities | 18 | **1,026,903** | 1,108,251 |
| | | **2,608,862** | 2,680,593 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **1,119,421** | 787,798 |
| Unclaimed dividends | | **7,512** | 7,636 |
| Accrued mark-up | | **26,516** | 225,094 |
| Short term borrowings | | **5,565,593** | 3,650,993 |
| Current portion of non-current liabilities | 20 | **647,314** | 654,531 |
| Dividends payable to non-controlling interest | | **11,112** | 9,260 |
| Taxation - net | 21 | **60,223** | 29,146 |
| | | **7,437,692** | 5,364,458 |
| **Total liabilities** | | **10,046,554** | 8,045,051 |
| **Contingencies and commitments** | 22 | | |
| **Total equity and liabilities** | | **18,423,106** | 15,469,625 |

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

| | | |
|---|---|---|
| **Director** | **Director** | **Chief Financial Officer** |

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

### FOR THE QUARTER AND NINE MONTHS PERIOD ENDED JUNE 30, 2020

| | Note | Quarter ended June 30, 2020 | Quarter ended June 30, 2019 | Nine months ended June 30, 2020 | Nine months ended June 30, 2019 |
|---|---|---|---|---|---|
| | | ---------- Rupees in thousand ---------- | | | |
| **Sales** | | | | | |
| - local | | **7,702,636** | 6,316,115 | **13,626,126** | 8,755,885 |
| - export | | **1,247,674** | 1,563,496 | **2,671,903** | 1,964,177 |
| | | **8,950,311** | 7,879,611 | **16,298,030** | 10,720,062 |
| **Less: sales tax, other government levies and discounts** | | **(1,184,186)** | (679,040) | **(2,063,750)** | (912,185) |
| **Sales - net** | | **7,766,125** | 7,200,571 | **14,234,280** | 9,807,877 |
| **Cost of sales** | | **(5,981,093)** | (6,064,038) | **(11,257,384)** | (8,213,766) |
| **Gross profit** | | **1,785,031** | 1,136,533 | **2,976,895** | 1,594,111 |
| **Selling and distribution expenses** | | **(246,624)** | (111,997) | **(555,961)** | (167,093) |
| **Administrative expenses** | | **(161,522)** | (279,632) | **(494,005)** | (420,724) |
| **Other income** | 23 | **34,722** | 16,369 | **70,377** | 82,825 |
| **Other expenses** | 24 | **(67,303)** | (23,193) | **(86,588)** | (34,103) |
| **Profit from operations** | | **1,344,304** | 738,080 | **1,910,718** | 1,055,016 |
| **Finance cost** | | **(274,052)** | (414,379) | **(766,666)** | (635,272) |
| | | **1,070,252** | 323,701 | **1,144,052** | 419,744 |
| **Gain on sale of long term investments** | 25 | **0** | 4,282 | **0** | 20,088 |
| **Share of profit from Associated Companies** | 10 | **728** | 282 | **2,386** | 195 |
| | | **728** | 4,564 | **2,386** | 20,283 |
| **Profit before taxation** | | **1,070,980** | 328,265 | **1,146,438** | 440,027 |
| **Taxation** | | | | | |
| Group | | | | | |
| - current | | **127,038** | 113,598 | **216,400** | 145,657 |
| - prior year | | **0** | 0 | **154** | 564 |
| - deferred | | **11,906** | (40,508) | **(93,124)** | (67,672) |
| | | **138,944** | 73,090 | **123,430** | 78,549 |
| Associated Companies | 10 | **(14)** | (20) | **(62)** | (53) |
| | | **138,930** | 73,070 | **123,368** | 78,496 |
| **Profit after taxation** | | **932,050** | 255,195 | **1,023,070** | 361,531 |
| | | ---------- Rupees ---------- | | | |
| **Combined earnings per share** | | **123.78** | 50.10 | **123.92** | 67.75 |

