annual report

2018

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Page **CONTENTS**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Profile

The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of white sugar and spirit including the following:

a) To purchase, manufacture, produce, refine, prepare, import, export, sell and generally to deal in sugar, sugarcane, sugar beets, gur, jaggery, molasses, syrups and melada and alcohol and all products or by-products thereof and food products generally and in connection therewith to acquire, erect, construct, establish, operate and maintain sugar or other refineries, buildings, mills, factories, distilleries and other works;

b) To manufacture any other article or articles of food made from cereals, fruits, vegetables, seeds or oils, etc.;

c) To manufacture chemicals of all description, to prepare drugs and medicines;

d) To manufacture starch and yeast floor from maize, wheat or any other material;

e) To manufacture straw-boards and paper;

f) To plant, cultivate, produce and raise sugarcane, maize, sugar beets and/or any other agricultural crops;

g) To acquire by purchase, mortgage, lease, exchange, or otherwise, any moveable or immovable property, patents, inventions licenses, secret formula or processes, rights or privileges which the Company may think necessary or convenient for the purpose of its business and to construct, erect, manage, improve, alter, extend, demolish or reconstruct any buildings, machineries or works necessary or convenient of the purposes of the Company;

h) To sell and purchase from time to time and deal in all such stock in trade, goods, chattels and effects as may be necessary or convenient for any business, for the time being, carried on by the Company an especially sugar, sugarcane, raw sugar, gur, molasses cereals, fruits and vegetables, seeds, oil, mill stores, stocks, spare machinery and all other materials or things necessary for the same;

i) To purchase or otherwise acquire, by cultivation or any other manner, seeds and agricultural product of any description which may be necessary or be required for the production of sugar and its by-products, or the manufacture of any material, or article which the Company is authorized under;

j) To establish, in Pakistan or elsewhere, agencies or branches for the purchase and sale of goods of all description;

k) To appoint agents to assist the working of the Company with such powers and on such terms as the Company may generally or in any special case determine;

l) Any other business as mentioned in the Memorandum of Association.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Information

Board of Directors

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

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

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

Tax Consultants

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

Legal Advisor

Mr. Isaac Ali Qazi
Advocate

Shares Registrar

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

Bankers

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

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Executive Director)	Chairman
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 183 of the Companies Act, 2017. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Ms. Samyra Rashid (Independent Director)	Chairperson
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Ms. Najda Sarfaraz (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

a) Determination of appropriate measures to safeguard the Company's assets;

b) Review of preliminary announcements of results prior to publication;

c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations and management's response thereto;

i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) Determining of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and

n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Ms. Samyra Rashid (Independent Director)	Chairperson
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

I) recommending human resource management policies to the board;

ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

VISION STATEMENT

- Efficient organization with professional competence of top order is engaged to remain a market leader in the sugar industry in manufacturing and marketing of white sugar.
- To ensure attractive returns to business associates and optimizing the shareholders' value as per their expectations.

MISSION STATEMENT

- Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.
- To be a good corporate citizen to fulfil the social responsibilities.
- Commitment to building, Safe, Healthy and Environment friendly atmosphere.
- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.
- The quality policy encompasses our long term Strategic Goals and Core Values, which are integral part of our business.

STRATEGIC GOALS

- Providing customer satisfaction by serving with superior quality production of white sugar and industrial alcohol at lowest cost.
- Ensuring security and accountability by creating an environment of security and accountability for employees, production facilities and products.
- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.
- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all strategic goals and to ensure highest possible value addition to stakeholders.

CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility;
- Treating stakeholders with respect, courtesy and competence;
- Practicing highest personal and professional integrity;
- Maintaining teamwork, trust and support with open and candid communication; and
- Ensuring cost consciousness in all decision and operations.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Code of Conduct

The Premier Sugar Mills & Distillery Company Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The Company Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

The Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

.- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.

.- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.

- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.

- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

- It is the basic principle of The Premier Sugar Mills & Distillery Company Limited to obey the law of the land and comply with its legal system. Accordingly, every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

- Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

- All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.

- We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

- Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

TEN YEARS' REVIEW

YEAR	CANE			BEET		
	CANE CRUSHED	RECOVERY	SUGAR PRODUCED	BEET SLICED	RECOVERY	SUGAR PRODUCED
	M. Tons	%	M. Tons	M. Tons	%	M. Tons
2009	88,612.756	9.04	8,006.00	NOT OPERATED		
2010	3,863.968	7.01	50.00	33,026.44	7.60	2,510.00
2011	133,655.000	8.65	11,509.00	50,509.00	8.93	4,467.00
2012	249,062.000	9.76	24,290.00	43,124.74	10.65	4,539.00
2013	222,121.000	9.14	20,507.00	47,379.00	9.71	4,567.00
2014	117,589.000	8.90	10,402.00	NOT OPERATED		
2015	95,526.000	9.11	9,019.00			
2016	178,273.000	9.94	17,677.00			
2017	268,864.000	9.32	25,003.00			
2018	204,775.000	11.12	22,708.00			

PRODUCTION OF INDUSTRIAL ALCOHOL

YEARS	MOLASSES TONS	RECOVERY GLNS PER MND	PRODUCTION IN GALLONS
2009	3,728.00	1.897	189,526.00
2010	35.46	2.402	2,129.00
2011	3,431.77	2.008	172,302.00
2012	13,348.13	1.978	660,010.00
2013	8,589.29	1.876	402,790.00
2014	6,477.00	2.104	340,694.00
2015	NOT OPERATED		
2016			
2017			
2018			

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

SIX YEARS' PERFORMANCE AT A GLANCE

PARTICULARS	2018	2017	2016	2015	2014	2013
			(R U P E E S	I N T H O U S A N D)		
Turnover	1,262,508	892,219	1,470,677	225,479	781,125	1,889,547
Operating Loss	(144,494)	(191,250)	(226,746)	(22,091)	(200,516)	(81,882)
(Loss) / Profit before tax	(166,513)	(171,931)	(195,530)	6,563	(140,924)	(20,916)
(Loss) / Profit after tax	(195,735)	(147,178)	(149,793)	16,769	(78,509)	(41,148)
Share capital	37,500	37,500	37,500	37,500	37,500	37,500
Shareholders' equity	992,816	1,181,014	1,203,899	1,352,350	1,327,479	1,106,719
Non-current assets	1,399,585	1,493,750	1,328,521	1,497,519	1,601,222	1,175,597
Total assets	2,190,236	2,445,206	1,881,265	2,364,963	2,105,089	1,836,901
Non current liabilities	17,144	83,160	150,724	275,128	290,161	12,757
Current assets	790,651	951,456	552,744	867,444	503,867	661,304
Current liabilities	1,180,276	1,181,032	526,642	737,485	487,449	717,425
Dividend						
Cash dividend	0	0	0	20%	0	0
Ratios:						
Profitability (%)						
Operating profit / (loss)	(11.44)	(21.44)	(15.42)	(9.80)	(25.67)	(4.33)
Profit/ (Loss) before tax	(13.19)	(19.27)	(13.30)	2.91	(18.04)	(1.11)
Profit/(Loss) after tax	(15.50)	(16.50)	(10.19)	7.44	(10.05)	(2.18)
Return to Shareholders						
ROE - Before tax	(16.77)	(14.56)	(16.24)	0.49	(10.62)	(1.89)
ROE - After tax	(19.72)	(12.46)	(12.44)	1.24	(5.91)	(3.72)
Return on Capital Employed	(19.38)	(11.64)	(11.06)	1.03	(4.85)	(3.68)
E. P. S. - After tax	(52.20)	(39.25)	(39.94)	4.47	(20.94)	(10.97)
Activity						
Total assets turnover	0.54	0.41	0.69	0.10	0.40	1.08
Non-current assets turnover	0.87	0.63	1.04	0.15	0.56	1.62
Liquidity/Leverage						
Current ratio	0.67	0.81	1.05	1.18	1.03	0.92
Break up value per share	264.80	314.90	321.00	360.60	354.00	295.10
Total Liabilities to equity (Times)	(1.21)	(1.07)	(0.56)	(0.75)	(0.59)	(0.66)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 73rd Annual General Meeting of the shareholders of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** will be held on March 29, 2019 at 11:00 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business:-

ORDINARY BUSINESS

(1) To confirm the minutes of the Annual General Meeting held on January 27, 2018

(2) To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2018.

(3) To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2019. The present auditors' M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

Special Business:

(4) To ratify and approve transactions conducted in ordinary course of business with Related Parties for the year ended September 30, 2018 and to authorize the Chief Executive of the Company to approve transactions to be conducted in ordinary course of business with Related Parties for the financial year ending September 30, 2019 by passing the following special resolutions with or without modification:

a)- "RESOLVED THAT the transactions conducted in ordinary course of business with Related Parties during the year ended September 30, 2018 be and are hereby ratified, approved and confirmed"

b)- "FURTHER RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to approve all the transactions conducted and to be conducted in ordinary course of business with Related Parties during following financial year ending September 30, 2019 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign, execute all such documents as may be required in this regard on behalf of the Company"

(5) To transact any other business of the Company as may be permitted by the Chair

The share transfer books of the Company will remain closed from March 18, 2019 to March 29, 2019 (both days inclusive).

BY ORDER OF THE BOARD

(Mujahid Bashir)
Company Secretary

Mardan:
March 05, 2019

N.B: 1. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of himself/herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. CDC shareholders are requested to bring their original Computerized National Identity Card (CNIC) or Original Passport, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

4. Transmission of Annual Financial Statements through E-Mail:

   The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.premiersugarmills.com to the Company's Share Registrar.

5. The Financial Statements of the Company for the year ended September 30, 2018 along with reports have been placed at website of the Company www.premiersugarmills.com

6. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

   "The Company Secretary, The Premier Sugar Mills & Distillery Company Limited, Kings' Arcade 20-A, Markaz F-7, Islamabad."

7. Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedure prescribed under the Companies Act, 2017. As per Section 244(1) (b) of the Act, the Company has given final notice to the members to file their claims with the Company. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website http://www.premiersugarmills.com. Any member effected by this notice is advised to write to or call at the office of the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited. H.M-House, 7- Bank Square Road, Lahore during normal working hours.

Statement Under Section 134(3) of The Companies Act, 2017 Pertaining to Special Business

This statement sets out the material facts pertaining to the special business, being Items on the notice, intended to be transacted at the Annual General Meeting of the Company to be held on March 29, 2019.

4) Transactions carried out by the Company with its related parties constitute a small fraction of the Company's entire business. The Company carries out transactions with its Associated Companies and related parties in the normal course of business. It is also emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with Associated Companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the Independent Director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

a) - The transactions with related parties carried out during the fiscal year 2017-2018 to be ratified have been disclosed in the financial statements for the year ended September 30, 2018. All such transactions were recommended by the Audit Committee and were carried out at arm length basis.

Furthermore, since such transactions are an ongoing process and are approved by the Board of Directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions. Having said the above, strictly speaking, since the transactions are intended to be carried out on an arm's length basis, such approval is not required from the shareholders of the Company in accordance with the proviso to Section 208(1); however, to ensure transparency and good governance, such broad approval is being obtained which will also ensure that the Company can carry on its business smoothly for the benefit of its stakeholders.

Transactions intended to be carried out by the Company include, but are not limited to, the sale/purchase of molasses and other necessary goods, as well as the purchase of PP bags and other necessary goods and commodities including receipts/ payments of dividends with the following related parties including, but are not limited to:

1. Chashma Sugar Mills Limited
2. Arpak International Investments Limited
3. Premier Board Mills Limited
4. The Frontier Sugar Mills & Distillery Limited
5. Syntron Limited
6. Azlak Enterprises (Pvt.) Limited
7. Syntronics Limited
8. Phipson & Co Pakistan (Pvt.) Limited.

b) - The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2018-19.

All such transactions are clearly stipulated at the end of the year in the company's annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you to the 73rd Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Financial Statements for the year ended September 30, 2018 along with my review on the performance of your Company.

As required under Listed Companies (Code of Corporate Governance), an annual evaluation of the Board of the Company is carried out. The purpose of this exercise is to ensure that the Board's overall performance and effectiveness is measured and bench marked against expectations in the context of objectives set for the Company.

The Board met the duties as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2017, which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments. During the year the Board met six times. The Board is compliant with all the regulatory requirements and acted in accordance with applicable laws & best practices.

Being the Chairman of the Board, I ensured that the management is actively working on different options to ensure appropriate returns on available funds in the agenda of the Board meetings held during the year. All written notices, including the agenda, supporting documents and other working papers of meetings were circulated prior to the meetings. Further, I ensured that the Board plays an effective role in fulfilling its responsibilities.

On behalf of the Board of Directors of your Company, I take this opportunity to acknowledge the devoted and sincere services of employees of the Company. I am also thankful for the valuable shareholders for their patronage and confidence reposed in the Company.

(Aziz Sarfaraz Khan)
Chairman

Mardan, March 05, 2019

دی پریمئیر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

چیئر مین کی جائزہ رپورٹ

میں آپ کی کمپنی کے 73 ویں سالانہ جنرل میٹنگ میں آپ کو خوش آمدید کہتا ہوں اور میں اپنی اور بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی آڈیٹڈ فنانشل سٹیٹمنٹس برائے سال 30 ستمبر، 2018 اور مجموعی کارکردگی اپنے جائزہ کے ساتھ پیش کر رہا ہوں۔

لسٹڈ کمپنیوں کی مطلوبہ شرائط کے مطابق (کوڈ آف کارپوریٹ گورننس) اور کمپنی کے بورڈ کی جانچ کا کام بھی کیا جا چکا ہے۔ اس جانچ کا بنیادی مقصد یہ ہے کہ جانچ کے معیارات کو مد نظر رکھتے کمپنی کے طے شدہ مقاصد کے تناظر میں بورڈ کی مجموعی کارکردگی کا جائزہ لیا جائے گا کہ بورڈ کی کارکردگی کتنی موثر رہی۔

بورڈ کی جانب سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی شرائط کے مطابق اپنے فرائض منصبی کی ادائیگی کی گئی جن میں اہمیت حامل پالیسیوں کی منظوری، موثر اندرانی کنٹرول کے نظام کے نظام کا قیام، بجٹ اور مالیاتی نتائج کی منظوری اور اہمیت کی حامل سرمایہ کاری کی منظوری جیسے امور شامل ہیں۔ زیر نظر مالی سال کے دوران بورڈ کی جانب سے چھ اجلاس منعقد کئے گئے۔ بورڈ تمام قانونی شرائط وضوابط پر پورا اترتا ہے، مروجہ قوانین اور بہترین روایات کی پاسداری کرتے ہوئے اپنے فرائض منصبی کی ادائیگی کرتا ہے۔

بورڈ کی چیئر مین ہونے کے ناطے اس بات کی یقین دہانی کرواتا ہوں کہ انتظامیہ فعال طور پر مختلف آپشنز کو مد نظر رکھتے ہوئے دستیاب فنڈز کے مناسب ریٹرنز کے ایجنڈہ پر سال کے دوران ہونے والی بورڈ میٹنگ میں کام کرتی رہی ہے۔ تمام لکھے گئے نوٹس، بشمول ایجنڈہ، متعلقہ دستاویزات اور دیگر ورکنگ پیپرز میٹنگ کے دوران مہیا کیے گئے تھے۔ مزید براں میں اس بات کی یقین دہانی کرواتا ہوں کہ بورڈ اپنی زمہ داریوں کو پورا کرنے میں موثر کردار ادا کر رہا ہے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، میں کمپنی کے ملازمین کی مخلص خدمات کو سراہتا ہوں۔ میں کمپنی کے شیئر ہولڈرز کے کمپنی پر قابل قدر اعتماد پر ان کا شکر گزار ہوں۔

عزیز سرفراز خان

چیئر مین

مردان، 05 مارچ، 2019

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REPORT

The Directors of the Premier Sugar Mills & Distillery Company Limited, are pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2018.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2018	2017
	Rupees in thousand	
Loss before taxation	(166,513)	(171,931)
Taxation		
Current		
- for the year	(21,685)	(20,623)
- for the prior year	1,613	3,001
	(20,072)	(17,622)
- Deferred	(9,150)	42,375
	29,222	24,753
Loss after taxation	(195,735)	(147,178)
	---------- Rupees ----------	
Loss per Share	(52.20)	(39.25)

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2017-18

The sugarcane crushing season 2017-18 commenced on November 30, 2017 and continued till April 04, 2018. The mills have crushed 204,775 tons (2017: 268,864 tons) of sugarcane and have produce 22,708 tons (2017: 25,003 tons) of sugar at an average recovery of 11.12% (2017: 9.32%).

2.2 CRUSHING SEASON 2018-19

The sugarcane crushing season 2018-19 started on November 15, 2018 and the mills have crushed 131,242 tons of sugarcane, producing 13,770 tons of sugar till February 28, 2019. The Government of Pakistan has allowed the export of 1.1 million tons of sugar and directed the Provincial Governments to pay subsidy. However, the Khyber Pakhtunkhwa Government has refused to allow the subsidy to the industry.

3. SUGAR PRICE

3.1- CRUSHING SEASON 2017-18

The sugar prices remained depressed through out the year.

3.2- CRUSHING SEASON 2018-19

We expect that the prices of sugar will stabilize after the closing of the crushing season.

4. DISTILLERY

During the Current year, the management decided to shift Distillery Plant from Mardan to Ramak, Dera Ismail Khan due to the availability of excess molasses in that area. The shifting is under process.

5. STAFF

The Management and Labor relations remained cordial during the year. However, due to losses suffered by the Company, no bonus was paid to employees during the year.

6. PATTERN OF SHAREHOLDING

The Pattern of Shareholding, as required under section 227(2)(f) of the Companies Act, 2017 is annexed.

7. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of The Premier Sugar Mills & Distillery Company Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of account have been maintained.

- Except for the change detailed in note 5 to the financial statements, all appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.

- The system of internal controls is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon Company's ability to continue as a 'going concern'.

- The Company has followed Code of corporate governance as detailed in the listing regulations.

- Key operating and financial data for the last six years available in summarized form is annexed.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2018, except for those disclosed in the financial statements.

- The value of investments of staff provident fund, based on audited accounts, was Rs. 42.661 million as at September 30, 2018.

- Seven (7) Out of eight (8) Directors of the Company have the prescribed education and experience under section 20 of Listed Companies (Code of Corporate Governance) Regulations, 2017 and remaining one Director of the Company will conduct Director Training Program by June 30, 2021.

8. **Trading in Shares**

No trade in the shares of the Company was carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO who purchased 221,960 shares during the year ended September 30, 2018.

9. **Related Party Transactions**

The Related Parties transactions mentioned in Note 38 to the financial statements were placed before the Board Audit Committee and were approved by the Board. These transactions were in-line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a complete record of all such transactions. All transactions entered into in ordinary course of business with the related parties will also be placed before shareholders in their AGM for approval purposes. Further, approval to allow CEO of the Company to approve transactions to be entered in ordinary course of business with related parties' transaction will also be taken in AGM.

10. **Threshold for determining Executives**

Pursuant to the requirements of clause 5.6.1 (a) & (d) of the Listing Regulations (Rule Book) of the Pakistan Stock Exchange, the Board has set out a Threshold for determining an 'Executive' in respect of trading of Company's shares. The person whose basic salary exceeds Rs. 2.00 million during the year is treated as executive.

11. **Human Resource Committee**

The Human Resource Committee is performing its duties in line with its term of reference as determined by the Board of Directors.

12. **Board Meetings**

During the year, fourteen (14) meetings were held and attendance by each director was as follows:

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
Non- Executive Directors			
Mr. Aziz Sarfaraz Khan	6	4	4
Begum Laila Sarfaraz	5	-	-
Ms. Zarmine Sarfaraz	4	4	-
Ms. Najda Sarfaraz	5	4	-
Executive Directors			
Mr. Abbas Sarfaraz Khan	5	-	-
Mr. Iskander M. Khan	6	-	4
Mr. Abdul Qadar Khattak	3	-	-
Independent Director			
Ms.Samyra Rashid	6	4	4

- Leave of absence was granted to directors who could not attend some of the Meetings.

13. ROLE OF SHAREHOLDERS

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half yearly and annual reports. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability.

14. DIVIDEND

The Directors do not recommend any dividend due to losses suffered by the Company.

15. EXTERNAL AUDITORS

The present Auditors, M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2019.

16. REPLY TO AUDITORS' OBSERVATIONS

Note. 16.4 (a)

The Company is representing / monitoring through CM No. 454/2011 in winding-up of proceedings filed by SECP before Honorable Lahore High Court Lahore. The Court has appointed a liquidator by accepting the Winding up petition and Company has filed statement of claims before the court. During the year the Company received Rs. 10 million on account of principal amount.

Furthermore, the balance confirmation letter has been circulated to the bank for direct confirmation to the auditors and the reply will be received by the auditors directly.

17. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out in the Listed Companies (Code of Corporate Governance) Regulations, relevant for the year ended September 30, 2018 have been duly complied with. A statement to this effect is annexed with the report.

18. ACKNOWLEDGEMENT

The Directors would like to express their gratitude for the hard work and dedication displayed by Staff and the Executives of the Organization and the valuable support of our Bankers.