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

**Director** **Director** **Chief Financial Officer**



## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

### FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2020

| | Quarter ended June 30, 2020 | Quarter ended June 30, 2019 | Nine Months Ended June 30, 2020 | Nine Months Ended June 30, 2019 |
|---|---|---|---|---|
| | ---------- Rupees in thousand ---------- | | | |
| **Profit after taxation** | **932,050** | 255,195 | **1,023,070** | 361,531 |
| **Other comprehensive (loss) / income** | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of other comprehensive income / (loss) from Associated Companies | **(162)** | (1) | **0** | (15) |
| Adjustment of gain included in statement of profit or loss upon sale of available-for-sale investments | **0** | (19,671) | **0** | (19,671) |
| **Other comprehensive (loss) / income** | **(162)** | (19,672) | **0** | (19,686) |
| **Total comprehensive income** | **931,888** | 235,523 | **1,023,070** | 341,845 |
| **Attributable to:** | | | | |
| - Equity holders of the Holding Company | **464,162** | 187,860 | **464,710** | 254,051 |
| - Non-controlling interest | **467,726** | 47,663 | **558,360** | 87,794 |
| | **931,888** | 235,523 | **1,023,070** | 341,845 |

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

**Director** **Director** **Chief Financial Officer**

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

## FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020

| | Half year ended June 30, 2020 | June 30, 2019 |
|---|---|---|
| | (Rupees in thousand) | |
| **Cash flows from operating activities** | | |
| Profit for the period - before taxation | **1,146,438** | 440,027 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on property, plant and equipment | **656,607** | 676,384 |
| Depreciation on right-of-use assets | **38,423** | |
| Depreciation on investment property | **662** | 721 |
| Profit from Associated Companies | **(2,386)** | (195) |
| Gain on sale of long term investments | **0** | (20,088) |
| Mark-up / profit on bank deposits and saving accounts | **(7,931)** | (5,788) |
| Un-claimed payable balances written-back | **(552)** | (1,165) |
| Gain on sale of operating fixed assets | **(1,669)** | (4,311) |
| Gain on redemption and re-measurement of short term investments to fair value | **(2,370)** | (1,037) |
| Dividend | **(229)** | (608) |
| Uncollectible receivable balances written-off | **30** | 7 |
| Finance cost | **766,666** | 635,272 |
| **Profit before working capital changes** | **2,593,690** | 1,719,219 |
| **Effect on cash flows due to working capital changes** | | |
| **Decrease / (increase) in current assets** | | |
| Stores and spares | **10,350** | (14,027) |
| Stock-in-trade | **(1,006,600)** | (1,900,956) |
| Trade debts | **(1,805,761)** | 234,777 |
| Loans and advances | **(134,690)** | (97,486) |
| Trade deposits, short term prepayments and other receivables | **1,554** | 44,067 |
| Sales tax refundable -net | **(35,051)** | 465,898 |
| Advance sales tax | **0** | (183,377) |
| **Increase / (decrease) in trade and other payables** | **340,136** | (23,920) |
| | **(2,630,063)** | (1,475,024) |
| **Cash (used in) / generated from operations** | **(36,373)** | 244,195 |
| Taxation - net | **(155,505)** | (129,711) |
| Security deposits | **0** | (1,226) |
| Staff retirement benefits - gratuity (net) | **3,939** | 1,827 |
| **Net cash (used in) / generated from operating activities** | **(187,939)** | 115,085 |
| **Cash flows from investing activities** | | |
| Additions to property, plant and equipment and right-of-use assets | **(720,486)** | (758,723) |
| Sale proceeds of operating fixed assets | **6,538** | 8,851 |
| Sale proceeds of long term investments | **0** | 25,768 |
| Dividend received | **229** | 608 |
| Short term investments | **8,958** | (18,000) |
| Mark-up / profit received on bank deposits and saving accounts | **6,973** | 5,700 |
| **Net cash used in investing activities** | **(697,788)** | (735,796) |
| **Cash flows from financing activities** | | |
| Long term finances - net | **(67,541)** | (56,682) |
| Loan from related parties - net | **56,236** | 10,000 |
| Lease finances - net | **13,705** | 75,381 |
| Short term borrowings - net | **1,914,600** | 1,052,304 |
| Finance cost paid | **(965,244)** | (550,519) |
| Dividends paid | **(70,045)** | (21,898) |
| **Net cash generated from financing activities** | **881,712** | 508,586 |
| **Net decrease in cash and cash equivalents** | **(4,015)** | (112,125) |
| **Cash and cash equivalents** - at beginning of the period | **312,499** | 360,878 |
| **Cash and cash equivalents** - at end of the period | **308,484** | 248,753 |