Finally, the Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

FOR AND ON BEHALF OF THE BOARD

(ISKANDER M. KHAN)	**(ABBAS SARFARAZ KHAN)**
DIRECTOR	CHIEF EXECUTIVE

Mardan:
March 05, 2019

ڈائریکٹرز کی رپورٹ

دی پریمیر شوگر ملز اینڈ ڈسٹرلی کمپنی لمیٹڈ کے ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2018 کو ختم ہونے والے سال کے آڈیٹڈ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

1۔ خلاصہ مالیاتی نتائج

کمپنی کی مالیاتی کارکردگی کا ذیل میں خلاصہ پیش ہے۔

	2018	2017
	(ہزار روپے)	
ٹیکس سے پہلے نقصان	**(166,513)**	(171,931)
ٹیکسیشن		
موجودہ ٹیکس	**(21,685)**	(20,623)
گزشتہ	**1,613**	3,001
	(20,072)	(17,622)
ڈیفرڈ ٹیکس	**(9,150)**	42,375
	(29,222)	24,753
بعد از ٹیکس نقصان	**(195,735)**	(147,178)
	----------- روپے -----------	
نقصان فی شیئر	**(52.20)**	(39.25)

2۔ آپریشن کا جائزہ

2.1۔ کرشنگ سیزن 18-2017

گنے کا کرشنگ سیزن 18-2017، 30 نومبر 2017 کو شروع ہوا اور 4 اپریل 2018 تک جاری رہا۔ ملز نے 204,775 ٹن (2017 میں 268,864 ٹن) گنا کرش کیا اور 11.12 فیصد اوسط (2017 میں 9.32 : فیصد) کے حساب سے چینی کی پیداوار 22,708 ٹن (2017 میں 25,003 ٹن) رہی۔

2.2۔ کرشنگ سیزن 19-2018

گنے کا کرشنگ سیزن 19-2018 کا آغاز 15 نومبر 2018 کو ہوا۔ 28 فروری 2019 تک ملز نے 131,242 ٹن گنے کو کرش کرتے ہوئے 13,770 ٹن چینی کی پیداوار کی۔ وفاقی حکومت نے کرشنگ سیزن 19-2018 میں بغیر کسی سبسڈی کے 1.1 ملین ٹن چینی برآمد کرنے کی اجازت دی ہے۔ تاہم خیبر پختون خواہ گورنمنٹ نے سبسڈی دینے سے انکار کر دیا ہے۔

3۔ چینی کی قیمت

3.1۔۔ چینی کا سیزن 18-2017

سال بھر چینی کی قیمت مایوس کن رہی۔

3.2۔ چینی کا سیزن 19-2018

اہم امید رکھتے ہیں کہ کرشنگ سیزن کے اختتام کے بعد چینی کی قیمتیں مستحکم ہو جائیں گی۔

4۔ ڈسٹلری

دوران سال انتظامیہ نے ڈسٹلری پلانٹ کو مردان سے رمک، ڈیرہ اسماعیل خان منتقل کرنے کا فیصلہ کیا ہے جس کی وجہ شیرہ کا زیادہ تعداد میں موجود ہونا ہے۔ ڈسٹلری پلانٹ کی شفٹنگ کا عمل جاری ہے۔

5۔ سٹاف

سال کے دوران انتظامیہ اور مزدوروں کے تعلقات مثالی رہے۔ تاہم کمپنی کے نقصان میں ہونے کی وجہ سے ملازمین کو سال کے دوران کوئی بونس نہیں دیا گیا۔

6۔ حصص داران کی ترتیب

کمپنی ایکٹ 2017 کے سیکشن 227 سب سیکشن (f)(2) کے مطابق، حصص داران کی ترتیب منسلک ہے۔

7۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

۔ دی پریمیر شوگر ملز اینڈ ڈسٹرلی کمپنی لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، رقم کی آمد و رفت، کاروباری سرمایہ میں ہونے والی تبدیلیاں اور تمام معاملات کو واضح پیش کرتے ہیں۔

۔ کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔

۔ مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں۔ یہ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

۔انٹر نیشنل اکاؤنٹنگ رپورٹنگ، جو پاکستان میں لاگو ہیں ان پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے جاتے ہیں۔

۔اندرونی کنڑول کے نظام کی شکل مظبوط ہے اور موثر طریقے سے نافذالعمل ہے اور اس کی نگرانی کی جاتی ہے۔

۔ کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہیں پایا جاتا ہے۔

۔ کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد وضوابط، جو کہ لسٹنگ کے قواعد میں واضع کئے گئے ہیں کی پاسداری کر رہی ہے۔

۔ کمپنی کے گزشتہ چھ سال کے انتظامی اور مالی امور سے مطلق اعداد وشمار منسلک ہیں۔

۔30 ستمبر 2018 تک کسی بھی قسم کی کوئی ٹیکس، فرائض، لیویز، چارجز، بقایاجات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

۔30 ستمبر 2018 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 42.661 ملین تھی۔

۔ کمپنی کے آٹھ میں سے سات ڈائیریکٹرز کی تعلیمی قابلیت اور تجربہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے سیکشن 20 کے مطابق ہے اور باقی ایک ڈائریکٹر کے لیئے کمپنی 30 جون 2021 سے پہلے ڈائریکٹر ٹریننگ پروگرام میں شرکت یقینی بنائے گی۔

8۔ شیئرز کی تجارت

30 ستمبر 2018 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں ہوئی سوائے چیف ایگزیکٹو آفیسر کے جنہوں نے سال کے دوران 221,960 شیئرز خریدے تھے۔

9۔ متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے جو نوٹ 38 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا تھا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹر نیشنل فنانشل رپورٹنگ اسٹینڈرڈرز (آئی ایف آر ایس) اور کمپنیز ایکٹ

2017 کے قواعد کے عین مطابق ہیں۔ کمپنی کی جانب سے اس قسم کے تمام معاملات/لین دین کا ریکارڈ رکھا جاتا ہے۔ متعلقہ پارٹیوں سے عمومی کاروباری طریقہ کار کے مطابق تمام لین دین کے معاملات کی شیئر ہولڈرز سے سالانہ اجلاس عام میں منظوری لی جائے گی۔ بعد ازاں اس کے کمپنی کے چیف ایگزیکٹو آفیسر کو عمومی کاروباری طریقہ کار کے مطابق متعلقہ پارٹیوں سے لین دین کے معاملات کی منظوری کے لئے مجاز بنایا جائے گا۔

10۔ایگزیکٹو کے تعین کا معیار

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز(رول بک) کی دفعات (d) & (a) 5.6.1 کے تحت کمپنی کی جانب سے ایگزیکٹو کے تعین کیلئے نظر ثانی کے بعد ایک معیار مقرر کر دیا گیا ہے تاکہ حصص کی خرید و فروخت سے متعلق کسی بھی ابہام کو دور کیا جاسکے۔ ہر وہ شخص جس کی سالانہ بنیادی تنخواہ 2 ملین سے زیادہ ہو جائے گی ایگزیکٹو مانا جائے گا۔

11۔ہیومن ریسورس کمیٹی

ہیومن ریسورس کمیٹی بورڈ آف ڈائریکٹرز کے بنائے گئے ٹرم آف ریفرنس کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔

12۔بورڈ اجلاس

۔سال کے دوران کل چودہ اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی شمولیت کی تفصیل مندرجہ ذیل ہے؛

ڈائریکٹرز کے نام نان۔ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
جناب عزیز سرفراز خان	6	4	4
بیگم لیلیٰ سرفراز	5	--	--
محترمہ زرمین سرفراز	4	4	--
محترمہ نجدہ سرفراز	5	4	--
ایگزیکٹو ڈائریکٹرز			
جناب عباس سرفراز خان	5	--	--
جناب اسکندر محمد خان	6	--	4
جناب عبدالقادر خٹک	3	--	--
آزاد ڈائریکٹرز			
محترمہ سمیرہ راشد	6	4	--

جو ڈائریکٹر اجلاس میں حاضر نہیں ہو سکے ان کو چھٹی کی منظوری دی گئی تھی۔

13۔ حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے حصص داران کو کسی بھی ایسی اہم پیش رفت سے بروقت مطلع کیا جائے، جو کمپنی کے معاملات پر اثر انداز ہو۔ اس مقصد کو حاصل کرنے کیلیئے حصص داران کو سہ ماہی، نصف اور سالانہ رپورٹ کی معلومات فراہم کی جاتی ہے۔ بورڈ آف ڈائریکٹرس اعلی سطحی احتساب کو یقینی بنانے کے لیئے حصص داروں کو سالانہ اجلاس میں شرکت کی حوصلہ افزائی کرنا ہے۔

14۔ ڈیویڈنڈ کی ادائیگی

ڈائریکٹرز نے اس سال کمپنی کے نقصان میں ہونے کی وجہ سے ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

15۔ آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاونٹنٹ، لاہور، سالانہ اجلاس عام تک ریٹائر ہو جاہیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کے مطابق ان کو 30 ستمبر 2019 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

16۔ آڈیٹرز کے مشاہدات کا جواب

نوٹ 16.4

کمپنی باقاعدہ طور پر اپنے آپ کو پیش کرتی ہے SECP کی جانب سے معزز لاہور ہائر کورٹ ائر کیے گئے کیس نمبر 2011/454 میں، جو کہ کمپنی کے بند ہونے سے اور حصہ داروں کو ان کا حق دینے سے متعلق ہے جن لوگوں نے اپنے حصے کے لیے دعوی دائر کیا کورٹ نے ان کی درخواست کو منظور کرتے ہوئے کاروبار بند کروانے والے کا تقرر کیا ہے۔ سال کے دوران کمپنی کو 10 ملین کی خطیر رقم مقصول وصول کی۔ بعد ازاس کے، رقم کی صحیح معلومات کے لیے ایک خط جاری کیا گیا ہے کہ بنک آدیٹر کو، اور آدیٹر ان کو جواب دینے کا مجاز ہے۔

17۔ ضابطہ برائے کاروباری نظم ونسق

کمپنی ضابطہ برائے کاروباری نظم ونسق کے تمام قواعد وضوابط جو کہ پاکستان اسٹاک ایکسچینج کی رول بک میں درج ہیں اور 30 ستمبر 2018 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

18۔اعتراف

ڈائریکٹر نے کمپنی اور ایگزیکٹوز کی محنت اور لگن اور بنکوں کی قیمتی حمایت کو سراہا ہے۔

بورڈ قابل قدر حصص داروں کا شکر گزار ہے جنہوں نے مشکل وقت میں کمپنی کا ساتھ دیا اور کمپنی پہ اپنا بھروسہ رکھا، جس کی وجہ سے کمپنی موجودہ چیلنج میں سرخرو ہوئی۔

منجانب بورڈ

اسکندر محمد خان
ڈائریکٹر

عباس سرفراز خان
چیف ایگزیکٹو

مردان
بتاریخ:05مارچ2019

Shareholders' Information

Registered Office
Nowshera Road Mardan,
Khyber Pakhtunkhwa.
Tel: 92 937 862051-52
Fax: 92 937 862989

Head Office
King's Arcade, 20-A, Markaz F-7, Islamabad.
Tel: 92 51 2650805-7
Fax: 92 51 2651285-6

Shares Registrar
Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel: 92 42 37235081-2
Fax: 92 42 37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchange
The Premier Sugar Mills & Distillery Company's equity shares are listed on Pakistan Stock Exchange (PSX).

Listing Fees
The annual listing fee for the financial year 2017-18 has been paid to Pakistan Stock Exchange.

Statutory Compliance
During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code
The stock code for dealing in equity shares of The Premier Sugar Mills & Distillery Company Limited at PSX is **Premier Sug.**

Book Closure Dates
The Register of Members and Share Transfer books of the Company will remain closed from 18.03.2019 to 29.03.2019.

Web Presence
Updated information regarding the Company can be accessed at website www.premiersugarmills.com. The website contains the latest financial results of the Company together with Company's profile.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

THE COMPANIES ACT, 2017 FORM - 34

(Section 227 (2)(f)

PATTERN OF SHAREHOLDING

1.1. Name of the Company	**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**
2.1. Pattern of holding of the shares held by the shareholders as at	**9/30/2018**

2.2 No.of Shareholders	SHAREHOLDINGS FROM	TO	TOTAL SHARES HELD
518	1	100	17,741
417	101	500	87,110
158	501	1000	91,649
174	1001	5000	254,640
22	5001	10000	83,872
9	10001	20000	22,456
9	20001	50000	139,030
0	50001	150000	-
1	150001	310000	307,370
1	310001	400000	400,000
1	400001	600000	499,961
2	600001	1125000	1,846,171
1312			**3,750,000**

2.3	Categories of Shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers and their Spouses and their minor children	2,232,946	59.55
2.3.2	Associated Companies undertakings and related parties	400,000	10.67
2.3.3	NIT and ICP	-	-
2.3.4	Banks, Development Financial Instituations, Non Banking Financial Institutions	65,971	1.76
2.3.5	Insurance Companies	-	-
2.3.6	Modarba and Mutual Funds	-	-
2.3.7	Shareholder holdings 10%	2,246,171	59.90
2.3.8	General Public		
	Local	100	0.00
	Foreign	-	-
2.3.9	Others (to be Specified)		
	(Public Sector Companies & Corporations)	36,182	0.96

Categories of shareholders	Numbers of Shareholders	No of shares held	Shares Held	Percentage of paid up capital
Directors, CEO and their Spouse and Minor Children	**8**		**2,232,946**	
Mr. Aziz Sarfaraz Khan		1,080,620		28.82
Begum Laila Sarfaraz		307,370		8.20
Mr. Abbas Sarfaraz Khan		765,551		20.41
Ms. Zarmine Sarfaraz		22,925		0.61
Ms. Najda Sarfaraz		22,274		0.59
Mr. Iskander M. Khan		500		0.01
Mr. Abdul Qadar Khattak		33,705		0.90
Ms. Samyra Rashid		1		0.00
Shares held by Relatives	-	-	-	-
Associated Companies undertaking and related parties	**1**		**400,000**	
Arpak International Investments Ltd.		400,000		10.67
NIT and ICP	-	-	-	-
Banks, Development Finance Institutions, Non Banking Financial Instituations, Insurance Companies, Modarabas and Mutual Funds	**3**		**65,971**	
Faysal Bank Limited		-		
National Investment Trust Limited		-		0.00
National Bank of Pakistan		65,818		1.76
United Bank Limited		37		0.00
Investment Corporation of Pakistan		116		0.00
Public Sector Companies and Corporation	**15**		**36,182**	
The Society for the Rehabilitation of crippled children		174		0.00
Chief Administrator of Auqaf		3,798		0.10
The Ida Rieu Poor Welfare Association		349		0.01
BCGA (Punjab) Limited		5,268		0.14
Bibojee Services Limited		10,396		0.28
Robberts Cotton Association Limited		4,444		0.12
Madrassa Haqania Akora Khattak		52		0.00
Pyramid Investments (Pvt.) Limited		500		0.01
Secretary Municipal Committee Mardan.		226		0.01
Frontier Co-operative Bank Limited		8,452		0.23
Maple Leaf Capital Limited		1		0.00
Freedom Enterprises (Pvt.) Limited		1,000		0.03
Y.S Securities Limited		2		0.00
Ismail Abdul Shakoor Securities (Pvt) Limited		1,000		0.03
Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited		520		0.01
Shares held by General Public				
Held by General Public	**1285**		**1,014,901**	27.06
	1312		**3,750,000**	**100.00**

Shareholders holding 10% or more voting Interest in the Company

Khan Aziz Sarfaraz Khan	1,080,620	28.82
Mr. Abbas Sarfaraz Khan	765,551	20.41
M/s. Arpak International Investments Limited	400,000	10.67
	2,246,171	**59.90**

Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children

Name	Designation	No of Shares Purchased	No of Shares Sold
Mr. Abbas Sarfaraz Khan	CEO	221,960	-

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The Premier Sugar Mills & Distillery Company Limited (the Company) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2017 ("the Regulations") in the following manner:

1. The total numbers of Directors are eight as per the following;
a) Male 4
b) Female 4

2. The composition of the Board of Director (the Board) is as follows;

Category	Names
Independent Director	Ms. Samyra Rashid
Other Non-Executive Directors	Mr. Aziz Sarfaraz Khan, Begum Laila Sarfaraz, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz
Executive Directors	Mr. Abbas Sarfaraz Khan, Mr. Iskander M. Khan, Mr. Abdul Qadar Khattak

3. The Directors have confirmed that none of them is serving as a director in more than five listed Companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board .

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board remained fully compliant with the provision with regard to their Directors' Training Program. However, requirements regarding exemption from the Securities and Exhange Commission of Pakistan will be fulfilled in due course of time.

10. The board has approved appointment of Chief Financial Officer **(**CFO**),** Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The Board has formed Committees comprising of members given below:

a) **Board Audit Committee**

a)	Ms. Samyra Rashid	**Chairperson**
b)	Mr. Aziz Sarfaraz Khan	**Member**
c)	Ms. Zarmine Sarfaraz	**Member**
d)	Ms. Najda Sarfaraz	**Member**

b) **Human Resource and Remuneration Committee**

a)	Ms. Samyra Rashid	**Chairperson**
b)	Mr. Aziz Sarfaraz Khan	**Member**
c)	Mr. Iskander M. Khan	**Member**

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the Committee were as per following;

a)	Audit Committee	**Quarterly**
b)	Human Resource and Remuneration Committee	**Quarterly**

15. The Board has set-up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other material principles contained in the Code have been complied with.

Mardan:
March 05, 2019

(AZIZ SARFARAZ KHAN)
CHAIRMAN

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company) for the year ended September 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried-out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2018.

Shinewing Hameed Chaudhri & Co

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

LAHORE;
March 05, 2019

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Qualified Opinion

We have audited the annexed financial statements of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company), which comprise the statement of financial position as at September 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

Provision against deposits with a non-banking finance company amounting Rs.29 million has not been made in these financial statements as fully detailed in note 16.4 to these financial statements.
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 26.3 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.68.087 million. Our report is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Compliance with laws and regulations** The Companies Act, 2017 (the Act) was promulgated on May 30, 2017, which replaced the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Company's financial statements for the year ended September 30, 2018.	We performed following audit procedures: - Obtained an understanding of the related provisions and schedules of the Act, applicable to the Company and prepared documents to assess the Company's compliance with the disclosure requirements - Discussed the applicable changes with the Company's management and those charged with governance as to whether the Company was in compliance with such changes.
S.No.	**Key audit matters**	**How the matter was addressed in our audit**
	The changes are considered as a key audit matter as failure to comply with the requirements of the Act could have financial impact on the Company. Refer notes 5, 6.2, 6.6, 18, 22, 34.1, 44 and 45 for changes in disclosures made through the Act.	- Maintained a high level of vigilance when carrying-out our other audit procedures for identification of any non-compliance. - Ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act.
2.	**Property, plant and equipment** The Company's property, plant and equipment represent 66% (2017: 68%) of its total non-current assets; further, these represent 42% (2017: 41%) of its total assets at the reporting date. Judgement is exercised in determining the following: - useful lives and residual values; - assessing whether there are any indicators of impairment present; and - when performing impairment assessments where indicators have been identified. Based on value of the balance, at the reporting date as well as the judgement involved in determining useful lives and residual values, this has been identified as a key audit matter.	The following was performed on the assessment of useful lives and residual values: - obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review; - followed up on changes made to useful lives and corroborated by inspection of assets and discussion with operational personnel that the amendment was appropriate; and - confirmed by inspection of the fixed assets register and discussion with operational management that there were no material assets still in use with a nil value. - in considering whether impairment is required the Company’s consideration of impairment indicators such as reduced capacity, forecasts, market demand for products, and the condition of the plants was reviewed. In addition, the following was performed: - mills were inspected to identify any damages or non-operating assets; - discussions were held with the management, engineers and other technicians to identify any potential impairments; and

		- production analysis at the various mills were performed and compared to standard capacity to assist in identifying possible impairment indicators. Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.
3.	**Contingencies** The Company is subject to litigations involving different courts, which require management to make assessment and judgements with respect to likelihood and impact of such litigations.	- In response to this matter, our audit procedures included: - Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.
S.No.	**Key audit matters**	**How the matter was addressed in our audit**
	Management has engaged independent legal counsel on these matters. The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of The details of contingencies along with management's assessment are disclosed in note 26 to the financial statements.	- Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations. - We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. - The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information, which comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement,
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Company to