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

| Director | Director | Chief Financial Officer |
|---|---|---|



# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

## FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020

| | ------- Attributable to equity holders of the Holding Company------ | | | | | | | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Reserves | | | | | Total | | |
| | | Capital | | General revenue | Fair value reserve on available-for-sale investments | Unappro-priated profit | | | |
| | | Share redem-ption | Revaluation surplus on property, plant and equipment | | | | | | |
| | x ---------- Rupees in thousand ---------- | | | | | | | | |
| Balance as at September 30, 2018 | 37,500 | 1 | 2,646,568 | 1,010,537 | 16,052 | 263,315 | 3,973,973 | 2,939,859 | 6,913,832 |
| Transaction with owners: | | | | | | | | | |
| - Cash dividend at the rate of Rs.1.50 per ordinary share | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (21,532) | (21,532) |
| Total comprehensive income / (loss): | | | | | | | | | |
| Profit / (loss) for the nine months ended June 30, 2019 | 0 | 0 | 0 | 0 | 0 | 273,737 | 273,737 | 87,794 | 361,531 |
| Other comprehensive loss | 0 | 0 | 0 | 0 | 0 | (15) | (15) | 0 | (15) |
| | 0 | 0 | 0 | 0 | 0 | 273,722 | 273,722 | 87,794 | 361,516 |
| Effect of items directly credited in equity by Associated Companies | 0 | 0 | 0 | 0 | 0 | 5,187 | 5,187 | 0 | 5,187 |
| Adjustment of gain included in statement of profit or loss upon sale of available-for-sale investments | 0 | 0 | 0 | 0 | (16,052) | 0 | (16,052) | (3,619) | (19,671) |
| Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation) | 0 | 0 | 0 | 0 | 0 | 142,184 | 142,184 | 107,332 | 249,516 |
| - on account of incremental depreciation for the half year | 0 | 0 | (142,184) | 0 | 0 | 0 | (142,184) | (107,332) | (249,516) |
| Balance as at June 30, 2019 | 37,500 | 1 | 2,504,384 | 1,010,537 | 0 | 684,408 | 4,236,830 | 3,002,502 | 7,239,332 |
| Balance as at September 30, 2019 | 37,500 | 1 | 2,447,144 | 1,010,537 | 0 | 737,032 | 4,232,214 | 3,192,360 | 7,424,574 |
| Transaction with owners: | | | | | | | | | |
| - Cash dividend at the rate of Rs.5.00 per ordinary share for the year ended September 30, 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (71,773) | (71,773) |
| Total comprehensive income: | | | | | | | | | |
| Profit / (loss) for the nine months ended June 30, 2020 | 0 | 0 | 0 | 0 | 0 | 464,710 | 464,710 | 558,360 | 1,023,070 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 464,710 | 464,710 | 558,360 | 1,023,070 |
| Effect of items directly credited in equity by Associated Companies | 0 | 0 | 0 | 0 | 0 | 681 | 681 | 0 | 681 |
| Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation) | 0 | 0 | 0 | 0 | 0 | 128,039 | 128,039 | 96,549 | 224,588 |
| - on account of incremental depreciation for the half year | 0 | 0 | (128,039) | 0 | 0 | 0 | (128,039) | (96,549) | (224,588) |
| Balance as at March 31, 2020 | 37,500 | 1 | 2,319,105 | 1,010,537 | 0 | 1,330,462 | 4,697,605 | 3,678,947 | 8,376,552 |

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

| Director | Director | Chief Financial Officer |
|---|---|---|

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2020

**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.** (CSML)

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

Whole Foods (Pvt.) Ltd. (WFPL) was incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on October 26, 2017. The principal activity of WFPL is to set-up, manage, supervise and control the storage facilities for agricultural produce. WFPL is a wholly owned Subsidiary of CSML and its ultimate holding company is The Premier Sugar Mills and Distillery Company Ltd.

WFPL's registered office is situated at 20-A, King's Arcade, F-7 Markaz, Jinnah Super, Islamabad. WFPL currently has two storage facilities under construction located at:

- Bhakkar at 12-KM Behal Road Hassan Khan, Bhakkar; and
- Layyah at Chok No. 484 TDA Tehsil Choubara, District Layyah.

The Holding Company directly and indirectly controls / beneficially owns more than fifty percent of CSML's paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSML 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 preference shares.

**1.3** In recent weeks, Pakistan has enacted protection measures against COVID - 19 with a significant impact on daily life and supply chain of goods. The evolution of COVID - 19 as well as its impact on Pakistan economy is hard to predict at this stage. The management is monitoring the situation to ensure safety of its workers by introducing fool proof anti COVID - 19 measures and smooth operation of its business.

As of the release date of these consolidated condensed interim financial statements, there has been no specifically material quantifiable impact of COVID - 19 on the Group's financial condition or results of its operations.

The Group, being engaged in production of food item, comes under the exemption given by the Government of KPK vide its Notification dated March 24, 2020.

**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. Significant accounting policies**

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding consolidated financial statements of the Group for the year ended September 30, 2019 except for the adoption of new standards as set-out below.

**4. Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2019 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements, except for the following:

**4.1** Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement' are effective for periods beginning on or after January 01, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Group's consolidated condensed interim financial statements.

**4.2** IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments do not have any material impact on the Group's consolidated condensed interim financial statements.

**4.3** IFRIC 23, 'Uncertainty over income tax treatments' is effective for accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendments do not have any material impact on the Group's consolidated condensed interim financial statements.

**4.4** The Group has adopted IFRS 16, 'Leases' with effect from October 01, 2019, which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting polices relating to Group's right-of-use assets and lease liabilities are as follows:

**Lease liabilities and right-of-use assets**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Effective from October 01, 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group.



The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits.

The Group has adopted IFRS 16 retrospectively, effective from October 01, 2019, but has not restated comparatives for prior reporting period, as permitted under the specific transitional provisions in the standard. The cumulative impact of adoption of this standard is, therefore, recognised in current period in the statement of financial position with effect from October 01, 2019.

On adoption of IFRS 16, the Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of October 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on October 01, 2019 was 14.5% per annum.

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's liabilities. On adoption of IFRS 16, the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application is the carrying amount of the lease assets and lease liabilities immediately before that date measured applying IAS 17. For such leases, the Group recognises right-of-use assets and the lease liabilities applying this Standard from the date of initial application.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at October 01, 2019 as short term leases;

- the use of hindsight in determining the lease term where contract contains option to extend or terminate the lease; and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

The change in accounting policy affected the classification of following items in the statement of financial position on October 01, 2019:

| | As originally presented | Impact of IFRS 16 | Restated |
|---|---|---|---|
| | -----Rupees in thousand----- | | |
| **Non-current Assets:** | | | |
| Property, plant and equipment: | | | |
| Leased vehicles | 151,113 | (151,113) | 0 |
| Right of use assets | 0 | 180,929 | 180,929 |
| **Current Assets:** | | | |
| Short-term prepayments | 9,240 | (9,240) | 0 |
| **Non-current Liabilities** | | | |
| Lease liabilities | (97,253) | (17,446) | (114,699) |
| **Current Liabilities** | | | |
| Lease liabilities | (43,482) | (12,370) | (55,852) |

The recognised right-of-assets relate to following type of assets:

| | **Un-audited June 30, 2020** | Audited September 30, 2019 |
|---|---|---|
| | **Rupees in thousand** | |
| Vehicles | **172,431** | 0 |
| Plant and machinery | **30,194** | 0 |
| Buildings | **22,660** | 0 |
| **Total right-of-use assets** | **225,285** | 0 |

The following summary reconciles the Group's operating leases at September 30, 2019 to the lease liabilities recognised on initial application of IFRS 16 at October 01, 2019.