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;
March 05, 2019

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

			(Re-stated)	(Re-stated) October 01,
		2018	2017	2016
ASSETS	**Note**	**-----Rupees in thousand-----**		
Non-current Assets				
Property, plant and equipment	**6**	**921,214**	1,014,332	927,819
Investment property	**7**	**27,607**	28,654	29,795
Long term investments	**8**	**170,006**	170,006	170,006
Long term loan to Subsidiary Company	**9**	**279,500**	279,500	199,643
Security deposits		**1,258**	1,258	1,258
		1,399,585	1,493,750	1,328,521
Current Assets				
Stores and spares	**10**	**108,029**	105,011	110,326
Stock-in-trade	**11**	**371,602**	644,205	172,212
Current portion of long term loan to Subsidiary Company	**9**	**0**	0	79,857
Trade debts		**178,054**	2,061	28,855
Advances	**12**	**14,423**	55,044	50,715
Trade deposits and short term prepayments	**13**	**7,058**	1,861	1,213
Accrued profit on bank deposits		**69**	25	25
Other receivables	**14**	**9,429**	11,856	7,218
Advance sales tax		**25,000**	57,000	27,000
Sales tax refundable		**11,187**	618	0
Income tax refundable, advance tax and tax deducted at source	**15**	**14,080**	20,173	19,936
Bank balances	**16**	**51,720**	53,602	55,387
		790,651	951,456	552,744
TOTAL ASSETS		**2,190,236**	2,445,206	1,881,265
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorised capital				
5,750,000 (2017: 5,750,000) ordinary shares of Rs.10 each		**57,500**	57,500	57,500
Issued, subscribed and paid-up capital	**17**	**37,500**	37,500	37,500
Capital reserves				
- share redemption		**1**	1	1
- revaluation surplus on property, plant and equipment	**18**	**565,596**	607,776	526,126
General revenue reserve		**900,000**	900,000	900,000
Accumulated loss		**(510,281)**	(364,263)	(259,728)
Shareholders' Equity		**992,816**	1,181,014	1,203,899
LIABILITIES				
Non-current Liabilities				
Long term finances	**19**	**0**	66,666	133,333
Liabilities against assets subject to finance lease	**20**	**3,009**	4,368	3,243
Staff retirement benefits - gratuity	**21**	**14,135**	12,126	14,148
		17,144	83,160	150,724
Current Liabilities				
Trade and other payables	**22**	**114,237**	237,045	42,416
Unclaimed dividends		**7,674**	7,706	7,733
Accrued mark-up	**23**	**22,300**	19,914	10,314
Short term borrowings	**24**	**945,384**	826,306	379,670
Current portion of:				
- long term finances	**19**	**66,666**	66,667	66,667
- liabilities against assets subject to finance lease	**20**	**2,329**	2,771	3,074
Taxation	**25**	**21,686**	20,623	16,768
		1,180,276	1,181,032	526,642
Total Liabilities		**1,197,420**	1,264,192	677,366
TOTAL EQUITY AND LIABILITIES		**2,190,236**	2,445,206	1,881,265
Contingencies and commitments	**26**			

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

ABBAS SARFARAZ KHAN	**ISKANDER M. KHAN**	**RIZWAN ULLAH KHAN**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		Rupees in thousand	
Sales - Net	27	**1,262,508**	892,219
Cost of Sales	28	**1,329,872**	1,013,798
Gross Loss		**(67,364)**	(121,579)
Distribution Cost	29	**12,548**	5,117
Administrative Expenses	30	**60,703**	61,683
Other Expenses	31	**3,879**	2,871
		77,130	69,671
		(144,494)	(191,250)
Other Income	32	**63,506**	97,578
Loss from Operations		**(80,988)**	(93,672)
Finance Cost	33	**85,525**	78,259
Loss before Taxation		**(166,513)**	(171,931)
Taxation	34	**29,222**	(24,753)
Loss after Taxation		**(195,735)**	(147,178)
Other Comprehensive (Loss) / Income			
Items that will not be reclassified to profit or loss:			
(Loss) / gain on remeasurement of staff retirement benefit obligation - gratuity	21	**(1,613)**	17
Impact of tax		**468**	(5)
		(1,145)	12
Surplus arisen upon revaluation of property, plant and equipment	18	**0**	166,651
Impact of tax		**0**	(49,995)
		0	116,656
		(1,145)	116,668
Total Comprehensive Loss		**(196,880)**	(30,510)
		--------- Rupees ---------	
Loss per Share	35	**(52.20)**	(39.25)

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

ABBAS SARFARAZ KHAN	ISKANDER M. KHAN	RIZWAN ULLAH KHAN
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Share capital	Reserves				Total
		Capital		Revenue		
		Share redem-ption	Revaluation surplus on property, plant and equipment	General	Accumul-ated loss	
	---------------------- Rupees in thousand ----------------------					
Balance as at October 01, 2016	37,500	1	0	900,000	(259,728)	677,773
Impact of re-statement (note 5)	0	0	526,126	0	0	526,126
Balance as at October 01, 2016 - restated	37,500	1	526,126	900,000	(259,728)	1,203,899
Total comprehensive loss for the year ended September 30, 2017						
- loss for the year	0	0	0	0	(147,178)	(147,178)
- other comprehensive income	0	0	116,656	0	12	116,668
	0	0	116,656	0	(147,166)	(30,510)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(42,631)	0	42,631	0
Resultant adjustment due to reduction in tax rate	0	0	7,625	0	0	7,625
Balance as at September 30, 2017	37,500	1	607,776	900,000	(364,263)	1,181,014
Total comprehensive loss for the year ended September 30, 2018						
- loss for the year	0	0	0	0	(195,735)	(195,735)
- other comprehensive loss	0	0	0	0	(1,145)	(1,145)
	0	0	0	0	(196,880)	(196,880)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(50,862)	0	50,862	0
Resultant adjustment due to reduction in tax rate	0	0	8,682	0	0	8,682
Balance as at September 30, 2018	**37,500**	**1**	**565,596**	**900,000**	**(510,281)**	**992,816**

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

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
	Rupees in thousand	
Cash flows from operating activities		
Loss for the year - before taxation	**(166,513)**	(171,931)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**94,981**	86,037
Depreciation on investment property	**1,047**	1,141
Mark-up on loan to Subsidiary Company and profit on bank deposits	**(23,066)**	(21,679)
Staff retirement benefits-gratuity (net)	**(1,024)**	(276)
Unclaimed payable balances written-back	**(72)**	(506)
Gain on disposal of vehicles	**(478)**	(877)
Uncollectible receivable balances written-off	**526**	17
Dividends	**(20,627)**	(62,453)
Finance cost	**83,240**	76,278
Loss before working capital changes	**(31,986)**	(94,249)
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(3,018)**	5,315
Stock-in-trade	**272,603**	(471,993)
Trade debts	**(175,993)**	26,794
Advances	**40,095**	(4,346)
Trade deposits and short term prepayments	**(5,197)**	(648)
Other receivables	**2,427**	(4,638)
Sales tax refundable	**(10,569)**	(618)
Advance sales tax	**32,000**	(30,000)
(Decrease) / increase in trade and other payables	**(121,316)**	193,406
	31,032	(286,728)
Cash used in operations	**(954)**	(380,977)
Income tax paid	**(12,916)**	(14,004)
Net cash used in operating activities	**(13,870)**	(394,981)
Cash flows from investing activities		
Additions to property, plant and equipment	**(4,058)**	(7,462)
Sale proceeds of vehicles	**2,673**	2,440
Dividends received	**20,627**	62,453
Mark-up / profit received on loan to Subsidiary Company and bank deposits	**23,022**	21,679
Net cash generated from investing activities	**42,264**	79,110
Cash flows from financing activities		
Long term finances repaid	**(66,667)**	(66,667)
Lease finances - net	**(1,801)**	822
Finance cost paid	**(80,854)**	(66,678)
Dividend paid	**(32)**	(27)
Short term borrowings - net	**119,078**	446,636
Net cash (used in) / generated from financing activities	**(30,276)**	314,086
Net decrease in cash and cash equivalents	**(1,882)**	(1,785)
Cash and cash equivalents - at beginning of the year	**53,602**	55,387
Cash and cash equivalents - at end of the year	**51,720**	53,602

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

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property. - notes 4.1, 4.2, 6.1 & 7

- Provision for impairment of inventories - notes 4.4, 4.5, 10 & 11
- Impairment loss of non-financial assets other than inventories - note 4.8
- Provision for doubtful trade debts and other receivables - notes 4.6 & 14
- Staff retirement benefits - gratuity - notes 4.10 & 21
- Estimation of provisions - note 4.12
- Estimation of contingent liabilities - notes 4.13 & 26
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14 & 25

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2017 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 financial statements, except for the following:

(a) International Accounting Standard (IAS) 7, 'Cash flow statements: Disclosure initiative' is applicable to accounting periods beginning on or after January 01, 2017. This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The amendments have only resulted in some additional disclosures in the Company's financial statements.

(b) IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses is applicable to accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The amendment does not have any impact on the Company's financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after October 01, 2018 but are considered not to be relevant or to have any significant effect on the Company’s operations and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 9, ‘Financial instruments’ is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, ‘Financial instruments: Recognition and measurement’. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of this standard on its financial statements.

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

(c) IFRS 16, ‘Leases’ is applicable to accounting periods beginning on or after January 01, 2019. This standard replaces the current guidance in IAS 17, ‘Leases’ and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard on its financial statements.

(d) IAS 23, 'Borrowing costs' is applicable to 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 are not likely to have material impact on the Company's financial statements.

(e) Transfers of investment property; amendments to IAS 40 'Investment property' are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

(f) IFRIC 23, 'Uncertainty over income tax treatments' is applicable to 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 Company is yet to assess the full impact of this interpretation on its financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 5.

4.1 Property, plant and equipment

Measurement

Buildings on leasehold and freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment, except freehold land and capital work-in-progress, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Freehold land and capital work-in-progress are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Revaluation

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

Depreciation

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 6.1. Leasehold land is amortised over the lease term using the straight-line method.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Disposal

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss. In case of the sale or retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation surplus on property, plant and equipment is transferred directly to unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimates is accounted for on a prospective basis.

4.2 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been valued at cost whereas buildings on freehold land have been valued at cost less accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income applying reducing balance method at the rates stated in note 7. Depreciation on additions is charged from the month in which the asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Impairment loss or its reversal, if any, is taken to statement of profit or loss.

4.3 Investments

Investments in associates and subsidiaries are carried at cost less impairment loss, if any. Gain / loss on sale of investments is included in statement of profit or loss. Bonus shares are accounted for by increase in number of shares without any change in value.

The Company issues consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10 'Consolidated financial statements'. Investments in associates, in the consolidated financial statements, have been accounted for using the equity method.

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiaries and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and the net assets value of these investments. Impairment losses are recognised as expense in the statement of profit or loss.

Investments in subsidiaries and associates, that suffered an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the statement of profit or loss on investments in subsidiaries and associates are reversed through the statement of profit or loss.

4.4 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.5 Stock-in-trade

a) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.

b) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.

c) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

4.6 Trade debts and other receivables

Measurement

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any.

Impairment

A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts and other receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.8 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.10 Staff retirement benefits

(a) Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 9% of the basic salaries both by the employees and the Company.

(b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2018 on the basis of projected unit credit method by an independent Actuary.

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

4.11 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

4.13 Contingent liabilities

A contingent liability is disclosed when the Company

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or

- has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

4.14 Taxation

Taxation comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or equity.

(a) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current year also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

(b) Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

4.15 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.16 Financial instruments

(a) Initial recognition

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

(b) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial instruments include security deposits, trade debts, trade deposits, accrued profit on bank deposits, other receivables, deposits with a non-banking finance company, bank balances, long term finances, lease finances, trade & other payables, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.18 Foreign currency translations

Foreign currency transactions are recorded in Pakistan Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to statement of profit or loss.

4.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.20 Development expenditure

Expenditure incurred on development of sugar cane and beet is expensed in the year of incurrence.

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 43 to these financial statements.

5. CHANGE IN ACCOUNTING POLICY

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at September 30, 2017			As at September 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	------------------------------------ Rupees in thousand ------------------------------------					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	607,776	0	(607,776)	526,126	0	(526,126)
Equity	0	607,776	607,776	0	526,126	526,126
Effect on statement of changes in equity						
Capital reserve	0	607,776	607,776	0	526,126	526,126

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		Rupees in thousand	
Operating fixed assets	**6.1**	**921,214**	1,014,128
Advance against vehicle		**0**	204
		921,214	1,014,332

6.1 Operating fixed assets - tangible

Particulars	Land		Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Furniture, fittings & office equipment	Railway rolling stock and vehicles	Leased		Total
	Leasehold	Freehold						Vehicles	Generator	
	---------- Rupees in thousand ----------									
As at September 30, 2016										
Cost / revaluation	2,725	12,065	188,032	175,295	725,877	58,949	18,406	7,829	5,700	1,194,878
Accumulated depreciation	528	0	30,243	29,880	159,187	29,837	14,100	1,855	1,429	267,059
Book value	2,197	12,065	157,789	145,415	566,690	29,112	4,306	5,974	4,271	927,819
Year ended September 30, 2017:										
Additions	0	0	0	0	0	1,728	194	5,336	0	7,258
Revaluation adjustments										
Cost / revaluation	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	5,393	5,328	155,930	0	0	0	0	166,651
Disposals:										
- cost	0	0	0	0	0	0	(3,514)	0	0	(3,514)
- depreciation	0	0	0	0	0	0	1,951	0	0	1,951
Transfer from leased to owned										
- cost	0	0	0	0	0	0	1,692	(1,692)	0	0
- depreciation	0	0	0	0	0	0	(717)	717	0	0
Depreciation charge for the year	28	0	11,220	11,086	56,763	4,277	655	1,581	427	86,037
Book value as at September 30, 2017	2,169	12,065	151,962	139,657	665,857	26,563	3,257	8,754	3,844	1,014,128
Year ended September 30, 2018:										
Additions	0	0	0	0	15	1,360	843	2,044	0	4,262
Disposals:										
- cost	0	0	0	0	0	0	(4,615)	0	0	(4,615)
- depreciation	0	0	0	0	0	0	2,420	0	0	2,420
Transfer from leased to owned										
- cost	0	0	0	0	5,700	0	2,752	(2,752)	(5,700)	0
- depreciation	0	0	0	0	(2,048)	0	(1,263)	1,263	2,048	0
Depreciation charge for the year	27	0	10,717	10,589	66,882	3,923	810	1,841	192	94,981
Book value as at September 30, 2018	2,142	12,065	141,245	129,068	602,642	24,000	2,584	7,468	0	921,214
As at September 30, 2017										
Cost / revaluation	2,725	12,065	188,032	175,295	725,877	60,677	16,778	11,473	5,700	1,198,622
Accumulated depreciation	556	0	36,070	35,638	60,020	34,114	13,521	2,719	1,856	184,494
Book value	2,169	12,065	151,962	139,657	665,857	26,563	3,257	8,754	3,844	1,014,128
As at September 30, 2018										
Cost / revaluation	2,725	12,065	188,032	175,295	731,592	62,037	15,758	10,765	0	1,198,269
Accumulated depreciation	583	0	46,787	46,227	128,950	38,037	13,174	3,297	0	277,055
Book value	2,142	12,065	141,245	129,068	602,642	24,000	2,584	7,468	0	921,214
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	10-15	10-20	10	10-12	

6.2 Particulars of immovable property

Location	Usage of immovable property	Total Area (square feet)	Covered Area (In square feet) approx.
Land - freehold			
Saro Shah, Takht Bahi	Agricultural	5,378,299	0
Nowshera Road, Mardan	Industrial	999,158	
Land - leasehold			
Nowshera Road, Mardan	Industrial	5,268,037	
		6,267,195	807,188
		11,645,494	807,188

6.3 Disposal of vehicles

Particulars of assets	Cost	Accumu-lated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Sold to:
	- - - - - - - - - Rupees in thousand - - - - - - - - -						
Vehicles having book value exceeding Rs.500,000							
Toyota Corolla XLI	**1,692**	**896**	**796**	**846**	**50**	**Negotiation**	**Mr. Tahir Mehmood, Lahore (employee).**
Toyota Corolla XLI	**1,693**	**693**	**1,000**	**1,300**	**300**	**--- do ---**	**Mr. Tariq Javed, Sahiwal (ex-employee).**
	3,385	**1,589**	**1,796**	**2,146**	**350**		
Aggregate value of vehicles having individual book value less than Rs.500,000 each	**1,230**	**831**	**399**	**527**	**128**		
2018	**4,615**	**2,420**	**2,195**	**2,673**	**478**		
2017	3,514	1,951	1,563	2,440	877		

6.4 Depreciation for the year has been allocated as follows:

	2018	2017
	Rupees in thousand	
Cost of sales	**89,324**	80,664
Administrative expenses	**5,657**	5,373
	94,981	86,037

6.5 Had the aforementioned revalued fixed assets of the Company been recognised under the cost model, the carrying values of these assets would have been as follows:

- buildings on freehold land	**17,062**	17,914
- buildings on leasehold land	**2,491**	3,332
- plant & machinery	**135,078**	146,269
	154,631	167,515

6.6 Based on the revaluation report of Hamid Mukhtar & Co. (Pvt.) Ltd. dated October 16, 2017, the forced sale values of revalued fixed assets have been assessed as follows.

	Rupees in thousand
Buildings	**230,601**
Plant & machinery	**532,000**
	762,601

6.7 The Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011, September 30, 2014 and September 30, 2017 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million and Rs.5.328 million respectively was incorporated in the books of account.

Clause 6 of the lease agreement dated July 09, 1947, which was for a period of 60 years, empowers the Company to renew the lease. On August 10, 2007, the Company, in terms of the aforesaid clause 6, had exercised the option of renewal of the lease and indicated its desire to extend the lease for a further period of 60 years (commencing from January 01, 2008) on such terms as may be agreed between the parties and invited the legal heirs of the lessor to negotiate the terms of the extended lease agreement. The legal heirs of the lessor had failed to agree on the terms of the extended lease; hence, the matter was referred to arbitration.

Two of the legal heirs of the lessor have filed civil suits impugning the validity of arbitration. These suits are frivolous, barred by law and liable to be dismissed in due course under relevant provisions of the Arbitration Act, 1940.

The arbitration proceedings were finalised during the financial year ended September 30, 2016 and the Arbitrator (a Senior Advocate of the Supreme Court of Pakistan) announced the award by extending the lease term for a further period of 60 years. The same was filed before the Senior Civil Judge, Mardan to make it 'Rule of the Court'.

7. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
	------------- Rupees in thousand -------------		
As at September 30, 2016:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	48,457	48,457
Book value	14,544	15,251	29,795
Year ended September 30, 2017:			
Depreciation charge	0	1,141	1,141
Book value	14,544	14,110	28,654
Year ended September 30, 2018:			
Depreciation charge	0	1,047	1,047
Book value	**14,544**	**13,063**	**27,607**
As at September 30, 2017			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	49,598	49,598
Book value	14,544	14,110	28,654
As at September 30, 2018			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	50,645	50,645
Book value	**14,544**	**13,063**	**27,607**
Depreciation rate (%)	0	5-10	

7.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2018 was Rs.260 million (2017: Rs.260 million).

8. LONG TERM INVESTMENTS - in Related Parties

SUBSIDIARY COMPANIES	**2018**	2017	**2018**	2017
	Share-holding %		**Rupees in thousand**	
QUOTED:				
Chashma Sugar Mills Ltd.				
13,751,000 (2017: 13,751,000) ordinary shares of Rs.10 each **(note 8.1)**	**47.93**	47.93	**137,584**	137,584
- Market value Rs.673.799 million (2017: Rs.828.497 million)				
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2018 Rs.2,782.568 million (2017: Rs.1,948.440 million)				

	2018	2017	2018	2017
	Share-holding %		**Rupees in thousand**	
UN-QUOTED:				
The Frontier Sugar Mills & Distillery Ltd.				
1,113,637 (2017: 1,113,637) ordinary shares of Rs.10 each	**82.49**	82.49	**26,509**	26,509
42,984 (2017: 42,984) 7% irredeemable preference shares of Rs.10 each	**85.97**	85.97	**597**	597
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2018 Rs.154.181 million (2017: Rs.164.459 million)				
			27,106	27,106
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd.				
229,900 (2017: 229,900) ordinary shares of Rs.10 each	**5.75**	5.75	**2,846**	2,846
Market value Rs.4.136 million (2017: Rs.5.782 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2017: 14,450) ordinary shares of Rs.100 each	**48.17**	48.17	**322**	322
Less: impairment loss			**322**	322
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil **(note 8.2)**			**0**	0
Balance c/f			**167,536**	167,536
Balance b/f			**167,536**	167,536
Premier Board Mills Ltd.				
47,002 (2017: 47,002) ordinary shares of Rs.10 each	**0.83**	0.83	**470**	470
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2018 Rs.4.418 million (2017: Rs.4.571 million)				

	2018	2017	2018	2017
	Share-holding %		**Rupees in thousand**	
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2017: 200,000) ordinary shares of Rs.10 each	**40.00**	40.00	**2,000**	2,000
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2018 Rs.78.496 million (2017: Rs.76.466 million)				
			170,006	170,006

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

8.2 NCPL has no known assets and liabilities as at June 30, 2018 and June 30, 2017 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

8.3 Provisions of section 208 of the repealed Companies Ordinance, 1984, now section 199 of the Companies Act, 2017, were duly complied with for making investments in the Associated Companies.

9. LONG TERM LOAN TO SUBSIDIARY COMPANY - Secured

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

10. STORES AND SPARES

	2018	2017
Stores	**42,821**	42,568
Spares	**65,208**	62,443
	108,029	105,011

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

11. STOCK-IN-TRADE

	Note	2018	2017
		Rupees in thousand	
Sugar-in-process		**2,117**	3,370
Finished goods:			
- sugar		**369,004**	626,570
- molasses		**481**	14,265
		369,485	640,835
		371,602	644,205

12. ADVANCES - Considered good

Suppliers and contractors		**9,980**	52,884
Employees		**4,443**	2,160
		14,423	55,044

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

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Excise duty deposit		**136**	136
Short term prepayments		**6,922**	1,725
		7,058	1,861

14. OTHER RECEIVABLES

Sugar export subsidy		**2,991**	2,991
Gas infrastructure development cess paid under protest - refundable	**26.3**	**3,018**	3,018
Due from related parties	**14.1**	**1,984**	4,510
Others		**1,436**	1,337
		9,429	11,856

14.1 It represents due from following related parties:

Premier Board Mills Ltd. (lease rentals receivable)		**1,972**	4,510
The Frontier Sugar Mills & Distillery Ltd.		**12**	0
		1,984	4,510

14.2 Maximum amounts due from related parties at any month-end during the year aggregated Rs.6.868 million (2017: Rs.4.510 million).