| | Rupees in thousand |
|---|---|
| **Operating leases as at September 30, 2019** | 62,402 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 3,448 |
| (Less): short-term leases recognised on a straight-line basis as expense | 29,138 |
| (Less): low value leases recognised on a straight line basis as expense | 0 |
| **Lease liabilities recognised as at October 01, 2019** | 29,816 |



Of which are:

| | |
|---|---|
| Current lease liabilities | 12,370 |
| Non-current lease liabilities | 17,446 |
| | 29,816 |

The statement of profit or loss shows the following amounts relating to leases:

| | **Un-audited June 30, 2020 Rupees in thousand** |
|---|---|
| Interest expense on lease liabilities | **10,755** |
| Expense related to short term leases | **22,725** |
| Expense related to leases of low value assets | **0** |

**5.** These consolidated condensed interim financial statements are being submitted to the shareholders as required by provisions of the Companies Act, 2017. These consolidated condensed interim financial statements do not include all the information and disclosures as required in the consolidated annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended September 30, 2019.

**6. Accounting estimates, judgments and financial risk management**

**6.1** 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.

**6.2** 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, 2019.

**6.3** 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, 2019.

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

**7. 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 CSML & its Subsidiary Company and the condensed interim financial statements of FSM as at and for the period ended June 30, 2020. The Holding Company's direct interest, as at June 30, 2020, in CSML was 47.93% (2019: 47.93%) and in FSM was 82.49% (2019: 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 and deconsolidated from the date on which 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.

**8. Property, plant and equipment**

| | Note | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Operating fixed assets - tangible | 8.1 | 9,792,134 | 10,045,946 |
| Capital work-in-progress | 8.2 | 580,765 | 522,459 |
| | | 10,372,899 | 10,568,405 |

**8.1 Operating fixed assets** - tangible

| | Note | | |
|---|---|---|---|
| Book value at beginning of the period - **audited** | | 10,045,946 | |
| Additions during the period: | | | |
| - buildings and roads | | 50,727 | |
| - plant and machinery | | 427,176 | |
| - electric installations | | 37,017 | |
| - furniture, fixtures and office equipment | | 34,076 | |
| - vehicles-owned | | 4,932 | |
| | | 553,928 | |
| Book value of operating fixed assets disposed-off during the period | | (4,869) | |
| Depreciation charge for the period | | (656,607) | |
| Transfer to right-of-use assets | | (4,522) | |
| Impact of adoption of IFRS 16 | | (146,591) | |
| Transfer from right-of-use assets | 9 | 4,849 | |
| Book value at end of the period - **un-audited** | | 9,792,134 | |

**8.2 Capital work-in-progress**

| | Note | | |
|---|---|---|---|
| At beginning of the period / year | | 522,459 | 472,983 |
| Add: Additions during the period / year | 8.3 | 671,157 | 994,781 |
| Less: Capitalised during the period / year | | (612,851) | (733,097) |
| Less: Adjustment against long term loan -PSML | | 0 | (212,208) |
| Balance at end of the period / year | | 580,765 | 522,459 |



| | | Un-audited June 30, 2020 Rupees in thousand |
|---|---|---|
| **8.3 Additions during the period** | | |
| Buildings on freehold land | | 98,117 |
| Plant and machinery | | 478,450 |
| Electric installations | | 29,552 |
| Office equipment | | 7,810 |
| Leased vehicles | | 32,562 |
| Leased plant and machinery | | 132 |
| Advances to contractors | | 24,534 |
| | | 671,157 |
| **9. Right-of-use assets** | | |
| Opening book value | | 0 |
| Transfer from operating fixed assets | | 4,522 |
| Impact of adoption of IFRS 16 | | 176,407 |
| Additions during the period | | 78,436 |
| Transfer to owned assets | 8.1 | (4,849) |
| Depreciation charge for the period | | (38,423) |
| Book value at end of the period | | 216,093 |
| **10. Long term investments** | | |
| **Investments in equity instruments of Associated Companies** | | |
| Balance at beginning of the period - **cost** | | 5,638 |
| Add: post acquisition profit brought forward | | 104,635 |
| | | 110,273 |
| Add: share for the period: | | |
| - profit | | 2,386 |
| - other comprehensive income | | 0 |
| - items directly credited in equity | | 681 |
| Less: taxation | | (62) |
| | | 3,005 |
| Balance at end of the period | | 113,278 |

**11. 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 amounting Rs.32.328 million have not been adjusted for any potential impairment loss.

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

**12. Stock-in-trade**

| | **Un-audited June 30, 2020** | Audited September 30, 2019 |
|---|---|---|
| | **(Rupees in thousand)** | |
| Finished goods: | | |
| - sugar | **1,106,708** | 1,688,849 |
| - molasses | **1,658,870** | 333,242 |
| - ethanol | **364,067** | 110,948 |
| - Wheat | **6,663** | 0 |
| | **3,136,308** | 2,133,039 |
| Work-in-process | **15,474** | 12,143 |
| | **3,151,782** | 2,145,182 |

**13. Trade deposits, short term prepayments and other receivables**

| | | |
|---|---|---|
| Sugar export subsidy receivable | **308,510** | 308,510 |
| Prepayments | **11,334** | 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.) | **1,677** | 3,127 |
| Guarantees issued | **19,000** | 19,000 |
| Trade deposits | **1,622** | 33 |
| Letters of credit | **0** | 9,726 |
| Other receivables | **6,248** | 3,237 |
| | **351,545** | 353,099 |

**14. 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 Units (2019: 209,330 Units) | **0** | 21,000 |
| Gain on redemption / re-measurement to fair value | **2,370** | 1,898 |
| Bonus received during the period / year - 21,971 Units (2019: 17,656 Units) | **0** | 0 |
| Units redeemed during the period / year - 85,103 Units (2019: 69,251 Units) | **(8,570)** | (7,000) |
| Withholding tax | **(388)** | 0 |
| Closing balance - 221,653 Units (2019: 284,785Units) | **22,249** | 28,837 |



**15. Cash and bank balances**

**15.1** Period-end bank balances include deposits aggregating Rs.20 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.

**15.2** **(a)** Period-end bank balances include deposits aggregating Rs.58 million of the Holding Company and FSM lying with Innovative Investment Bank Ltd. (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits were as follows:

| **Date of maturity** | **Amount of deposit** |
|---|---|
| | **Rupees in thousand** |
| July 29, 2009 | **15,600** |
| July 29, 2010 | **15,600** |
| July 29, 2011 | **15,600** |
| July 29, 2012 | **31,200** |
| | **78,000** |
| Less: amounts realised during the year ended September 30, 2018 | **(20,000)** |
| | **58,000** |

**(b)** The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, period-end balance confirmation certificates from IIBL were also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL before the Lahore High Court, Lahore (LHC).

**(c)** The SECP winding-up petition has been decided by the LHC and LHC has appointed Joint Official Liquidator (JOL). The LHC, vide its order dated April 14, 2018 has approved release of payment upto Rs.20 million in respect of principal amount only subject to verification as per the laws. The amounts of Rs.20 million, as per the LHC order, have been received by the Group 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 Group has not accrued profit on these deposits during the current period as well as preceding financial years.

**15.3** There has been no change in the status of matter as detailed in note 17.6 to the consolidated financial statements of the Group for the year ended September 30, 2019.

**16. Long term finances** - secured

| | Note | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Bank Al-Habib Ltd. | | **190,356** | 297,710 |
| Soneri Bank Ltd. | | **838,868** | 538,852 |
| The Bank of Punjab | | **30,775** | 103,166 |
| Dubai Islamic Bank Pakistan Ltd. | | **487,466** | 682,452 |
| MCB Bank Ltd. | | **263,332** | 291,313 |
| | 16.1 | **1,810,797** | 1,913,493 |
| Less: amounts payable within next 12 months grouped under current liabilities - principal | | **529,605** | 579,813 |
| Less: deferred benefit of below market rate of interest on refinance facility grouped under deferred liabilities | 18 | **29,516** | 21,680 |
| | | **559,121** | 601,493 |
| Amount due after June 30, 2021 | 16.2 | **1,251,676** | 1,312,000 |

**16.1** These represent term and demand finances obtained by CSML and WFPL from the aforementioned banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 1.1% 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 CSML and WFPL and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of CSML and WFPL, pledge of sugar stocks and lien on export contract / LC.