15. INCOME TAX REFUNDABLE, ADVANCE TAX AND TAX DEDUCTED AT SOURCE

The movement in this account during the year was as follows:

	Rupees in thousand
Balance as at September 30, 2017	**20,173**
Add: taxes deducted at source during the year	**12,916**
Less: adjusted against completed assessment	**(19,009)**
Balance as at September 30, 2018	**14,080**

16. BANK BALANCES

	Note	2018	2017
		Rupees in thousand	
Cash at banks on:			
- PLS accounts	**16.1**	**4,366**	1,189
- current accounts		**13,095**	10,655
- deposit accounts	**16.3**	**10,014**	7,513
- deposits with a non-banking finance company - unsecured	**16.4**	**29,000**	39,000
- dividend accounts		**245**	245
		56,720	58,602
Less: provision for doubtful bank balance	**16.5**	**5,000**	5,000
		51,720	53,602

16.1 These include Rs.331 thousand (2017: Rs.387 thousand) in security deposit account.

16.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 3.75% to 9.26% (2017: 3.75% to 7.64%) per annum.

16.3 These include deposits amounting Rs.5.000 million (2017: Rs.2.500 million), which are under lien of a bank against guarantee issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

16.4 **(a)** These represent deposits lying with Innovative Investment Bank Limited (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 current year	**(10,000)**
	29,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL before the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

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

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

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

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

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		**2018**	2017
(No. of shares)			**Rupees in thousand**	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	**14,763**	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	**22,737**	22,737
3,750,000	3,750,000		**37,500**	37,500

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

17.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2018 and September 30, 2017.

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

18.1 The Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011 and September 30, 2014 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million, Rs.110.992 million and Rs.438.066 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

18.2 The Company, during the financial year ended September 30, 2017, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd. - Consulting Engineers, Surveyors and Valuation Consultants - 14-Q, Gulberg-2, Lahore] to replace the carrying amounts of these assets with their depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.166.651 million has been credited to statement of other comprehensive income to comply with the requirements of IAS 16. The year-end balance has been arrived at as follows:

	2018	Restated 2017	Restated 2016
	------ Rupees in thousand ------		
Opening balance	**868,251**	762,501	830,169
Add: surplus arisen on revaluation carried-out during the year	**0**	166,651	0
Less: transferred to accumulated loss on account of incremental depreciation for the year	**(71,637)**	(60,901)	(67,668)
	796,614	868,251	762,501
Less: deferred tax on:			
- opening balance of surplus	**260,475**	236,375	265,654
- surplus on revaluation carried out during the year	**0**	49,995	0
- incremental depreciation for the year	**(20,775)**	(18,270)	(20,977)
	239,700	268,100	244,677
- resultant adjustment due to reduction in tax rate	**(8,682)**	(7,625)	(8,302)
	231,018	260,475	236,375
Closing balance	**565,596**	607,776	526,126

18.3 Also refer contents of note 5.

19. LONG TERM FINANCES - Secured

	2018	2017
	Rupees in thousand	
Balance as at September 30,	**66,666**	133,333
Less: current portion grouped under current labilities	**66,666**	66,667
	0	66,666

Soneri Bank Limited (SBL), during September, 2014, against a term finance facility has disbursed Rs.200 million. The finance facility carries mark-up at the rate of 6 months KIBOR + 1 %; effective mark-up rate charged by SBL during the year ranged from 7.15% to 8.04% (2017:7.06% to 7.15%) per annum. The finance facility is secured against first pari passu charge of Rs.267 million over plant and machinery of the Company and is repayable in six equal half-yearly instalments of Rs.33.333 million commenced from March, 2017.

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2018			2017		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	------------------------------ Rupees in thousand -------------------------					
Minimum lease payments	**3,061**	**4,041**	**7,102**	4,217	5,835	10,052
Less: finance cost allocated to future periods	**403**	**314**	**717**	445	453	898
	2,658	**3,727**	**6,385**	3,772	5,382	9,154
Less: security deposits adjustable on expiry of lease terms	**329**	**718**	**1,047**	1,001	1,014	2,015
Present value of minimum lease payments	**2,329**	**3,009**	**5,338**	2,771	4,368	7,139

20.1 The Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by September, 2021. The Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 7.97% to 10.06% (2017: 7.76% to 8.35%) per annum.

21. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	**2018**	2017
- discount rate - per annum	**10.25%**	8.00%
- expected rate of growth per annum in future salaries	**9.25%**	7.00%
- mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	**Age-based**	Age-based
- retirement assumption	**Age 60**	Age 60
- average expected remaining working life time of employees	**08 years**	07 years

Amount recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:	**2018**	2017
	Rupees in thousand	
Opening balance	**12,126**	14,148
Current service cost	**737**	803
Past service cost	**267**	173
Interest cost	**909**	886
Benefits payable to outgoing Members - grouped under current liabilities	**(144)**	(1,843)
Benefits paid	**(1,373)**	(2,024)
Remeasurements:		
-experience adjustments	**1,563**	(31)
-changes in financial assumptions	**50**	14
Closing balance	**14,135**	12,126

Expense recognised in statement of profit or loss		
Current service cost	**737**	803
Past service cost	**267**	173
Interest cost	**909**	886
Charge for the year	**1,913**	1,862

Remeasurement recognised in statement of other comprehensive income

Experience adjustments	**1,613**	(17)

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2018	2017	2016	2015	2014
	Rupees in thousand				
Present value of defined benefit obligation	**14,135**	12,126	14,148	13,764	9,175
Experience adjustment on obligation	**1,613**	(17)	(783)	291	(1,638)

Year-end Sensitivity Analysis:

	Impact on defined benefit obligation		
	Change in assumption	**Increase**	**Decrease**
Discount rate	**1%**	**13,100**	**15,302**
Salary growth rate	**1%**	**15,314**	**13,070**

21.1 The expected contribution to defined benefit obligation for the year ending September 30, 2019 is Rs.2.347 million.

22. TRADE AND OTHER PAYABLES

	Note	2018	2017
		Rupees in thousand	
Due to related parties	**22.1**	**78,875**	50,251
Creditors		**14,747**	17,253
Accrued expenses		**10,778**	12,244
Due to employees against vehicles		**5,018**	3,292
Deposits from contractors and others	**22.2**	**1,427**	2,965
Advances from customers		**0**	146,208
Income tax deducted at source		**64**	66
Sales tax payable		**14**	12
Gratuity payable to ex-employees		**3,253**	4,673
Others		**61**	81
		114,237	237,045

22.1 It represents due to the following related parties:

Chashma Sugar Mills Ltd.	**74,135**	50,251
Syntronics Ltd.	**4,740**	0
	78,875	50,251

22.2 These include Rs.331 thousand (2017: Rs.387 thousand) representing mark-up bearing deposits. The Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

23. ACCRUED MARK-UP

Mark-up accrued on:		
- long term finances	**1,931**	2,893
- short term borrowings	**20,369**	17,021
	22,300	19,914

24. SHORT TERM BORROWINGS

Secured	**24.1**	**944,000**	818,000
Un-secured - temporary bank overdraft	**24.3**	**1,384**	8,306
		945,384	826,306

24.1 Short term finance facilities available from commercial banks under mark-up arrangements aggregate Rs.1,250 million (2017: Rs.1,700 million). These facilities are secured against pledge of stock of refined sugar, charge over fixed assets and charge over present and future current assets of the Company. These facilities, during the year, carried mark-up at the rates ranging from 7.15% to 7.93% (2017: 7.04% to 7.64%) per annum and are expiring on various dates by March 31, 2019.

24.2 Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2017: Rs.125 million). Out of the available facilities, facilities aggregating Rs.105 million (2017: Rs.115 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

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

25. TAXATION - Net

	2018	2017
	Rupees in thousand	
Opening balance	**20,623**	16,768
Add: provision made / (written-back) during the year:		
current	**21,685**	20,623
prior year	**(1,613)**	(3,001)
	20,072	17,622
	40,695	34,390
Less: payments / adjustments made against completed assessments	**19,009**	13,767
	21,686	20,623

25.1 The returns for the Tax Years 2010 to 2018 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

25.2 No numeric tax rate reconciliation is presented in these financial statements as the Company during the current and preceding years was mainly liable to pay tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 (Minimum tax on the income of certain persons) of the Ordinance.

25.3 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.

25.4 Deferred taxation

This is comprised of the following:

Taxable temporary differences arising in respect of:	Note	2018	2017
		Rupees in thousand	
- accelerated tax depreciation allowances		**12,559**	14,484
- surplus on revaluation of property, plant and equipment		**231,018**	260,475
- lease finances		**314**	1,033
		243,891	275,992
Deductible temporary differences arising in respect of:			
- available unused tax losses	25.5	**(176,552)**	(224,878)
- staff retirement benefits - gratuity		**(4,099)**	(3,638)
- provision for doubtful bank balance		**(1,450)**	(1,500)
- minimum tax recoverable against normal tax charge in future years		**(61,790)**	(45,976)
		(243,891)	(275,992)
		0	0

25.5 Deferred tax asset recognised in these financial statements has been restricted to Rs.176.552 million (2017: Rs.224.878 million) as taxable profits in the foreseeable future will not probably be available against which the temporary differences can be utilised. Unrecognised deferred tax asset as at September 30, 2018 amounts to Rs.53.875 million (2017: Rs.73.732 million).

26. CONTINGENCIES AND COMMITMENTS

26.1 No commitments were outstanding as at September 30, 2018 and September 30, 2017.

26.2 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.

26.3 The Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of September, 2018, has raised GIDC demands aggregating Rs.68.087 million, which are payable in case of an adverse judgment by the SCP. No provision for these GIDC demands has been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

26.4 The Company's petition filed before the PHC, against Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers was fixed at Rs.12,000 per month with effect from July 01, 2014, is still pending adjudication. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.2.359 million approximately.

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

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

26.7 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.

26.8 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at September 30, 2018 were for Rs.20 million (2017: Rs.10 million).These guarantees are valid upto April 24, 2018 and May 26, 2019.

27. SALES - Net

	Note	2018	2017
		Rupees in thousand	
Turnover:			
Local		**1,396,955**	988,688
Less: sales tax		**134,447**	96,469
		1,262,508	892,219

	Note	2018	2017
28. COST OF SALES		**Rupees in thousand**	
Raw materials consumed		**734,366**	1,175,200
Chemicals and stores consumed		**20,110**	17,910
Salaries, wages and benefits	**28.1**	**152,626**	138,958
Power and fuel		**17,157**	28,745
Insurance		**3,408**	3,898
Repair and maintenance		**40,278**	40,416
Depreciation	**6.4**	**89,324**	80,664
		1,057,269	1,485,791
Adjustment of sugar-in-process:			
Opening		**3,370**	2,588
Closing	**11**	**(2,117)**	(3,370)
		1,253	(782)
Cost of goods manufactured		**1,058,522**	1,485,009
Adjustment of finished goods:			
Opening stock		**640,835**	169,624
Closing stock	**11**	**(369,485)**	(640,835)
		271,350	(471,211)
		1,329,872	1,013,798

28.1 These include Rs.1.576 million (2017: Rs.1.588 million) and Rs.1.473 million (2017: Rs.1.434 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

	2018	2017
29. DISTRIBUTION COST		
Commission	**1,439**	1,043
Salaries, wages and amenities	**873**	686
Stacking and loading	**3,947**	1,415
Freight and packing charges for delivering sugar in small packets to a customer	**4,601**	1,185
Others	**1,688**	788
	12,548	5,117

30. ADMINISTRATIVE EXPENSES

	Note	2018	2017
		Rupees in thousand	
Salaries and amenities	30.1	**32,181**	31,866
Travelling, vehicles' running and maintenance		**2,650**	3,153
Utilities		**749**	843
Directors' travelling		**86**	62
Rent, rates and taxes		**2,666**	4,898
Insurance		**611**	927
Repair and maintenance		**5,391**	4,858
Printing and stationery		**2,124**	2,133
Communication		**1,359**	1,403
Legal and professional charges (other than Auditors)		**1,848**	1,108
Subscription		**1,229**	642
Auditors' remuneration	30.2	**1,433**	1,418
Depreciation on:			
- operating fixed assets	6.4	**5,657**	5,373
- investment property	7	**1,047**	1,141
General office expenses		**1,672**	1,858
		60,703	61,683

30.1 These include Rs.0.786 million (2017: Rs.0.786 million) and Rs.0.440 million (2017: Rs.0.428 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

30.2 Auditors' remuneration

Statutory Auditors (ShineWing Hameed Chaudhri & Co):

	2018	2017
- statutory audit fee	**668**	690
- half yearly review fee	**133**	121
- consultancy and certification charges	**572**	494
- out-of-pocket expenses	**60**	60
	1,433	1,365
Other Auditors:		
- cost audit fee (Munawar Associates)	**0**	50
- out-of-pocket expenses	**0**	3
	0	53
	1,433	1,418

			2018	2017
31.	**OTHER EXPENSES**	**Note**	**Rupees in thousand**	
	Uncollectible receivable balances written-off		**526**	17
	Prior year's sales tax on account of inadmissible input tax adjustment claimed		**906**	287
	Sales tax and default surcharge on plant & machinery sold in prior year		**0**	2,567
	Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		**2,447**	0
			3,879	2,871
32.	**OTHER INCOME**			
	Income from financial assets:			
	Mark-up on loan to Subsidiary Company		**22,363**	20,969
	Mark-up / interest / profit on bank deposits / saving accounts and certificates		**703**	710
	Dividends		**20,627**	62,453
	Income from other than financial assets:			
	Gain on disposal of vehicles	**6.3**	**478**	877
	Rent	**32.1**	**16,621**	6,721
	Sale of scrap		**57**	134
	Unclaimed payable balances written-back		**72**	506
	Sale of agricultural produce - net of expenses aggregating Rs. 3.481 million (2017: Rs.3.577 million)		**520**	2,280
	Miscellaneous - net of sales tax amounting Rs.392 thousand (2017: Rs.551 thousand)		**2,065**	2,928
			63,506	97,578

32.1 **(a)** As per the agreement entered into between the Company and Premier Board Mills Ltd. (PBM - a related party) on June 23, 2015, the Company has leased-out a portion of its second floor situated at Head Office to PBM. As per the addendum lease agreement entered into between the Company and PBM on July 01, 2015, the lease has commenced from July 01, 2015 and will end on June 30, 2020. PBM will pay to the Company the sum of Rs.2.310 million per annum as rent.

(b) The Company, during the financial year ended September 30, 2015, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM. As per the addendum lease agreement entered into between the Company and PBM on July 01, 2016, the lease has commenced from July 01, 2016 and will end on June 30, 2021. PBM will pay to the Company the sum of Rs.4.400 million per annum as rent for next five years.

(c) The Company and Chashma Sugar Mills Ltd. (CSM - a Subsidiary Company) on April 01, 2018, have entered into an agreement whereby the Company has leased 5,850 square feet of Head Office third floor to CSM for a lease term of two years on a monthly rent of Rs.1.650 million.

33. FINANCE COST

	Note	2018	2017
		Rupees in thousand	
Mark-up on:			
- long term finances		**8,422**	12,815
- short term borrowings		**74,818**	63,463
Lease finance charges		**528**	526
Bank charges		**1,757**	1,455
		85,525	78,259

34. TAXATION

	Note	2018	2017
Current			
- for the year	25	**21,685**	20,623
- for prior years	25	**(1,613)**	(3,001)
		20,072	17,622
Deferred:			
- resultant adjustment due to reduction in tax rate	18	**8,682**	7,625
- on account of temporary differences		**468**	(50,000)
		9,150	(42,375)
		29,222	(24,753)

34.1 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income tax with most recent tax assessment for the last three tax years is as follows:

	2017	2016	2015
	----- Rupees in thousand -----		
Tax assessed as per most recent tax assessment	19,010	13,767	0
Provision in financial statements for income tax	20,623	16,768	0

As at September 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate Authorities on similar matters, the provision in financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax Authorities.

35. LOSS PER SHARE

	2018	2017
	Rupees in thousand	
Loss after taxation attributable to ordinary shareholders	**(195,735)**	(147,178)
	---- No. of shares ----	
Weighted average number of shares outstanding during the year	**3,750,000**	3,750,000
	--------- Rupees ---------	
Loss per share	**(52.20)**	(39.25)

35.1 Diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2018 and September 30, 2017, which would have any effect on the loss per share of the Company if the option to convert is exercised.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

36.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of stores & spares mainly denominated in U.S. $. The Company is not exposed to foreign currency risk as at September 30, 2018 and September 30, 2017 as it has no foreign currency financial instrument at the respective year-ends.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2018	2017	2018	2017
	Effective rates		**Carrying amount**	
			Rupees in thousand	
Fixed rate instruments				
Deposits with a non-banking finance company	**5%**	5%	**29,000**	39,000
Bank balances	**3.75% to 9.26%**	3.75% to 7.64%	**14,380**	8,702
Variable rate instruments				
Long term loan to Subsidiary Company	**7.51% to 9.26%**	7.47% to 7.53%	**279,500**	279,500
Long term finances	**7.15% to 8.04%**	7.06% to 7.15%	**66,666**	133,333
Liabilities against assets subject to finance lease	**7.97% to 10.06%**	7.76% to 8.35%	**5,338**	7,139
Short term borrowings	**7.15% to 7.93%**	7.04% to 7.64%	**944,000**	818,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2018, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been higher / lower by Rs.7.365 million; (2017: Rs.6.790 million) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

36.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, deposits with a non-banking finance company and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2018 along with comparative is tabulated below:

	2018	2017
	Rupees in thousand	
Security deposits	**1,258**	1,258
Trade debts	**178,054**	2,061
Trade deposits	**136**	136
Accrued profit on bank deposits	**69**	25
Other receivables	**9,429**	11,856
Deposits with a non-banking finance company	**29,000**	39,000
Bank balances	**22,720**	14,602
	240,666	68,938

- The management does not expect any losses from non-performance by these counter parties except for deposits lying with a non-banking finance company as detailed in note 16.4.
- All the trade debts at the reporting date represent domestic parties.

The ageing of trade debts at the reporting date is as follows:

Not past due	**45,233**	1,766
Past due 30 days	**15,487**	0
Past due 60 days	**117,334**	0
Past due 1 year	**0**	295
	178,054	2,061

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.70.720 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than one year	Between one to five years
	-------------- Rupees in thousand	---------------		
2018				
Long term finances	**66,666**	**70,676**	**70,676**	**0**
Lease finances	**5,338**	**6,055**	**2,732**	**3,323**
Trade and other payables	**114,159**	**121,833**	**121,833**	**0**
Unclaimed dividends	**7,674**	**7,674**	**7,674**	**0**
Accrued mark-up	**22,300**	**22,300**	**22,300**	**0**
Short term borrowings	**945,384**	**961,137**	**961,137**	**0**
	1,161,521	**1,189,675**	**1,186,352**	**3,323**
2017				
Long term finances	133,333	145,230	74,998	70,232
Lease finances	7,139	8,037	3,216	4,821
Trade and other payables	90,759	98,465	98,465	0
Unclaimed dividends	7,706	7,706	7,706	0
Accrued mark-up	19,914	19,914	19,914	0
Short term borrowings	826,306	839,901	839,901	0
	1,085,157	1,119,253	1,044,200	75,053

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

36.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

Except for deposits lying with a non-banking finance company (note 16.4), the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values as at September 30, 2018.

37. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

38. TRANSACTIONS WITH RELATED PARTIES

38.1 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 year were as follows:

	2018	2017
	Rupees in thousand	
i) Subsidiary Companies		
- purchase of goods	**1,732**	1,600
- sale of goods	**67**	388
- sale of molasses	**114,784**	96,981
- dividend received	**20,627**	61,880
- mark-up earned on long term loan	**22,363**	20,969
- salaries shared	**14,803**	16,346
- rental income	**9,900**	0
ii) Associated Companies		
- purchase of goods	**15,159**	9,822
- rental income	**6,710**	6,710
- dividend received	**0**	573
iii) Key management personnel		
- salaries and other benefits	**15,768**	14,706
- contribution towards provident fund	**938**	885

38.2 The Company's shareholdings in Subsidiary and Associated Companies' have been detailed in note 8. In addition to the names of the Associated Companies detailed in note 8, the following are other Associated Companies:

- Syntronics Limited
- Syntron Limited
- Premier Ceramics Limited
- Phipson & Co. Pakistan (Pvt.) Ltd.

38.3 Key management personnel

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

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2018	2017	**2018**	2017	**2018**	2017
	---------------- Rupees in thousand ----------------					
Managerial remuneration	**1,200**	1,200	**9,235**	9,210	**5,288**	4,252
Contribution to provident fund	**0**	0	**451**	454	**487**	431
Medical expenses reimbursed	**0**	0	**45**	44	**0**	0
	1,200	1,200	**9,731**	9,708	**5,775**	4,683
Number of persons	**1**	1	**2**	2	**2**	2

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

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

40. CAPACITY AND PRODUCTION

		2018	2017
SUGAR CANE PLANT			
Rated crushing capacity per day	M.Tonnes	**3,810**	3,810
Cane crushed	M.Tonnes	**204,775**	268,864
Sugar produced	M.Tonnes	**22,708**	25,003
Days worked	Nos.	**126**	155
Sugar recovery	%	**11.12**	9.32
SUGAR BEET PLANT			
Rated slicing capacity per day	M.Tonnes	**2,500**	2,500
DISTILLERY			
Rated capacity per day	Gallons	**10,000**	10,000

- The normal season days are 150 days for Sugar Cane crushing.

- Production was restricted to the availability of raw materials to the Company.

- The operations of distillery were closed during the financial year ended September 30, 2015 due to low prices of ethanol.

41. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				
	Long term finances	**Lease finances**	**Short term borrowings**	**Accrued mark-up**	**Dividend**
	------------------------ Rupees in thousand ------------------------				
Balance as at October 01, 2017	133,333	7,139	826,306	19,914	7,706
Changes from financing activities					
Finances repaid	(66,667)	(3,591)	0	0	0
Lease finances obtained	0	1,790	0	0	0
Finances obtained - net	0	0	119,078	0	0
Mark-up accrued	0	0	0	83,240	0
Mark-up paid	0	0	0	(80,854)	0
Dividend paid	0	0	0	0	(32)
	(66,667)	**(1,801)**	**119,078**	**2,386**	**(32)**
Balance as at September 30, 2018	**66,666**	**5,338**	**945,384**	**22,300**	**7,674**

42. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements for the year ended September 30, 2018 and audited financial statements of the provident fund for the year ended September 30, 2017:

	2018	2017
	(Rupees in thousand)	
Size of the fund - total assets	**42,993**	50,606
Cost of investments made	**42,661**	47,285
Percentage of investments made	**99.23%**	93.44%
Fair value of investments made	**42,661**	50,375

42.1 The break-up of fair value of investments is as follows:

	2018	2017	2018	2017
	-------- % --------		--------Rupees --------	
Term deposit receipt (TDR)	**96.11%**	81.39%	**41,000**	41,000
Saving account in a scheduled bank	**3.89%**	12.48%	**1,661**	6,285
Accrued profit on TDR and saving account	**0.00%**	6.13%	**0**	3,090
	100.00%	100.00%	**42,661**	50,375

42.2 Investments out of the provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

43. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

43.1 Sugar sales represent 92% (2017: 90%) of the total gross sales of the Company.

43.2 All sales have been made to customers in Pakistan.

43.3 All non-current assets of the Company as at September 30, 2018 are located in Pakistan.

43.4 Two (2017: one) of the Company's customers contributed towards 98.42% (2017: 90.00%) of the gross sugar sales during the year aggregating Rs.1,262 million (2017: Rs.806 million).

44. NUMBER OF EMPLOYEES

	2018	2017
	------ Numbers ------	
Number of persons employed as at September 30,		
- permanent	**453**	447
- contractual	**120**	123
	***573**	*570

*This includes 262 (2017: 271) number of factory employees

Average number of employees during the year		
- permanent	**469**	487
- contractual	**195**	240
	****664**	**727

**This includes 330 (2017: 363) number of factory employees

45. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

45.1 Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous years have been restated. For detailed information please refer to note 5.

45.2 The exchange rate of USD to PKR has increased from PKR 105.25 as at September 30, 2017 to PKR 124.11 as at September 30, 2018.

45.3 For a detailed discussion about the Company's performance please refer to the Directors' report.

46. EVENT ATER THE REPORTING DATE

The Board of Directors, during the year, have decided to shift the Company's Distillery operations from Mardan to Ramak, Dera Ismail Khan due to easy approach to power and raw materials. The shifting is under process.

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 05, 2019 by the board of directors of the Company.

48. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, except for the following, no material re-arrangements and re-classifications have been made in these financial statements.

As required by provisions of the Companies Act, 2017, unclaimed dividends have been disclosed as a separate line item on the face of statement of financial position whereas revaluation surplus on property, plant and equipment has been reclassified and made part of equity as fully detailed in note 5.

ABBAS SARFARAZ KHAN	**ISKANDER M. KHAN**	**RIZWAN ULLAH KHAN**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

annual report

2018

THE PREMIER SUGAR MILLS & DISTILLERY CO. LIMITED
CONSOLADITED FINANCIAL STATEMENTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the annexed consolidated financial statements of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2018, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

(a) Provisions against deposits with a non-banking finance company aggregating Rs.58 million have not been made in these consolidated financial statements as fully detailed in note 18.5 to these consolidated financial statements.

(b) The Frontier Sugar Mills & Distillery Limited (FSM) has been unable to carry-out its manufacturing operations during the current and prior years due to non-availability of raw materials; the management has also decided to close down operations till the availability of substantial quantity of raw materials. This situation indicates the existence of a material uncertainty that may cast significant doubt on FSM's ability to continue as a going concern; however, the financial statements of FSM have been prepared on the going concern basis. These consolidated financial statements and annexed notes do not include any adjustment that might result from the outcome of this uncertainty;

(c) in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the year-end stores and spares inventory of FSM have not been adjusted for any potential impairment loss as fully detailed in note 11.1 to these consolidated financial statements; and

(d) fresh revaluation of property, plant & equipment of FSM has not been carried-out as required by IAS 16.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 30.3 to the consolidated financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.68.087 million. Our report is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Compliance with laws and regulations** The Companies Act, 2017 (the Act) was promulgated on May 30, 2017, which replaced the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the consolidated financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Group's consolidated financial statements for the year ended September 30, 2018. The changes are considered as a key audit matter as failure to comply with the requirements of the Act could have financial impact on the Group. Refer notes 6, 7.3, 7.4, 7.5, 13.1, 20, 25, 32, 39.1, 39.4, 50 and 51 for changes in disclosures made through the Act.	We performed following audit procedures: - Obtained an understanding of the related provisions and schedules of the Act, applicable to the Group and prepared documents to assess the Group's compliance with the disclosure requirements of the Act. - Discussed the applicable changes with the Group's management and those charged with governance as to whether the Group was in compliance with such changes. - Maintained a high level of vigilance when carrying-out our other audit procedures for identification of any non-compliance. - Ensured that the consolidated financial statements have been prepared in accordance with the approved accounting standards and the Act.
2.	**Property, plant and equipment** The Group's property, plant and equipment represent 98% (2017: 98%) of its total non-current assets; further, these represent 67% (2017: 69%) of its total assets at the reporting date. Judgement is exercised in determining the following: - useful lives and residual values; - assessing whether there are any indicators of impairment present; and - when performing impairment assessments where indicators have been identified. Based on value of the balance, at the reporting date as well as the judgement involved in determining useful lives and residual values, this has been identified as a key audit matter.	The following was performed on the assessment of useful lives and residual values: - obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review; - followed up on changes made to useful lives and corroborated by inspection of assets and discussion with operational personnel that the amendment was appropriate; and - confirmed by inspection of the fixed assets register and discussion with operational management that there were no material assets still in use with a nil value. - in considering whether impairment is required the Group's consideration of impairment indicators such as reduced capacity, forecasts, market demand for products, and the condition of the plants was reviewed. In addition, the following was performed: - mills were inspected to identify any damages or non-operating assets; - discussions were held with the management, engineers and other technicians to identify any potential impairments; and

S.No.	Key audit matters	How the matter was addressed in our audit
		- production analysis at the various mills were performed and compared to standard capacity to assist in identifying possible impairment indicators. Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.
3.	**Revaluation of property, plant and equipment** The Group follows revaluation model for measurement of its property, plant and equipment. As at September 30, 2018, the carrying value of property, plant and equipment was Rs.10.571 billion, which included an amount of Rs.1.398 billion related to freehold land and an amount of Rs.6.423 billion related to plant and machinery. The fair value of a Subsidiary Company's property, plant and equipment was assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2018. For valuation of buildings, the depreciated replacement cost method is used, whereby, current cost of construction of similar buildings in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgement as to estimate value of property, plant and equipment in term of their quality, structure, layout and locations. We identified valuation of property, plant and equipment as a key audit matter due to the significant carrying value, the significant management judgement and estimation involved in determining their value due to factors described above.	- Our audit procedures to assess the valuation of property, plant and equipment included the following: - Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Subsidiary Company as management expert for valuation of property, plant and equipment. - Obtained valuation report of external valuation expert and gathered understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms. - Tested mathematical accuracy of the valuation report. - Assessed the appropriateness of the value of the property, plant and equipment and the reasonableness of the related management's assumptions and methodologies used by the management expert. - Reviewed the adequacy of the related disclosures in the annexed consolidated financial statements.
4.	**Contingencies** The Group is subject to litigations involving different courts, which require management to make assessment and judgements with respect to likelihood and impact of such litigations. Management has engaged independent legal counsel on these matters. The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters.	- In response to this matter, our audit procedures included: - Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. - Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations.

S.No.	Key audit matters	How the matter was addressed in our audit
	Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter. The details of contingencies along with management's assessment are disclosed in note 30 to these consolidated financial statements.	- We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. - Reviewed correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or the matters which have similarities with the issues involved. - The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;
March 05, 2019

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	2018	(Re-stated) 2017	(Re-stated) October 01, 2016
Assets				
Non-current Assets		-------- Rupees in thousand --------		
Property, plant and equipment	7	**10,570,992**	8,896,270	9,190,992
Intangible assets	8	**0**	0	433
Investment property	9	**27,607**	28,654	29,795
Long term investments	10	**124,297**	125,935	111,717
Security deposits		**15,208**	15,268	5,513
		10,738,104	9,066,127	9,338,450
Current Assets				
Stores and spares	11	**483,059**	479,272	438,405
Stock-in-trade	12	**2,614,240**	1,997,739	743,395
Trade debts	13	**397,180**	187,433	172,265
Loans and advances	14	**237,075**	276,586	332,472
Trade deposits, short term prepayments and other receivables	15	**413,880**	296,479	268,119
Accrued profit on bank deposits		**69**	25	25
Tax refunds due from the Government	16	**492,024**	271,825	333,411
Advance sales tax		**25,000**	57,000	27,000
Short term investments	17	**12,939**	8,154	9,727
Bank balances	18	**360,878**	179,283	134,376
		5,036,344	3,753,796	2,459,195
TOTAL ASSETS		**15,774,448**	12,819,923	11,797,645
Equity and Liabilities				
Share Capital and Reserves				
Authorized capital				
5,750,000 (2017: 5,750,000) ordinary shares of Rs.10 each		**57,500**	57,500	57,500
Issued, subscribed and paid-up capital	19	**37,500**	37,500	37,500
Capital reserves				
- share redemption		**1**	1	1
- revaluation surplus on property, plant and equipment	20	**2,646,568**	1,982,765	1,982,359
General revenue reserve		**1,010,537**	1,010,537	1,010,537
Fair value reserve on available-for-sale investments		**16,052**	17,929	15,831
Unappropriated profit		**263,315**	253,304	270,635
Equity Attributable to Equity Holders of the Holding Company		**3,973,973**	3,302,036	3,316,863
Non-Controlling Interest		**2,939,859**	2,069,465	2,076,787
		6,913,832	5,371,501	5,393,650
Non-current Liabilities				
Long term finances	21	**1,177,828**	1,707,304	2,370,941
Loans from related parties	22	**179,325**	109,325	112,500
Liabilities against assets subject to finance lease	23	**37,111**	44,473	34,843
Deferred taxation	24	**1,147,169**	723,106	789,159
Staff retirement benefits - gratuity	24	**21,916**	14,348	16,319
		2,563,349	2,598,556	3,323,762
Current Liabilities				
Trade and other payables	25	**757,854**	659,457	853,792
Unclaimed dividends		**7,674**	7,706	7,733
Accrued mark-up	26	**166,431**	136,769	119,134
Short term borrowings	27	**4,652,665**	3,278,713	1,416,715
Current portion of non-current liabilities	28	**682,271**	713,040	660,868
Dividends payable to non-controlling interest		**8,562**	7,734	5,113
Taxation	29	**21,810**	46,447	16,878
		6,297,267	4,849,866	3,080,233
TOTAL LIABILITIES		**8,860,616**	7,448,422	6,403,995
TOTAL EQUITY AND LIABILITIES		**15,774,448**	12,819,923	11,797,645

Contingencies and Commitments 30

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

ABBAS SARFARAZ KHAN	**ISKANDER M. KHAN**	**RIZWAN ULLAH KHAN**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	(Re-stated) 2017
		Rupees in thousand	
Gross sales	31	12,550,414	13,450,909
Sales tax, other government levies and commissions	32	(1,129,125)	(1,324,324)
Sales - net		11,421,289	12,126,585
Cost of sales	33	10,222,234	11,144,417
Gross profit		1,199,055	982,168
Selling and distribution expenses	34	226,486	136,646
Administrative and general expenses	35	459,284	423,184
Other income	36	(138,211)	(42,519)
Other expenses	37	21,954	19,824
		569,513	537,135
Operating profit		629,542	445,033
Finance cost	38	574,879	550,250
		54,663	(105,217)
Share of profit from Associated Companies - net	10.3	2,475	14,519
Profit / (loss) before taxation		57,138	(90,698)
Taxation			
- Group	39	89,059	15,489
- Associated Companies	10.3	2,549	3,547
		91,608	19,036
Loss after taxation		(34,470)	(109,734)
		------ Rupees-----	
Combined loss per share	40	(34.35)	(41.54)

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

ABBAS SARFARAZ KHAN	ISKANDER M. KHAN	RIZWAN ULLAH KHAN
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	(Re-stated) 2017
		Rupees in thousand	
Loss after taxation		**(34,470)**	**(109,734)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) / gain on available for-sale investments	**10**	**(2,276)**	2,576
Share of other comprehensive income from Associated Companies	**10.3**	**47**	108
Item that will not be reclassified to profit or loss:			
- (Loss) / gain on remeasurement of staff retirement benefit obligations	**24**	**(2,423)**	170
Impact of tax		**688**	(5)
		(1,735)	165
Surplus arisen upon revaluation of property, plant and equipment	**20**	**2,079,452**	166,651
Impact of tax		**(561,452)**	(49,995)
		1,518,000	116,656
		1,514,036	119,505
Total Comprehensive Income		**1,479,566**	9,771
Attributable to:			
- Equity holders of the Holding Company		**626,456**	(36,742)
- Non-controlling interest		**853,110**	46,513
		1,479,566	9,771

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

ABBAS SARFARAZ KHAN	**ISKANDER M. KHAN**	**RIZWAN ULLAH KHAN**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
Cash flows from operating activities	**Rupees in thousand**	
Profit / (loss) for the year - before taxation	**57,138**	(90,698)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**764,297**	819,295
Depreciation on investment property	**1,047**	1,141
Amortisation of intangible assets	**0**	433
Profit from Associated Companies - net	**(2,475)**	(14,519)
Interest / profit on bank deposits and saving accounts	**(4,895)**	(5,651)
Staff retirement benefits - gratuity (net)	**(4,481)**	(2,138)
Un-claimed payable balances written-back	**(72)**	(506)
Gain on disposal of operating fixed assets	**(1,458)**	(1,589)
Gain on re-measurement of short term investments to fair value	**(277)**	(386)
Uncollectible receivable balances written-off	**526**	17
Dividend income	**(406)**	(573)
Finance cost	**568,682**	543,766
Provision for obsolete items	**35,948**	0
Provision for doubtful debts	**1,528**	0
Provision for doubtful advances	**26,401**	0
Profit before working capital changes	**1,441,503**	1,248,592
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	**(3,787)**	(40,867)
Stock-in-trade	**(616,501)**	(1,254,344)
Trade debts	**(238,629)**	(15,168)
Loans and advances	**12,584**	55,853
Trade deposits, short term prepayments and other receivables	**(117,401)**	(28,360)
Sales tax refundable - net	**(191,726)**	(25,719)
Advance sales tax	**32,000**	(30,000)
Increase / (decrease) in current liabilities		
Trade and other payables	**98,018**	(195,558)
	(1,025,442)	(1,534,163)
Cash generated from / (used in) operations	**416,061**	(285,571)
Income tax paid	**(194,525)**	22,593
Security deposits	**60**	(9,755)
Net cash generated from / (used in) operating activities	**221,596**	(272,733)
Cash flows from investing activities		
Additions to property, plant and equipment	**(367,471)**	(364,798)
Sale proceeds of operating fixed assets	**9,362**	8,465
Interest / profit on bank deposits and saving accounts	**4,851**	5,651
Short term investments - net	**(4,785)**	1,532
Dividend received	**406**	573
Net cash used in investing activities	**(357,637)**	(348,577)
Cash flows from financing activities		
Long term finances - net	**(562,802)**	(569,425)
Lease finances - net	**(4,805)**	12,590
Loans from related parties obtained / (repaid)	**70,000**	(48,175)
Short term borrowings - net	**1,373,952**	1,861,998
Finance cost paid	**(539,020)**	(526,131)
Dividends paid	**(19,689)**	(64,640)
Net cash generated from financing activities	**317,636**	666,217
Net increase in cash and cash equivalents	**181,595**	44,907
Cash and cash equivalents - at beginning of the year	**179,283**	134,376
Cash and cash equivalents - at end of the year	**360,878**	179,283

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

ABBAS SARFARAZ KHAN	ISKANDER M. KHAN	RIZWAN ULLAH KHAN
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	------- Attributable to equity holders of the Holding Company------								
		Reserves							
		Capital							
	Share capital	Share redemption	Revaluation surplus on property, plant and equipment	General Revenue	Fair value reserve on available-for-sale investments	Unappropriated profit	Total	Non-controlling interest	Total equity
	------------- Rupees in thousand -------------								
Balance as at October 01, 2016	37,500	1	0	1,010,537	15,831	270,635	1,334,504	677,486	2,011,990
Impact of re-statement (note 6)	0	0	1,982,359	0	0	0	1,982,359	1,399,301	3,381,660
Balance as at October 01, 2016 - restated	37,500	1	1,982,359	1,010,537	15,831	270,635	3,316,863	2,076,787	5,393,650
Transaction with owners:									
Cash dividend at the rate of Rs.4.50 per ordinary share	0	0	0	0	0	0	0	(67,234)	(67,234)
Total comprehensive income / (loss) for the year ended September 30, 2017									
(Loss) / profit after taxation	0	0	0	0	0	(155,769)	(155,769)	46,035	(109,734)
Other comprehensive income	0	0	116,656	0	2,098	273	119,027	478	119,505
	0	0	116,656	0	2,098	(155,496)	(36,742)	46,513	9,771
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	907	907	0	907
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	0	0	0	137,156	137,156	93,971	231,127
- on account of incremental depreciation for the year	0	0	(137,156)	0	0	0	(137,156)	(93,971)	(231,127)
- upon sale of revalued plant and machinery	0	0	(102)	0	0	0	(102)	(21)	(123)
- Transfer from revaluation surplus upon sale of revalued plant and machinery	0	0	0	0	0	102	102	21	123
Resultant adjustment due to reduction in tax rate	0	0	21,008	0	0	0	21,008	13,399	34,407
Balance as at September 30, 2017	37,500	1	1,982,765	1,010,537	17,929	253,304	3,302,036	2,069,465	5,371,501
Transaction with owners:									
Cash dividend at the rate of Rs.1.50 per ordinary share	0	0	0	0	0	0	0	(18,893)	(18,893)
Total comprehensive income / (loss) for the year ended September 30, 2018									
(Loss) / profit after taxation	0	0	0	0	0	(128,820)	(128,820)	94,350	(34,470)
Other comprehensive income	0	0	758,545	0	(1,877)	(1,392)	755,276	758,760	1,514,036
	0	0	758,545	0	(1,877)	(130,212)	626,456	853,110	1,479,566
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	665	665	0	665
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	0	0	0	139,558	139,558	88,195	227,753
- on account of incremental depreciation for the year		0	(139,558)	0	0	0	(139,558)	(88,195)	(227,753)
Resultant adjustment due to reduction in tax rate	0	0	44,816	0	0	0	44,816	36,177	80,993
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

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

ABBAS SARFARAZ KHAN	ISKANDER M. KHAN	RIZWAN ULLAH KHAN
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. THE GROUP AND ITS OPERATIONS

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

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

1.2 Subsidiary Companies

(a) Chashma Sugar Mills Ltd. (CSM)

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

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

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

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiaries The Frontier Sugar Mills and Distillery Ltd., Chashma Sugar Mills Limited and Sub-subsidiary Whole Foods (Pvt.) Ltd. (the Group) for the year ended September 30, 2018. The corresponding figures presented in these consolidated financial statements are the same as presented in the preceding consolidated financial statements for the year ended September 30, 2017.

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

FSM was incorporated on March 31, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan; FSM was delisted from the Stock Exchanges as detailed in note 1.3. 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. (the Holding Company).

FSM has been suffering losses over the years and during the current 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 financial statements of FSM, therefore, have been prepared on the 'going concern basis'.

Delisting of FSM

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency. Amounts presented in the consolidated financial statements have been rounded off to the nearest thousand unless otherwise

2.4 Key judgements and estimates

The preparation of consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property. - notes 5.1, 5.3, 7 & 9
- Provision for impairment of inventories - notes 5.6, 5.7, 11 & 12
- Impairment loss of non-financial assets other than inventories - note 5.18
- Provision for doubtful trade debts and other receivables - notes 5.8, 5.14, 13 & 15
- Staff retirement benefits - gratuity - notes 5.12 & 24
- Estimation of provisions - note 5.14
- Estimation of contingent liabilities - notes 5.15 & 30
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 5.16, 24 & 29

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company, consolidated financial statements of CSM and the financial statements FSM as at and for the year ended September 30, 2018. The Holding Company's direct interest, as at September 30, 2018, in CSM was 47.93% (2017: 47.93%) and in FSM was 82.49% (2017: 82.49%).