**16.2** 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 those loan agreements have been classified as per the repayment schedule applicable in respect of the respective loan agreements.

**17. Loans from related parties** - secured

| | Note | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|---|
| Premier Board Mills Ltd. | 17.1 | **90,575** | 65,575 |
| Arpak International Investments Ltd. | 17.2 | **43,750** | 43,750 |
| Azlak Enterprises (Pvt.) Ltd. | 17.3 | **85,000** | 85,000 |
| | | **219,325** | 194,325 |
| Less: current portion grouped under current liabilities | | **0** | 31,236 |
| | | **219,325** | 163,089 |

**17.1** The principal repayments are restructured during the current period and the principal is now repayable in 7 semi annual instalments commencing November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark-up charged by the associated company is not less than its borrowing cost.

**17.2** The principal repayments are restructured during the current period and the principal is now repayable in 7 semi annual instalments commencing November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark-up charged by the associated company is not less than its borrowing cost.

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



**18. Deferred liabilities**

| | Note | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|---|
| **Deferred taxation** | | (Rupees in thousand) | |
| - The Holding Company | | **0** | 14,352 |
| - CSML | | **971,549** | 1,050,320 |
| | | **971,549** | 1,064,672 |
| **Staff retirement benefits - gratuity** | | | |
| - The Holding Company | | **17,272** | 15,139 |
| - FSM | | **178** | 178 |
| - CSML | | **8,388** | 6,582 |
| | | **25,838** | 21,899 |
| Deferred benefit of below market rate of interest on refinance facility | 16 | **29,516** | 21,680 |
| | | **1,026,903** | 1,108,251 |

**19. Trade and other payables**

| | Note | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|---|
| Creditors | | **452,238** | 251,054 |
| Bills payable | | **995** | 3,171 |
| Due to Associated Companies | 19.1 | **94,604** | 19,145 |
| Accrued expenses | | **113,821** | 78,033 |
| Retention money | | **22,419** | 13,981 |
| Security deposits | | **1,653** | 2,070 |
| Advances from customers | | **208,056** | 275,407 |
| Income tax deducted at source | | **30,565** | 23,127 |
| Sales tax payable | | **18** | 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 | | **131,715** | 46,537 |
| Workers' (profit) participation fund | | **1,625** | 0 |
| Payable to provident fund | | **3,197** | 2,955 |
| Payable to employees | | **47,898** | 35,535 |
| Others | | **3,454** | 5,613 |
| | | **1,119,421** | 787,798 |

**19.1** This represents amounts due to:

| | | |
|---|---|---|
| - Azlak Enterprises (Pvt.) Ltd. | **0** | 18,202 |
| - Syntronics Ltd. | **68,434** | 943 |
| - Syntron Ltd. | **26,169** | 0 |
| - Phipson & Company Pakistan (Pvt.) Ltd. | **0** | 0 |
| | **94,604** | 19,145 |

**20. Current portion of non-current liabilities**

| | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|
| | (Rupees in thousand) | |
| Long term finances | **574,337** | 579,813 |
| Loans from related parties | **26,306** | 31,236 |
| Lease liabilities | **46,671** | 43,482 |
| | **647,314** | 654,531 |

**21. Taxation**

**The Holding Company**

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

**21.2** 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.

**22. Contingencies and commitments**

**22.1** No commitments were outstanding as at June 30, 2020 and September 30, 2019.

**22.2** 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 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.

**22.3** The Holding Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) has been adversely decided on 13 August 2020. SCP in this judgment directed the companies to pay outstanding amount in 24 equal installments. Sui Northern Gas Pipelines Ltd., along with gas bills for the month of June, 2020, has raised GIDC demands aggregating Rs.87.373 million. No provision for these GIDC demands has been made in the books of account as the management intends to file a review petition against the said judgment.

**22.4** The Holding Company's petition filed before the SCP against judgment dated October 24, 2019 passed by the PHC in the writ petition is pending adjudication. The said writ petition was filed challenging the demand of further tax on supplies to unregistered persons under section 3 (1A) of the Sales Tax Act, 1990 through show cause notice dated October 03, 2018.