Investments in Associated Companies, as defined in the Companies Act, 2017, are accounted for by the equity method.

Non-controlling interest is calculated on the basis of their proportionate share in the net assets of the Subsidiary Companies.

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

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

4. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

4.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2017 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 financial statements, except for the following:

(a) International Accounting Standard (IAS) 7, 'Cash flow statements: Disclosure initiative' is applicable to accounting periods beginning on or after January 01, 2017. This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the consolidated statement of cash flows. The amendment only covers consolidated statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The amendments have only resulted in some additional disclosures in the Group's consolidated financial statements.

(b) IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses is applicable to accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The amendment does not have any impact on the Group's consolidated financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after October 01, 2018 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

(a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group is yet to assess the full impact of this standard on its consolidated financial statements.

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

(c) IFRS 16, ‘Leases’ is applicable to accounting periods beginning on or after January 01, 2019. This standard replaces the current guidance in IAS 17, ‘Leases’ and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group is yet to assess the full impact of this standard on its consolidated financial statements.

(d) IAS 23, 'Borrowing costs' is applicable to 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 are not likely to have material impact on the Group’s financial statements.

(e) Transfers of investment property; amendments to IAS 40 ‘Investment property’ are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Group’s financial statements.

(f) IFRIC 23, ‘Uncertainty over income tax treatments’ is applicable to 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 Group is yet to assess the full impact of this interpretation on its consolidated financial statements.

(g) The fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for preparation of these consolidated financial statements. The Companies Act, 2017, including its fourth schedule, form an integral part of the statutory financial reporting framework applicable to the Group and amongst other, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of annual consolidated financial statements of the Group. Further, the disclosure requirements contained in the fourth schedule to the Companies Act, 2017 have been revised resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of significant additional disclosures.

Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in respective notes these consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes as indicated below in note 6.

5.1 Property, plant and equipment

(a) The Holding and FSM

Measurement

Buildings on leasehold and freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation.
Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment, except freehold land and capital work-in-progress, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Freehold land and capital work-in-progress are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Revaluation

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

Depreciation

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 7.1. Leasehold land is amortised over the lease term using the straight-line method.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Disposal

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss. In case of the sale or retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation surplus on property, plant and equipment is transferred directly to unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimates is accounted for on a prospective basis.

(b) CSM and its Subsidiary

Operating fixed assets except freehold land, buildings & roads and plant & machinery are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount, whereas buildings & roads and plant & machinery are stated at revalued amount less accumulated depreciation and impairment losses. Capital work-in-progress, major spare parts and stand-by equipment are stated at cost. Cost in relation to certain plant & machinery items include borrowing cost related to the financing of major projects during construction phase.

Subsequent cost, if reliably measureable, are included in the asset's carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which these are incurred.

Increase in the carrying amount arising on revaluation of freehold land, buildings & roads and plant & machinery are recognised in consolidated other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of property, plant and equipment. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

Depreciation on operating assets is calculated using the reducing balance method to allocate their cost over their estimated useful life at the rates specified in note 7.1.

Depreciation on additions to property, plant and equipment is charged from the date asset is available for intended use till date of disposal.

Gain or loss on disposal of an asset, calculated as difference between the sale proceeds and carrying amount of the asset, is recognised in consolidated statement of profit or loss for the year.

5.2 Assets subject to finance lease

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Finance leases are capitalised at commencement of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the consolidated statement of financial position.

Rentals payable under operating leases are charged to consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognised on a straight-line basis over the lease term.

5.3 Intangible assets and amortisation thereon

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is charged to income applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 8.1.

5.4 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Group uses cost model for valuation of its investment property; freehold land has been valued at cost whereas buildings on freehold land have been valued at cost less accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income applying reducing balance method at the rates stated in note 9. Depreciation on additions is charged from the month in which the asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Impairment loss or its reversal, if any, is taken to consolidated statement of profit or loss.

5.5 Investments

Investments in equity instruments of Associated Companies are stated at the Group's share of their underlying net assets using the equity method.

Investments available-for-sale represent investments, which are not held for trading. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value of investments available-for-sale is recognised in consolidated other comprehensive income / (loss) as unrealised, unless sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in the equity is included in the consolidated statement of profit or loss for the year.

5.6 Stores and spares

(a) The Holding Company and FSM

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date.

(b) CSM and its Subsidiary

Stores and spares are stated at cost less allowance for obsolete and slow moving items. Cost is determined using weighted average method. Items in transit are valued at cost comprising invoice value and other related charges incurred upto the reporting date.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

5.7 Stock-in-trade

(a) The Holding and FSM

i) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.

ii) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.

iii) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

(b) CSM and its Subsidiary

Sugar and ethanol are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-process comprises raw materials, direct labour, other direct costs and related production overheads.

Cost of own produced molasses, a by-product, is determined on the basis of average cost of molasses purchased from third parties.

Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and costs necessary to be incurred to make the sale.

5.8 Trade debts and other receivables

Measurement

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any.

Impairment

A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade debts and other receivables. The amount of the provision is recognised in the consolidated statement of profit or loss. Bad debts are written-off in the consolidated statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

5.9 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in the consolidated statement of profit or loss.

5.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of balances with banks in current, deposit & saving accounts and bank overdrafts. Bank overdrafts are shown in current liabilities on the consolidated statement of financial position.

5.11 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset. All other borrowing costs are charged to consolidated statement of profit or loss.

5.12 Staff retirement benefits

(a) The Holding Company

Defined contribution plan

The Holding Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 9% of the basic salaries both by the employees and the Holding Company.

Defined benefit plan

The Holding Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2018 on the basis of projected unit credit method by an independent Actuary.

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the consolidated statement of profit or loss.

(b) FSM

Defined contribution plan

FSM is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 8% of the basic salaries both by the employees and FSM.

Defined benefit plan

FSM operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2018 on the basis of projected unit credit method by an independent Actuary.

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

(c) CSM and its Subsidiary

CSM and its Subsidiary operate a provident fund and un-funded gratuity scheme for their employees as detailed below:

Defined contribution plan

CSM and its Subsidiary operate a recognised contributory provident fund for their permanent employees. Equal monthly contributions are made by CSM, its Subsidiary and the employees to the fund at the specified rate of basic salary and charged to the consolidated statement of profit or loss.

Defined benefit plans

CSM operates an un-funded gratuity scheme covering its eligible employees under their employment contracts. During the year, the liability for gratuity is recognised on the basis of actuarial valuation conducted as at September 30, 2018, using Projected Unit Credit Method. Previously, the gratuity expense was recognised on the basis of payments to employees. The comparative figures have not been restated for change in accounting policy due to insignificant impact. Accordingly, Rs. 5,576 thousand at September 30, 2017 have been accounted for as expense in the consolidated statement of profit or loss for the year ended September 30, 2018.

5.13 Trade and other payables

Liabilities for trade and other payables including payable to related parties are carried at cost, which is the fair value of consideration to be paid in the future for goods and/or services received, whether or not billed to the Group.

5.14 Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

5.15 Contingent liabilities

A contingent liability is disclosed when the Group

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or
- has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

5.16 Taxation

Taxation comprises of current tax and deferred tax.

Current

Provision for current taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years, which arise from assessments finalised during the year. Income tax expense is recognised in consolidated statement of profit or loss except to extent that it relates to items recognised directly in consolidated equity or in consolidated other comprehensive income.

Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that deductible temporary differences will reverse in the future and taxable income will be available against which the deductible temporary differences, unused tax losses and tax credit can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to income except in the case of items credited or charged to consolidated equity in which case it is included in consolidated equity.

5.17 Dividend and revenue reserve appropriation

Dividend and movement in revenue reserves are recognised in the consolidated financial statements in the period in which these are approved.

5.18 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Group recognises the reversal immediately in the consolidated statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

5.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

(a) Sales are recorded on dispatch of goods.

(b) dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

(c) return on deposit / saving accounts is accounted for on 'accrual basis'.

5.20 Development expenditure

Expenditure incurred on development of sugar cane and beet is expensed in the year of incurrence.

5.21 Foreign currency transactions and translation

Foreign currency transactions are translated in Pakistan Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the consolidated statement of profit or loss.

5.22 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group looses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially recognised at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in consolidated statement of profit or loss for the year.

(a) Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans & receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset.

(i) Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at their fair value, with changes therein recognised in consolidated statement of profit or loss for the year. Assets in this category are classified as current assets.

(ii) Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment, if any.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are measured at amortised cost using the effective interest rate method less impairment, if any.

The Group's loans and receivables comprise of long term security deposits, trade debts, loans & advances, trade deposits & other receivables and bank balances.

(iv) Available for sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non-current assets, unless management intends to dispose them off within twelve months of the reporting date.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealised gains or losses recognised as other comprehensive income, until the investment is derecognised, at which time the cumulative gain or loss is recognised in income for the year.

Impairment

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(b) Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities, which comprise of long term financing, liabilities against assets subject to finance lease, trade & other payables, accrued mark-up and short term borrowings, in the following categories: fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the consolidated statement of financial position at their fair value, with changes therein recognised in the consolidated statement of profit or loss for the year.

(ii) Other financial liabilities

After initial recognition, other financial liabilities, which are interest bearing, are subsequently measured at amortised cost using the effective interest rate method.

5.23 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

5.24 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has two reportable segments, i.e. sugar and ethanol.

5.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6. CHANGE IN ACCOUNTING POLICY

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Group’s policy for surplus on revaluation of property, plant and equipment stands amended as follows:

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders’ equity. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset’s original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’ and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at September 30, 2017			As at September 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	------------------------------------ Rupees in thousand ------------------------------------					
Effect on consolidated statement of financial position						
Surplus on revaluation of property, plant and equipment	**3,301,473**	**0**	**(3,301,473)**	**3,381,660**	**0**	**(3,381,660)**
Equity	**0**	**3,301,473**	**3,301,473**	**0**	**3,381,660**	**3,381,660**
Effect on consolidated statement of changes in equity						
Capital reserve	**0**	**3,301,473**	**3,301,473**	**0**	**3,381,660**	**3,381,660**

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		Rupees in thousand	
Operating fixed assets - tangible	**7.1**	**10,098,009**	8,674,084
Capital work-in-progress	**7.9**	**472,983**	221,341
Stores held for capital expenditure		**0**	845
		10,570,992	8,896,270

7.1 Operating fixed assets - tangible

Particulars	Leasehold land	Owned													Leased		Total
		Freehold land	Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Tools	Beet water line	Electric and gas equipment	Laboratory equipment	Furniture, fittings & office equipment	Farm equipment	Railway rolling stock and vehicles	Tube well	Arms	Vehicles	Genera-tors	
	---------- Rupees in thousand ----------																
As at September 30, 2016																	
Cost / revaluation	2,835	1,079,593	1,661,652	175,295	7,278,672	914	206	409,836	120	140,604	947	67,144	59	54	93,260	5,700	10,916,891
Accumulated depreciation	527	0	326,050	29,879	1,135,140	913	205	129,383	116	67,153	446	50,080	58	47	22,913	1,429	1,764,339
Book value	2,308	1,079,593	1,335,602	145,416	6,143,532	1	1	280,453	4	73,451	501	17,064	1	7	70,347	4,271	9,152,552
Year ended September 30, 2017:																	
Additions	0	31,235	21,583	0	50,932	0	0	9,952	0	24,803	0	979	0	0	41,568	0	181,052
Revaluation adjustments:																	
- cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- depreciation	0	0	5,393	5,328	155,930	0	0	0	0	0	0	0	0	0	0	0	166,651
Disposals:																	
- cost	0	0	0	0	0	0	0	0	0	0	0	(11,434)	0	0	0	0	(11,434)
- depreciation	0	0	0	0	0	0	0	0	0	0	0	4,558	0	0	0	0	4,558
Transfers from leased to owned:																	
- cost	0	0	0	0	0	0	0	0	0	0	0	7,585	0	0	(7,585)	0	0
- depreciation	0	0	0	0	0	0	0	0	0	0	0	(2,083)	0	0	2,083	0	0
Depreciation charge	28	0	130,260	11,086	617,287	0	0	28,631	0	10,025	50	2,643	0	0	18,858	427	819,295
Book value as at September 30, 2017	2,280	1,110,828	1,232,318	139,658	5,733,107	1	1	261,774	4	88,229	451	14,026	1	7	87,555	3,844	8,674,084
Year ended September 30, 2018:																	
Additions	0	62,149	3,650	0	15	0	0	100	0	12,221	0	4,751	0	0	33,788	0	116,674
Revaluation adjustments:																	
- cost / valuation	0	224,549	83,478	0	0	0	0	0	0	0	0	0	0	0	0	0	308,027
- depreciation	0	0	511,378	0	1,260,047	0	0	0	0	0	0	0	0	0	0	0	1,771,425
Disposals:																	
- cost	0	0	0	0	0	0	0	0	0	0	0	(15,915)	0	0	0	0	(15,915)
- depreciation	0	0	0	0	0	0	0	0	0	0	0	8,011	0	0	0	0	8,011
Transfers from leased to owned:																	
- cost	0	0	0	0	5,700	0	0	0	0	0	0	13,340	0	0	(13,340)	(5,700)	0
- depreciation	0	0	0	0	(2,048)	0	0	0	0	0	0	(6,400)	0	0	6,400	2,048	0
Depreciation charge	27	0	118,783	10,589	573,551	0	0	26,187	0	10,624	45	3,477	0	1	20,821	192	764,297
Book value as at September 30, 2018	2,253	1,397,526	1,712,041	129,069	6,423,270	1	1	235,687	4	89,826	406	14,336	1	6	93,582	0	10,098,009
As at September 30, 2017																	
Cost / revaluation	2,835	1,110,828	1,683,235	175,295	7,329,604	914	206	419,788	120	165,407	947	64,274	59	54	127,243	5,700	11,086,509
Accumulated depreciation	555	0	450,917	35,637	1,596,497	913	205	158,014	116	77,178	496	50,248	58	47	39,688	1,856	2,412,425
Book value	2,280	1,110,828	1,232,318	139,658	5,733,107	1	1	261,774	4	88,229	451	14,026	1	7	87,555	3,844	8,674,084
As at September 30, 2018																	
Cost / revaluation	2,835	1,397,526	1,770,363	175,295	7,335,319	914	206	419,888	120	177,628	947	66,450	59	54	147,691	0	11,495,295
Accumulated depreciation	582	0	58,322	46,226	912,049	913	205	184,201	116	87,802	541	52,114	58	48	54,109	0	1,397,286
Book value	2,253	1,397,526	1,712,041	129,069	6,423,270	1	1	235,687	4	89,826	406	14,336	1	6	93,582	0	10,098,009
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	15	15	10	10	10-15	10	10-20	10	10	20	10-12	

7.2 Had the revalued fixed assets of the Group been recognised under the cost model, the carrying values of these assets would have been as follows:

	2018	2017
	Rupees in thousand	
Freehold land	**165,502**	103,353
Buildings & roads	**656,958**	724,887
Buildings on leasehold land	**2,491**	3,332
Plant & machinery	**2,849,973**	3,162,821
	3,674,924	3,994,393

7.3 The forced sale values of revalued fixed assets of the Group have been assessed by the management are as follows.

	Rupees in thousand
Freehold land	**1,177,858**
Buildings & roads	**1,569,194**
Plant & machinery	**4,909,434**
	7,656,486

7.4 Particulars of immovable property of the Holding Company

Location	**Usage of immovable property**	**Total Area** (square feet)	**Covered Area** (In square feet) approx.
Land - freehold			
Saro Shah, Takht Bahi	Agricultural	5,378,299	0
Nowshera Road, Mardan	Industrial	999,158	
Land - leasehold	Industrial		
Nowshera Road, Mardan		5,268,037	
		6,267,195	807,188
		11,645,494	807,188

7.5 Particulars of immovable property (i.e. land and buildings) in the name of CSM and its Subsidiary are as follows:

Location	Usage of immovable property	**Total Area** (Kanals)	**Covered Area** (Kanals)
CSM-1, D.I.Khan	Factory building	1,111.25	98.86
CSM-2, Ramak	Factory building	1,488.15	144.72
Whole Foods (Pvt.) Ltd. (Land)	Storage facility	32	0

7.6 The Holding Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011, September 30, 2014 and September 30, 2017 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million and Rs.5.328 million respectively was incorporated in the books of account of the Holding Company.

Clause 6 of the lease agreement dated July 09, 1947, which was for a period of 60 years, empowers the Holding Company to renew the lease. On August 10, 2007, the Holding Company, in terms of the aforesaid clause 6, had exercised the option of renewal of the lease and indicated its desire to extend the lease for a further period of 60 years (commencing from January 01, 2008) on such terms as may be agreed between the parties and invited the legal heirs of the lessor to negotiate the terms of the extended lease agreement. The legal heirs of the lessor had failed to agree on the terms of the extended lease; hence, the matter was referred to arbitration.

Two of the legal heirs of the lessor have filed civil suits impugning the validity of arbitration. These suits are frivolous, barred by law and liable to be dismissed in due course under relevant provisions of the Arbitration Act, 1940.

The arbitration proceedings were finalised during the financial year ended September 30, 2016 and the Arbitrator (a Senior Advocate of the Supreme Court of Pakistan) announced the award by extending the lease term for a further period of 60 years. The same was filed before the Senior Civil Judge, Mardan to make it 'Rule of the Court'.

7.7 **Depreciation for the year has been allocated as follows:**

	2018	2017
	Rupees in thousand	
Cost of sales	**730,194**	788,801
Administrative expenses	**34,103**	30,494
	764,297	819,295

7.8 Disposal of operating fixed assets

Particulars of assets	Cost	Accumu-lated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
	- - - - - - - - - Rupees in thousand - - - - - - - - -						
The Holding Company							
Vehicles having book value exceeding Rs.500,000							
Toyota Corolla XLI	1,692	896	796	846	50	Negotiation	Mr. Tahir Mehmood, Lahore (employee).
Toyota Corolla XLI	1,693	693	1,000	1,300	300	------do-------	Mr. Tariq Javed, Sahiwal (ex-employee).
	3,385	1,589	1,796	2,146	350		
Aggregate value of vehicles having individual book value less than Rs.500,000 each	1,230	831	399	527	128		
	4,615	2,420	2,195	2,673	478		
CSM							
Vehicles	110	59	51	33	(18)	Negotiation	Muhammad Asif
	131	11	120	112	(8)	Insurance claim	Adamjee Insurance Company Ltd.
	471	384	87	100	13	Group policy	Muhammad Arif
	2,728	935	1,793	1,930	137	------do-------	Muhammad Latif
	1,657	1,004	653	819	166	------do-------	Mr. Taj Mali Khan
	1,612	995	617	806	189	------do-------	Mr. Ammar Khursheed
	1,727	381	1,346	1,457	111	------do-------	Mr. Malik Nazir Hussain
	1,054	673	381	527	146	------do-------	Mr. Abid Javed Qureshi
	1,076	686	390	538	148	------do-------	Mr. Saym Ahmad
	734	463	271	367	96	------do-------	Mr. Sajid Ali
	11,300	5,591	5,709	6,689	980		
2018	**15,915**	**8,011**	**7,904**	**9,362**	**1,458**		
2017	11,434	4,558	6,876	8,465	1,589		

7.9 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Electric installat-ions	Vehicles - leased	Advance payments to Contractors	Total
	----- Rupees in thousand -----					
As at October 01, 2016	0	0	0	6,721	30,689	37,410
Additions during the year	56,404	202,650	20,865	41,446	7,625	328,990
Capitalised during the year	(21,583)	(50,822)	(9,673)	(31,725)	(31,256)	(145,059)
Balance as at September 30, 2017	34,821	151,828	11,192	16,442	7,058	221,341
As at October 01, 2017	34,821	151,828	11,192	16,442	7,058	221,341
Additions during the year	59,470	178,516	25,525	24,666	33,958	322,135
Capitalised during the year	(3,650)	0	0	(31,407)	(35,436)	(70,493)
Balance as at September 30, 2018	90,641	330,344	36,717	9,701	5,580	472,983

8. INTANGIBLE ASSETS - Computer softwares

	2018	2017
	Rupees in thousand	
Cost at beginning of the year	**8,242**	8,242
Less: amortisation:		
- at beginning of the year	**8,242**	7,809
- charge for the year	**0**	433
-at end of the year	**8,242**	8,242
Book value as at September 30 ,	**0**	0

8.1 Amortisation was charged to income applying the straight-line method at the rate of 33.33% per annum.

9. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
	------------- Rupees in thousand -------------		
As at September 30, 2016:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	48,457	48,457
Book value	14,544	15,251	29,795
Year ended September 30, 2017:			
Depreciation charge	0	1,141	1,141
Book value	14,544	14,110	28,654
Year ended September 30, 2018:			
Depreciation charge	0	1,047	1,047
Book value	**14,544**	**13,063**	**27,607**
As at September 30, 2017			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	49,598	49,598
Book value	14,544	14,110	28,654
As at September 30, 2018			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	50,645	50,645
Book value	**14,544**	**13,063**	**27,607**
Depreciation rate (%)	0	5-10	

9.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2018 was Rs.260 million (2017: Rs.260 million).

10. LONG TERM INVESTMENTS

	2018	2017	2018	2017
	Equity held (%)		**Rupees in thousand**	
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AIIL)				
229,900 (2017: 229,900) ordinary shares of Rs.10 each	**5.75**	5.75	**16,047**	17,287
Market value Rs.4.136 million (2017: Rs.5.782 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2017: 14,450) ordinary shares of Rs.100 each	**48.17**	48.17	**0**	0
Premier Board Mills Ltd. (PBML)				
47,002 (2017: 47,002) ordinary shares of Rs.10 each	**0.83**	0.83	**4,402**	4,555
Azlak Enterprises (Pvt.) Ltd. (AEPL)				
200,000 (2017: 200,000) ordinary shares of Rs.10 each	**40.00**	40.00	**78,497**	76,466
			98,946	98,308
OTHERS - QUOTED (Available-for-sale)				
Ibrahim Fibres Ltd.				
405,670 (2017: 405,670) ordinary shares of Rs.10 each			**5,680**	5,680
Add: adjustment arising from re-measurement to fair value			**19,671**	21,947
			25,351	27,627
			124,297	125,935

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

10.2 NCPL has no known assets and liabilities as at June 30, 2018 and June 30, 2017 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

10.3 Investments in equity instruments of Associated Companies

	2018	2017
	Rupees in thousand	
Opening balance - cost	**5,638**	5,638
Add: post acquisition profit brought forward	**92,670**	81,028
	98,308	86,666
Add: share for the year:		
- profit - net	**2,475**	14,519
- other comprehensive income	**47**	108
- items directly credited in equity	**665**	907
- dividend	**0**	(345)
Less: taxation - net	**(2,549)**	(3,547)
	638	11,642
Balance as at 30 September,	**98,946**	98,308

10.4 AIIL was incorporated in Pakistan on July 26, 1977 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in investment business of various forms.

The summary of financial information of AIIL based on its audited financial statements for the year ended June 30, 2018 is as follows:

Summarised statement of financial position

	2018	2017
	Rupees in thousand	
		(Re-stated)
Non-current assets	**239,385**	258,215
Current assets	**45,098**	48,344
	284,483	306,559
Non-current liabilities	**185**	183
Current liabilities	**5,217**	5,727
	5,402	5,910
Net assets	**279,081**	300,649
Reconciliation to carrying amount		
Opening net assets	**300,649**	309,282
Loss for the year	**(35,212)**	(18,304)
Effects of items directly credited in equity by Associated Companies	**13,563**	15,555
Other comprehensive income / (loss) for the year	**(522)**	116
Dividend	**0**	(6,000)
Adjustment	**603**	0
Closing net assets	**279,081**	300,649

The Holding Company's share percentage 5.75% (2017: 5.75%)

	2018	2017
	Rupees in thousand	
The Holding Company's share	**16,047**	17,287
Summarised statement of profit or loss		
Income	**11,588**	11,642
Loss before taxation	**(33,819)**	(16,405)
Loss after taxation	**(35,212)**	(18,304)

10.5 PBML was incorporated in Pakistan on May 12, 1980 as a Public Company and it is evaluating certain proposals for setting-up some Industrial Unit.

The summary of financial information of PBML based on its audited financial statements for the year ended June 30, 2018 is as follows:

Summarised statement of financial position		
Non-current assets	**498,484**	513,430
Current assets	**32,884**	42,554
	531,368	555,984
Current liabilities	**955**	7,145
Net assets	**530,413**	548,839
Reconciliation to carrying amount		
Opening net assets	**548,839**	533,016
(Loss) / profit for the year	**(18,255)**	10,217
Effects of items directly credited in equity by an Associated Company	**2,133**	1,451
Other comprehensive (loss) / income for the year	**(2,304)**	4,155
Closing net assets	**530,413**	548,839
The Holding Company's share percentage 0.83% (2017: 0.83%)		
The Holding Company's share	**4,402**	4,555
Summarised statement of profit or loss		
Income	**5,795**	11,970
(Loss) / profit before taxation	**(18,192)**	12,300
(Loss) / profit after taxation	**(18,255)**	10,217

10.6 AEPL was incorporated in Pakistan on May 16, 1968 as a Private Limited Company and it is engaged in providing bulk storage facilities for industrial alcohol and other liquid chemical products.

The summary of financial information of AEPL based on its audited financial statements for the year ended June 30, 2018 is as follows:

	2018	2017
Summarised statement of financial position	**Rupees in thousand**	
Non-current assets	**133,168**	130,255
Current assets	**153,080**	136,292
	286,248	266,547
Non-current liabilities	**24,414**	20,070
Current liabilities	**65,592**	55,313
	90,006	75,383
Net assets	**196,242**	191,164
Reconciliation to carrying amount		
Opening net assets	**191,164**	161,146
Profit for the year	**5,257**	29,851
Other comprehensive (loss) / income for the year	**(179)**	167
Closing net assets	**196,242**	191,164
The Holding Company's share percentage 40% (2017: 40%)		
The Holding Company's share	**78,497**	76,466
Summarised statement of profit or loss		
Storage and handling income	**68,785**	65,280
Profit before taxation	**11,427**	38,400
Profit after taxation	**5,256**	29,851

10.7 Provisions of section 208 of the repealed Companies Ordinance, 1984, now section 199 of the Companies Act, 2017, were duly complied with for making investments in the Associated Companies.

11. STORES AND SPARES

	2018	2017
Stores and spares including in-transit inventory valuing Rs. Nil (2017: Rs.2.580 million)	**519,007**	479,272
Less: provision for obsolete items made during the year	**35,948**	0
	483,059	479,272

11.1 FSM has not carried-out manufacturing operations during the current and prior years and in the absence of an exercise to identify obsolete / damaged stores and spares inventory, carrying values of the year-end stores and spares inventory valuing Rs.32.328 million (2017: Rs.32.328 million) have not been adjusted for any potential impairment loss.

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

12. STOCK-IN-TRADE

	Note	2018	2017
		Rupees in thousand	
Finished goods			
- sugar		**2,022,939**	1,318,782
- molasses		**391,745**	399,097
- ethanol		**189,656**	268,542
	12.1	**2,604,340**	1,986,421
Work-in-process		**9,900**	11,318
		2,614,240	1,997,739

12.1 Finished goods inventory is pledged with various commercial banks for long and short term finance facilities availed by the Group.

13. TRADE DEBTS - Unsecured

	2018	2017
Considered good	**397,180**	187,433
Considered doubtful	**1,528**	0
	398,708	187,433
Provision for doubtful debts made during the year	**1,528**	0
	397,180	187,433

13.1 In case of CSM, the year-end balance of trade debts includes amount relating to export sales to Hong Kong under the letter of credit amounting to Rs.10.76 million (2017: Rs.22.18 million)

14. LOANS AND ADVANCES

	Note	2018	2017
Advances to (unsecured and considered good):			
Employees	**14.1**	**11,121**	10,730
Suppliers and contractors		**250,056**	266,977
Letters of credit		**4,736**	1,316
		265,913	279,023
Less: provision for doubtful advances	**14.2**	**28,838**	2,437
		237,075	276,586

14.1 This includes advances to the following related parties extended in accordance with the Company's policy and secured against retirement benefits of respective employees.

	2018	2017
Mr. Rizwan Ullah Khan	**1,250**	0
Muhammad Latif	**0**	1,958
	1,250	1,958

		Note	2018	2017
			Rupees in thousand	
14.2	Provision for doubtful advances			
	Opening balance		**2,437**	2,437
	Provision made during the year		**26,401**	0
	Closing balance		**28,838**	2,437

15.	**TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES**			
	Sugar export subsidy receivable	**15.1**	**342,884**	257,926
	Prepayments		**13,890**	6,966
	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.)		**1,972**	4,510
	Insurance claim receivable		**142**	16,836
	Guarantees issued	**15.2**	**15,000**	0
	Trade deposits		**5,500**	5,500
	Other receivables		**31,338**	1,587
			413,880	296,479

15.1 CSM, during the current year, has accrued Rs.86.67 million (2017: Rs. Nil) against subsidy on sugar exports. Balance as at September 30, 2018 represents subsidy portion receivable from the Government of Khyber Pakhtunkhwa (KPK) and Federal Government.

15.2 This represents guarantees given by Whole Foods (Pvt.) Ltd.(Subsidiary of CSM) for performance of its obligations in respect of agreements entered into with Food Department, Government of the Punjab.

16.	**TAX REFUNDS DUE FROM THE GOVERNMENT**			
	Income tax refundable, advance tax and tax deducted at source net of tax provision		**49,559**	21,992
	Sales tax refundable		**442,465**	249,833
			492,024	271,825

17.	**SHORT TERM INVESTMENTS** - At fair value through profit or loss			
	First Habib Cash Fund			
	Opening balance - 80,140 Units (2017: 95,686 Units)		**8,154**	9,727
	Investments made during the year - 98,237 Units		**10,000**	0
	Gain on redemption / re-measurement to fair value		**285**	427
	Bonus received during the year - 2,658 Units (2017: 3,721 Units)		**0**	0
	Units redeemed during the year - 53,985 Units (2017: 19,267 Units)		**(5,500)**	(2,000)
	Closing balance - 127,050 Units (2017: 80,140 Units)		**12,939**	8,154

18. BANK BALANCES

	Note	2018	2017
		Rupees in thousand	
Cash at banks on:			
- PLS accounts	**18.1 & 18.2**	**39,614**	31,117
- saving accounts	**18.2**	**452**	2,916
- deposit accounts	**18.2 & 18.3**	**12,142**	11,821
- current accounts	**18.4**	**255,670**	60,429
- deposits with a non-banking finance company - unsecured	**18.5**	**58,000**	78,000
		365,878	184,283
Less: provision for doubtful bank balance	**18.6**	**5,000**	5,000
		360,878	179,283

18.1 These include Rs.331 thousand (2017: Rs.387 thousand) in security deposit account.

18.2 PLS, saving and deposit accounts during the year carried profit / mark-up at the rates ranging from 3.75% to 9.26% (2017: 0.26% to 7.64%) per annum.

18.3 These include deposit amounting Rs.5.000 million (2017:Rs.2.500 million), which are under lien of a bank against guarantee issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

18.4 These include dividend account balance of Rs 3.160 million (2017: Rs 1.720 million).

18.5 **(a)** These represent deposits lying with Innovative Investment Bank Limited (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 deposits
	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 current year	**(20,000)**
	58,000

(b) The realisibility of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-end balance confirmation certificates from IIBL were also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL before the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.

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 amounts 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 amounts, anticipates that JOL will intimate in due course of time; no provisions, therefore, for the remaining deposits aggregating Rs.58 million have been made in the books of account of the Holding Company and FSM.

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

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

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

18.7 Lien is marked on bank balances for an amount of Rs 9.67 million (2017: Rs 1.5 million) in respect of the various guarantees extended by the banks.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		**2018**	2017
(No. of shares)			**Rupees in thousand**	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	**14,763**	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	**22,737**	22,737
3,750,000	3,750,000		**37,500**	37,500

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

19.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2018 and September 30, 2017.

20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net

20.1 The Holding Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011 and September 30, 2014 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million, Rs.110.992 million and Rs.438.066 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

20.2 The Holding Company, during the financial year ended September 30, 2017, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd. - Consulting Engineers, Surveyors and Valuation Consultants - 14-Q, Gulberg-2, Lahore] to replace the carrying amounts of these assets with their depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.166.651 million has been credited to consolidated statement of other comprehensive income to comply with the requirements of IAS 16.

20.3 FSM, during the financial year ended September 30, 2000, had revalued buildings on freehold land and plant & machinery. The revaluation exercise was carried-out on the basis of depreciated market values and it produced appraisal surplus aggregating Rs.55.414 million, which was credited to this account.

20.4 FSM, during the financial year ended September 30, 2009, had again revalued its aforementioned fixed assets and freehold land. The latest revaluation exercise was carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd.], to replace the carrying amounts of these assets with their fair present market values. The appraisal surplus arisen on latest revaluation aggregating Rs.87.718 million was credited to this account to comply with the requirements of law.

20.5 CSM had revalued its freehold land, buildings & roads and plant & machinery of its Unit - I on March 31, 2008, which resulted in revaluation surplus aggregating Rs.957.70 million. CSM as at September 30, 2011, September 30, 2013 and September 30, 2016 had revalued the aforementioned fixed assets of its three Units, which resulted in revaluation surplus aggregating Rs.880.751 million, Rs 1,594 million and Rs 1,430 million respectively. These fixed assets were revalued by independent valuers on the basis of replacement value / depreciated market values.

20.6 CSM as at September 30, 2018 has again revalued the aforementioned fixed assets of its three Units. The revaluation exercise has been carried-out by external valuers - K.G. Traders (Pvt.) Ltd. Freehold land has been revalued on the basis of current market value whereas buildings & roads and plant & machinery have been revalued on the basis of depreciated market values. The surplus arising on latest revaluation aggregating Rs. 2,079 million has been credited to related surplus on revaluation.

20.7 The year-end balance has been arrived at as follows:

	2018	Re-stated 2017	Re-stated 2016
	------ Rupees in thousand ------		
Opening balance	**4,285,054**	4,448,268	3,304,816
Add: surplus arisen on revaluation carried-out during the year	**2,079,452**	166,651	1,429,781
Less: transferred to unappropriated profit:			
- on account of incremental depreciation for the year	**(313,608)**	(329,742)	(286,329)
- upon sale of revalued plant and machinery	**0**	(123)	0
	6,050,898	4,285,054	4,448,268
Less: deferred tax on:			
- opening balance of surplus	**983,581**	1,066,608	961,777
- surplus on revaluation carried out during the year	**561,452**	49,995	223,301
- incremental depreciation for the year	**(85,855)**	(98,615)	(88,414)
	1,459,178	1,017,988	1,096,664
- resultant adjustment due to reduction in tax rate	**(80,993)**	(34,407)	(30,056)
	1,378,185	983,581	1,066,608
Closing balance	**4,672,713**	3,301,473	3,381,660
Share of the Holding Company	**2,646,569**	1,982,767	1,982,359
Share of Non-controlling Interest	**2,026,144**	1,318,706	1,399,301
	4,672,713	3,301,473	3,381,660

21. LONG TERM FINANCES - Secured

Lending Institutions	Interest rate (per annum)	Total available facility	Long-term portion	Current portion	Total outstanding amount	Total outstanding amount	Collateral
	September 30, 2018					September 30, 2017	
		-------------------	Rupees in thousand	-------------------			
Loans from banking companies and other financial institutions							
The Holding Company							
Soneri Bank Ltd.	6 months KIBOR +1%	200,000	0	66,666	66,666	133,333	First pari passu charge of Rs.267 million over plant and machinery of the Holding Company.
CSM							
Bank Al Falah Ltd.	6 months KIBOR +2%	25,000	0	25,000	25,000	100,000	First registered joint pari passu charge on present and future fixed assets of CSM for Rs.386.87 million.
Bank Al Habib Ltd.	6 months KIBOR + 1% - 1.5 %	331,316	235,713	95,603	331,316	303,697	First joint pari passu charge on present and future fixed assets of CSM for Rs.933.33 million.
Faysal Bank Ltd.	6 months KIBOR + 1.5 %	83,327	0	83,327	83,327	249,982	Joint pari passu hypothecation charge over all fixed assets of CSM for Rs. 667 million.
Soneri Bank Ltd.	6 months KIBOR + 1% - 1.75 %	256,320	156,544	99,776	256,320	351,231	First registered joint pari passu charge on present and future fixed assets of CSM for Rs.667 million.
The Bank of Punjab	6 months KIBOR + 1% - 1.3 %	193,019	103,119	89,900	193,019	282,714	Joint pari passu hypothecation charge over fixed assets of CSM for Rs.666.67 million.
Dubai Islamic Bank Pakistan Ltd.	6 months KIBOR + 2 %	877,438	682,452	194,986	877,438	974,931	Pari passu hypothecation charge over all fixed assets of CSM for Rs. 1.33 billion.
Total		1,966,420	1,177,828	655,258	1,833,086	2,395,888	
Less: amount payable within next 12 months							
The Holding Company							
- Principal					66,666	66,667	
CSM							
- Principal (note 20.1)					588,592	621,917	
					655,258	688,584	
Amount due after September 30, 2019 (note 20.2)					1,177,828	1,707,304	

21.1 This includes instalments due on September 30, 2018 for an aggregate amount of Rs. 30.9 million, which have been paid subsequently on October 02, 2018.

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

22. LOANS FROM RELATED PARTIES - Secured

	Note	2018	2017
		Rupees in thousand	
Associated Companies:			
Premier Board Mills Limited	**22.1**	**65,575**	65,575
Arpak International Investments Limited	**22.2**	**43,750**	43,750
Azlak Enterprises (Private) Limited	**22.3**	**70,000**	0
		179,325	109,325

22.1 The long term finance facility had been renewed on February 09, 2017. The principal is repayable in 7 semi annual instalments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. This loan is secured against promissory note from CSM.

22.2 The long term finance facility had been renewed on February 09, 2017. The principal is repayable in 7 semi annual instalments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. This loan is secured against promissory note from CSM.

22.3 The long term finance facility was obtained during the year. The principal is repayable in 8 semi annual instalments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. This loan is secured against promissory note from CSM.

23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2018			2017		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	-------------------- Rupees in thousand --------------------					
Minimum lease payments	**31,820**	**41,618**	**73,438**	34,101	60,350	94,451
Less: finance cost allocated to future periods	**4,478**	**3,789**	**8,267**	4,541	4,474	9,015
	27,342	**37,829**	**65,171**	29,560	55,876	85,436
Less: security deposits adjustable on expiry of lease terms	**329**	**718**	**1,047**	5,104	11,403	16,507
Present value of minimum lease payments	**27,013**	**37,111**	**64,124**	24,456	44,473	68,929

23.1 The Holding Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by September, 2021. The Holding Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 7.97% to 10.06% (2017: 7.76% to 8.35%) per annum.

23.2 CSM acquired vehicles under lease from commercial banks. The financing is repayable in equal monthly instalments over a period of three to five years and carries finance charge ranging from 4.72% to 8.45% (2017: 4.49% to 8.03%) per annum.

24. DEFERRED LIABILITIES

	Note	2018	2017
		Rupees in thousand	
Deferred taxation			
- The Holding Company	**24.1**	**0**	0
- FSM	**24.3**	**0**	0
- CSM	**24.4**	**1,147,169**	723,106
		1,147,169	723,106
Staff retirement benefits - gratuity			
- The Holding Company	**24.5**	**14,135**	12,126
- FSM	**24.6**	**156**	2,222
- CSM	**24.7**	**7,625**	0
		21,916	14,348
		1,169,085	737,454

24.1 This is comprised of the following:

	Note	2018	2017
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**12,559**	14,484
- surplus on revaluation of property, plant and equipment		**231,018**	260,475
- lease finances		**314**	1,033
		243,891	275,992
Deductible temporary differences arising in respect of:			
- available unused tax losses	**24.2**	**(176,552)**	(224,878)
- staff retirement benefits - gratuity		**(4,099)**	(3,638)
- provision for doubtful bank balance		**(1,450)**	(1,500)
- minimum tax recoverable against normal tax charge in future years		**(61,790)**	(45,976)
		(243,891)	(275,992)
		0	0

24.2 Deferred tax asset recognised in the financial statements of the Holding Company has been restricted to Rs.176.552 million (2017: Rs.224.878 million) as taxable profits in the foreseeable future will not probably be available against which the temporary differences can be utilised. Unrecognised deferred tax asset as at September 30, 2018 amounts to Rs.53.875 million (2017: Rs.73.732 million).

24.3 Deferred tax asset arising on unused tax losses has not been recognised in the financial statements of FSM due to uncertainty about the availability of taxable profits in the foreseeable future.

24.4 Deferred tax comprises of the following:

	2018	2017
	Rupees in thousand	
Taxable temporary differences arising in respect of:		
Accelerated tax depreciation allowances	**272,336**	295,301
Surplus on revaluation of property, plant and equipment	**1,147,169**	723,106
Lease finances	**7,379**	756
	1,426,884	1,019,163
Deductible temporary differences arising in respect of:		
Provision for doubtful advances	**(7,786)**	(731)
Provision for obsolete items	**(9,706)**	0
Provision for doubtful debts	**(412)**	0
Provision for gratuity	**(2,059)**	0
Unused tax losses	**(144,447)**	0
Minimum tax recoverable against normal tax charge in future years	**(115,305)**	(295,326)
	(279,715)	(296,057)
	1,147,169	723,106

24.5 In case of the Holding Company, the future contribution rates of the scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	**2018**	2017
- discount rate - per annum	**10.25%**	8.00%
- expected rate of growth per annum in future salaries	**9.25%**	7.00%
- mortality rates	**SLIC 2001-2005**	SLIC 2001-2005 Setback 1 year
- withdrawal rates	**Age-based**	Age-based
- retirement assumption	**Age 60**	Age 60
- average expected remaining working life time of employees	**08 years**	07 years

Amount recognised in the statement of financial position of the Holding Company is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:	**2018**	2017
	Rupees in thousand	
Opening balance	**12,126**	14,148
Current service cost	**737**	803
Past service cost	**267**	173
Interest cost	**909**	886
Benefits payable to outgoing Members - grouped under current liabilities	**(144)**	(1,843)
Benefits paid	**(1,373)**	(2,024)
Remeasurements:		
-experience adjustments	**1,563**	(31)
-changes in financial assumptions	**50**	14
Closing balance	**14,135**	12,126
Expense recognised in statement of profit or loss of the Holding Company		
Current service cost	**737**	803
Past service cost	**267**	173
Interest cost	**909**	886
Charge for the year	**1,913**	1,862

Remeasurement recognised in statement of other comprehensive income of the Holding Company	**2018**	2017
	Rupees in thousand	
Experience adjustments	**1,613**	(17)

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2018	2017	2016	2015	2014
	Rupees in thousand				
Present value of defined benefit obligation	**14,135**	12,126	14,148	13,764	9,175
Experience adjustment on obligation	**1,613**	(17)	(783)	291	(1,638)

Year-end Sensitivity Analysis:

	Change in assumption	**Impact on defined benefit obligation**	
		Increase	**Decrease**
		Rupees in thousand	
Discount rate	**1%**	**13,100**	**15,302**
Salary growth rate	**1%**	**15,314**	**13,070**

The expected contribution to defined benefit obligation for the year ending September 30, 2019 is Rs.2.347 million.