**22.5** 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 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.The Company had already filed a Review Petition in the Peshawar High Court against the aforesaid judgment on the ground that the imposition of minimum wages for unskilled workers fixed @ Rs. 12000/- with retrospective effect is illegal. The Review petition is still pending adjudication.



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

**22.7** Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at June 30, 2020 were for Rs.20 million (2019: Rs.20 million).These guarantees are valid upto May 26, 2021.

**FSM**

**22.8** There has been no significant change in the status of contingencies as disclosed in notes 29.10 to 29.12 to the audited consolidated financial statements of the Group for the year ended September 30, 2019.

**CSML**

**22.9** There has been no significant change in the status of contingencies as disclosed in notes 29.14 to 29.22 to the audited consolidated financial statements of the Group for the year ended September 30, 2019.

**22.10 Commitments**

| | Un-audited June 30, 2020 | Audited September 30, 2019 |
|---|---|---|
| Commitments in respect of : | (Rupees in thousand) | |
| - foreign letters of credit for purchase of plant & machinery | **0** | 79,403 |
| - local letters of credit for purchase of plant & machinery | **108,113** | 0 |
| - capital expenditure other than for letters of credit | **65,204** | 94,034 |

**23. Other income**

| | Note | Un-audited Nine Months ended June 30, 2020 | June 30, 2019 |
|---|---|---|---|
| **Income from financial assets:** | | (Rupees in thousand) | |
| Profit on bank deposits and saving accounts | | **7,931** | 5,788 |
| Gain on redemption and remeasurement of short term investments to fair value | | **2,370** | 1,037 |
| Exchange fluctuation gain | | **0** | 32,291 |
| Dividend | | **229** | 608 |
| **Income from other than financial assets:** | | | |
| Rent from - an Associated Company | | **4,289** | 5,032 |
| - other | | **0** | 163 |
| Sale of scrap | | **15,087** | 16,177 |
| Sale of press mud - net | | **11,335** | 12,843 |

| | Note | Un-audited Nine Months ended June 30, 2020 | June 30, 2019 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Unclaimed payable balances written-back | | **552** | 1,165 |
| Gain on sale of operating fixed assets | | **1,669** | 4,311 |
| Sale of seeds, agricultural produce and gain on sale of fertilizer / pesticide | | **19,638** | 1,891 |
| Sale of fusel oil - net | | **7,087** | 1,436 |
| Miscellaneous | | **190** | 83 |
| | | **70,377** | 82,825 |

**24. Other expenses**

| | | |
|---|---|---|
| Donations-without directors' interest | **632** | 536 |
| Uncollectible receivable balances written-off | **30** | 7 |
| Workers' (profit) participation fund | **62,456** | 30,701 |
| Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers) | **0** | 2,755 |
| Workers' (welfare) fund | **22,548** | 0 |
| Sales tax arrears paid | **922** | 0 |
| Others | **0** | 104 |
| | **86,588** | 34,103 |

**25.** FSM, during the preceding period, had sold all the shares of Ibrahim Fibres Limited against aggregate consideration of Rs.25.768 million. Gain arisen on these sales aggregating Rs.20.088 million was credited to consolidated condensed interim statement of profit or loss.

**26. Transactions with related parties**

**26.1** 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:

| | | |
|---|---|---|
| - services | **22,036** | 20,028 |
| - purchase of goods | **173,131** | 137,768 |
| - dividend paid | **26,804** | 8,041 |
| - rent received | **5,033** | 5,555 |
| - dividend received | **229** | 0 |
| - post employment benefit - | | |
| expense charged in respect of retirement benefit plan | **2,344** | 1,950 |
| - key management personnel - | | |
| salaries and other benefits | **98,153** | 45,857 |



**26.2** Receivables from and payables to Associated Companies have been disclosed in notes 13, 17 and 19 respectively to these consolidated condensed interim financial statements.

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

**27. 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.

**28. 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 August 27, 2020.

**Director** **Director** **Chief Financial Officer**