24.6 In case of FSM, the future contribution rates of the scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

	2018	2017
- discount rate - per annum	**10.25%**	8.00%
- expected rate of growth per annum in future salaries	**9.25%**	7.00%
- average expected remaining working life time of employees	**04 years**	05 years
- mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	**Age-based**	Age-based
- retirement assumption	**Age 60**	Age 60

Amount recognised in the statement of financial position of FSM is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:	**2018**	2017
	Rupees in thousand	
Opening balance	**2,222**	2,171
Current service cost	**42**	47
Interest cost	**90**	157

	2018	2017
	Rupees in thousand	
Benefits due but not paid - classified under current liabilities	**(2,015)**	0
Benefits paid	**(180)**	0
Remeasurements:		
-experience adjustments	**12**	(153)
-changes in financial assumptions	**(15)**	0
Closing balance	**156**	2,222
Expense recognised in statement of profit or loss of FSM		
Current service cost	**42**	47
Interest cost	**90**	157
	132	204

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2018	2017	2016	2015	2014
	----------------------	Rupees in thousand			----------------------
Present value of defined benefit obligation	**156**	2,222	2,171	2,339	2,321
Experience adjustment on obligation	**(3)**	(153)	(345)	0	(322)

Year-end Sensitivity Analysis:		**Impact on defined benefit obligation**	
	Change in assumption	**Increase**	**Decrease**
		Rupees in thousand	
Discount rate	**1%**	**151**	**163**
Salary growth rate	**1%**	**157**	**157**

The expected contribution to defined benefit obligation for the year ending September 30, 2019 is Rs.22 thousand.

24.7 In case of CSM, the latest actuarial valuation of the employees' defined benefit plan was conducted at September 30, 2018 using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	2018
	Rupees in thousand
Present value of defined benefit obligation	**7,625**
Fair value of plan assets	**0**
Net liability	**7,625**

Movement in net liability recognised	2018 Rupees in thousand
Opening net liability	0
Expense for the year recognised in the statement of profit or loss	7,616
Remeasurement loss recognised in Other Comprehensive Income (OCI) during the year	813
Other adjustment / payments	(804)
	7,625
Expense for the year	
Current service cost	7,202
Net interest expense	414
	7,616
Changes in the present value of defined benefit obligation:	
Opening defined benefit obligation	0
Current service cost	7,202
Interest cost	414
Benefits paid	(804)
Remeasurement loss on defined benefit obligation	813
Closing defined benefit obligation	7,625

Principal actuarial assumptions used in the actuarial valuation:

The Projected Unit Credit Method using the following significant assumptions was used for the valuation of the scheme:

	2018
Discount rate	8.00%
Salary increase rate - long term	9.00%
Salary increase rate - short term	9.00%
Demographic assumptions	
Mortality rates	SLIC 2001-05

During the year 2019, CSM expects to contribute Rs.1.214 million to its gratuity scheme.

Remeasurement recognised in OCI during the year:	2018 Rupees in thousand
Remeasurement loss on defined benefit obligation	813

Projected benefit payments from fund are as follows:	2018 Rupees in thousand
FY 2019	**1,214**
FY 2020	**657**
FY 2021	**600**
FY 2022-2026	**4,556**
FY 2026 and above	**171,865**

The weighted average number of years of defined benefit obligation is given below:

Plan duration	Years
September 30, 2018	**9.7**

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1 percent increase	Effect of 1 percent decrease
2018	**Rupees in thousand**	
Discount rate	(676)	798
Future salary growth	785	(676)

The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognised within the statement of financial position.

The defined benefit obligation exposes CSM to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Withdrawal risks:

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks:

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

25. TRADE AND OTHER PAYABLES

	Note	2018	2017
		Rupees in thousand	
Creditors		**220,651**	196,250
Due to Associated Companies	**25.1**	**26,995**	34,729
Accrued expenses		**103,271**	91,318
Retention money		**15,962**	14,735
Security deposits - interest free repayable on demand	**25.2**	**2,222**	3,755
Advance payments from customers		**297,802**	281,374
Income tax deducted at source		**17,828**	417
Sales tax payable		**14**	12
Gratuity payable to ex-employees		**5,268**	4,673
Advance received against sale of scrap	**25.3**	**2,024**	2,024
Payable for workers' welfare obligations	**25.4**	**16,570**	6,615
Payable to provident fund		**2,201**	1,411
Payable to employees		**27,562**	20,407
Others		**19,289**	1,737
		757,659	659,457

25.1 This represents due to following related parties:

	2018	2017
- Azlak Enterprises (Pvt.) Ltd.	**17,570**	14,497
- Syntronics Ltd.	**9,425**	16,956
- Syntron Ltd.	**0**	3,276
	26,995	34,729

25.2 **(a)** Security deposits include Rs.331 thousand (2017: Rs.387 thousand) representing mark-up bearing deposits. The Holding Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

(b) These include deposits aggregating Rs.774 thousand (2017:Rs.769 thousand), which are repayable on demand and cannot be utilised for the purpose of business of CSM in accordance with the terms of written agreements with these parties. The amount Rs. Nil (2017: Rs. Nil) has been kept in separate bank account.

25.3 FSM, during the current year, has not received any further advance under this head.

		Note	2018	2017
			Rupees in thousand	
25.4	**Payable for workers' welfare obligations**			
	Balance at the beginning of the year		**6,615**	23,214
	Charge for the year		**16,570**	6,615
			23,185	29,829
	Interest on funds utilised in the CSM's business		**557**	0
	Payments made during the year		**(7,172)**	(23,214)
	Balance at the end of the year		**16,570**	6,615
26.	**ACCRUED MARK-UP**			
	Mark-up accrued on:			
	- long term finances		**50,537**	62,805
	- loans from related parties		**6,320**	5,173
	- short term borrowings		**109,574**	68,791
			166,431	136,769
27.	**SHORT TERM BORROWINGS**			
	The Holding Company			
	Secured	**27.1**	**944,000**	818,000
	Un-secured - temporary bank overdraft	**27.3**	**1,384**	8,306
			945,384	826,306
	FSM			
	Un-secured - temporary bank overdraft		**282**	0
	CSM			
	Cash / running finances and export re-finances - secured	**27.4**	**3,706,999**	2,451,000
	Bank overdraft - un-secured		**0**	1,407
			3,706,999	2,452,407
			4,652,665	3,278,713

27.1 Short term finance facilities available to the Holding Company from commercial banks under mark-up arrangements aggregate Rs.1,250 million (2017: Rs.1,700 million). These facilities are secured against pledge of stock of refined sugar, charge over fixed assets and charge over present and future current assets of the Holding Company. These facilities, during the year, carried mark-up at the rates ranging from 7.15% to 7.93% (2017: 7.04% to 7.64%) per annum and are expiring on various dates by March 31, 2019.

27.2 Facilities available to the Holding Company for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2017: Rs.125 million). Out of the available facilities, facilities aggregating Rs.105 million (2017: Rs.115 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

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

27.4 These finance facilities are secured against all of the CSM's present and future goods pledged with banks included but not limited to merchandise, product, stock-in-trade pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.

	Note	**2018**	2017
		Rupees in thousand	
28. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	**21**	**655,258**	688,584
Liabilities against assets subject to finance lease	**23**	**27,013**	24,456
		682,271	713,040
29. TAXATION - Net			
Opening balance		**46,447**	16,878
Add: provision made during the year			
- current		**145,540**	98,329
- prior year		**(772)**	(2,923)
Provision balance		**144,768**	95,406
Less: adjusted against income tax refundable		**71,849**	51,882
		119,366	60,402
Less: adjustments made against completed assessments		**97,556**	13,955
Closing balance		**21,810**	46,447

The Holding Company

29.1 The returns for the Tax Years 2010 to 2018 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

29.2 No numeric tax rate reconciliation is presented in the financial statements of the Holding Company as the Holding Company during the current and preceding years was mainly liable to pay tax due under sections 5 (Tax on dividends), 15 (Income from property) and 113 (Minimum tax on the income of certain persons) of the Ordinance.

29.3 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 (the Department) from finalising the proceedings. The petition is pending adjudication.

FSM

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

29.5 The returns upto tax year 2018 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

29.6 No numeric tax rate reconciliation is presented in the financial statements of FSM as FSM during the current and preceding years was mainly liable to pay tax due under sections 5, 37A (Capital gains on sale of securities) and 113 of the Ordinance.

30. CONTINGENCIES AND COMMITMENTS

The Holding Company

30.1 No commitments were outstanding as at September 30, 2018 and September 30, 2017.

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

30.3 The Holding Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of September, 2018, has raised GIDC demands aggregating Rs.68.087 million, which are payable in case of an adverse judgment by the SCP. No provision for these GIDC demands has been made in the books of account of the Holding Company as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

30.4 The Holding Company's petition filed before the PHC, against Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers was fixed at Rs.12,000 per month with effect from July 01, 2014, is still pending adjudication. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.2.359 million approximately.

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

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

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

30.8 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Holding Company outstanding as at September 30, 2018 were for Rs.20 million (2017: Rs.10 million).These guarantees are valid upto April 24, 2018 and May 26, 2019.

FSM

30.9 The Additional Collector of Sales Tax, Peshawar, had served a show cause notice raising sales tax demands aggregating Rs.1.528 million along with additional tax on the grounds that FSM under-valued the price of spirit during the financial years 1994-95 & 1995-96 and paid lesser sales tax. FSM paid Rs.248 thousand against the said demands and filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Peshawar Bench, which is pending adjudication.

30.10 The Appellate Tribunal Inland Revenue, Peshawar, vide its order dated October 09, 2012, had allowed FSM's appeal; FSM prayed that the order passed by the Department during July, 2007 be set-aside and refund claims pertaining to the period April to December, 2006 aggregating Rs.421 thousand be sanctioned.

30.11 FSM, by filing a writ petition before the PHC, has challenged the Notification issued by the Government of KPK dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.1.148 million approximately. The petition is pending adjudication.

30.12 No commitments were outstanding as at September 30, 2018 and September 30, 2017.

CSM

Contingencies

30.13 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that CSM has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further, the ACIR ordered CSM to pay alleged demand of Rs.36.84 million representing principal amount and default surcharge for the aforesaid tax period. CSM filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs.28.06 million vide order-in-appeal dated March 24, 2015. CSM preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld CSM's contention. The tax department filed a reference in this respect before the Honourable Peshawar High Court which is yet to be

30.14 The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that CSM has not undertaken appropriate stock taking and raised a demand of Rs.10 million in respect of FED on the alleged differential stock. CSM preferred an appeal before Appellate Tribunal Inland Revenue (ATIR), which was accepted vide order dated January 25, 2016. In this respect, the department filed reference before the Honourable Peshawar High Court, which is yet to be decided.

30.15 The Assistant Commissioner Inland Revenue (ACIR) vide its order dated June 12, 2014 alleged that CSM has claimed input tax amounting to Rs.136 million against the supplies to unregistered persons in contravention to the related statutory provisions. CSM filed appeal before Commissioner Inland Revenue Appeals [CIR (A)] Peshawar, which was rejected through an ex-parte order. CSM filed appeal before Appellate Tribunal Inland Revenue, Peshawar against ex-parte order-in-appeal passed by the CIR (A), Peshawar. Simultaneously, a rectification application was also filed before CIR (A), Peshawar, which was upheld and CSM's view accepted vide order-in-appeal dated March 29, 2018. In pursuance of the aforesaid rectification order by the Commissioner Inland Revenue a withdrawal application has been filed by CSM before Appellate Tribunal Inland Revenue (ATIR), Peshawar. However, the department has filed appeal before ATIR against the said rectification order of CIR (A). Further, the Federal Government issued another SRO whereby, the amendments made earlier have been omitted. In view of foregoing, management believes that as the related charging provisions have been deleted with retrospective effect resultantly the departmental proceedings are now redundant.

30.16 Subsequent to the year-end, the Assistant Commissioner Inland Revenue issued show cause notice dated October 03, 2018 in respect of non-charging of further tax for an amount of Rs.174 million on sales made to unregistered persons. CSM filed writ petition before the Honourable Peshawar High Court, challenging the said notice and accordingly stay has been granted in this respect by High Court vide order dated November 02, 2018. CSM is of the view that further tax is not attracted in the instant case on sale of sugar and related matter is already decided per CSM's contention in identical matters of certain other entities by the superior appellate / judicial fora.

No provision on account of contingencies disclosed in note 30.13 - 30.16 above has been made in the financial statements of CSM as the management and its tax and legal advisors are of the view, that these matters will eventually be settled in favour of CSM.

30.17 CSM has letter of guarantee facilities aggregating Rs.100 million (2017: Rs.100 million) available from Bank Al Habib Ltd. The amount availed on these facilities as at September 30, 2018 is Rs.9.67 million (2017: Rs.1.5 million). These facilities are secured by master counter guarantee and 100% cash margin.

30.18 CSM has obtained letter of credit facilities aggregating Rs.231 million (2017: Rs.75 million) from Bank Al Habib Ltd., Habib Metropolitan Bank Ltd., Bank Alfalah Ltd. and MCB Bank Ltd. The amount availed on these facilities as at September 30, 2018 is Rs.4.73 million (2017: Rs.3.89 million). These facilities are secured by lien on shipping documents.

30.19 CSM has cash finance facility available from various banks aggregating to Rs.5.85 billion, out of which Rs.2.99 billion has been availed by CSM. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10%.

30.20 CSM has Export Re Finance / Finance Against Packing Credit (ERF / FAPC) facility from various commercial banks for Rs.1,200 million, out of which Rs.959 million has been availed by CSM as at September 30, 2018. These facilities are secured by the joint pari passu hypothecation charge over current assets of CSM and lien over export documents.

30.21 CSM is defending its stance before the courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities etc. The management of CSM is of the view that the ultimate outcome of these cases are expected to be favourable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made in the financial statements of CSM in this regard.

		2018	2017
30.22 In case of CSM, commitments in respect of :	**Note**	**Rupees in thousand**	
- foreign letters of credit for purchase of plant and machinery		**68,041**	17,604
- capital expenditure other than for letters of credit		**30,240**	2,318

31. GROSS SALES

- local		**10,044,088**	11,950,184
- export	**31.1**	**2,506,326**	1,500,725
		12,550,414	13,450,909

31.1	Export sales comprise of the sales made in the following regions:	Note	**2018**	2017
			Rupees in thousand	
	Afghanistan		**318,793**	295,406
	Japan		**1,202,553**	529,362
	Singapore		**650,862**	279,577
	Spain		**201,012**	259,413
	Hong Kong		**87,587**	5,349
	Switzerland		**0**	131,618
	United Arab Emirates		**45,519**	0
			2,506,326	1,500,725

32. SALES TAX, OTHER GOVERNMENT LEVIES AND COMMISSIONS

Indirect taxes		**1,008,249**	1,244,001
Commissions		**120,876**	80,323
		1,129,125	1,324,324

33. COST OF SALES

Raw materials consumed		**8,912,024**	10,518,700
Chemicals and stores consumed		**248,532**	237,022
Salaries, wages and benefits	**33.1**	**592,755**	591,637
Power and fuel		**76,635**	83,730
Insurance		**16,619**	14,900
Repair and maintenance		**226,028**	163,971
Provision for obsolete items		**35,948**	0
Depreciation	**7.7**	**730,194**	788,801
		10,838,735	12,398,761
Adjustment of work-in-process:			
Opening		**11,318**	10,453
Closing	**12**	**(9,900)**	(11,318)
		1,418	(865)
Cost of goods manufactured		**10,840,153**	12,397,896
Adjustment of finished goods:			
Opening stock		**1,986,421**	732,942
Closing stock	**12**	**(2,604,340)**	(1,986,421)
		(617,919)	(1,253,479)
		10,222,234	11,144,417

33.1 Salaries, wages and benefits include Rs.13.169 million (2017:Rs.8.168 million) in respect of retirement benefits.

34. SELLING AND DISTRIBUTION EXPENSES

	Note	2018	2017
		Rupees in thousand	
Salaries and benefits	34.1	12,134	9,008
Loading and stacking		20,948	15,030
Export development surcharge		6,841	3,775
Freight and other expenses on exports		180,274	106,860
Freight and packing charges for delivering sugar in small packets to a customer		4,601	1,185
Others		1,688	788
		226,486	136,646

34.1 Salaries and benefits include Rs.157 thousand (2017: Rs.98 thousand) in respect of retirement benefits.

35. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2018	2017
Salaries and benefits	35.1	286,094	264,210
Travelling:			
- directors		86	62
- others		12,922	29,524
Utilities		749	843
Vehicles' running and maintenance		12,056	11,046
Rent, rates and taxes		5,322	9,853
Insurance		3,623	3,762
Repair and maintenance		18,430	18,017
Printing and stationery		9,530	8,783
Communication		7,696	9,602
Fees and subscription		5,890	5,691
Auditors' remuneration	35.2	4,845	3,632
Legal and professional charges (other than Auditors)		7,724	4,821
Depreciation on:			
- operating fixed assets	7.7	34,103	30,494
- investment property	9	1,047	1,141
Amortisation of intangible assets	8	0	433

	Note	2018	2017
		Rupees in thousand	
Provision for doubtful advances		**26,401**	0
Provision for doubtful debts		**1,528**	0
General		**21,238**	21,270
		459,284	423,184

35.1 Salaries and benefits include Rs 11.882 million (2017: Rs 3.503 million) in respect of retirement benefits.

35.2 Auditors' remuneration

	Note	2018	2017
		Rupees in thousand	
ShineWing Hameed Chaudhri & Co.			
- statutory audits		**805**	2,258
- half-yearly reviews		**196**	470
- consultancy and certification charges		**572**	601
- out-of-pocket expenses		**96**	162
		1,669	3,491
A.F.Ferguson & Co. (statutory auditors of CSM and its subsidiary in 2018)			
- statutory audits		**1,957**	0
- half year review		**469**	0
- consolidation		**200**	0
- Group reporting		**150**	0
- certification and others		**150**	0
- out-of-pocket expenses		**250**	0
		3,176	0
Other Auditors			
- cost audits		**0**	105
- employees' provident fund's audit fee		**0**	15
- workers' (profit) participation funds' audit fees		**0**	15
- out-of-pocket expenses		**0**	6
		0	141
		4,845	3,632

36. OTHER INCOME

	Note	2018	2017
		Rupees in thousand	
Income from financial assets:			
Return on bank deposits		**4,895**	5,651
Gain on redemption of short term investments		**8**	42
Fair value gain on re-measurement of short term investments		**277**	386
Dividend		**406**	573
Exchange fluctuation gain - net		**27,354**	1,645
Income from other than financial assets:			
Rent	**36.1**	**6,721**	6,721
Sale of scrap - net of sales tax		**1,294**	10,329
Sale of press mud - net of sales tax		**4,795**	9,122
Unclaimed payable balances written-back		**72**	506
Gain on sale of operating fixed assets - net	**7.8**	**1,458**	1,589
Sale of agricultural produce - net of expenses aggregating Rs.3.481 million (2017:Rs.3.577 million)		**630**	2,348
Seed sales net of expenses		**911**	141
Sale of fusel oil - net of sales tax		**513**	538
Export subsidy		**86,670**	0
Insurance claim		**142**	0
Miscellaneous - net of sales tax		**2,065**	2,928
		138,211	42,519

36.1 **(a)** As per the agreement entered into between the Holding Company and Premier Board Mills Ltd. (PBM - a related party) on June 23, 2015, the Holding Company has leased-out a portion of its second floor situated at Head Office to PBM. As per the addendum lease agreement entered into between the Holding Company and PBM on July 01, 2015, the lease has commenced from July 01, 2015 and will end on June 30, 2020. PBM will pay to the Holding Company the sum of Rs.2.310 million per annum as rent.

(b) The Holding Company, during the financial year ended September 30, 2015, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM. As per the addendum lease agreement entered into between the Holding Company and PBM on July 01, 2016, the lease has commenced from July 01, 2016 and will end on June 30, 2021. PBM will pay to the Holding Company the sum of Rs.4.400 million per annum as rent for next five years.

37. OTHER EXPENSES

	Note	2018	2017
		Rupees in thousand	
Donations (without directors' interest)	**37.1**	**1,505**	10,338
Uncollectible receivable balances written-off		**526**	17
Workers' profit participation and workers' welfare obligations	**25.4**	**16,570**	6,615
Prior year's sales tax on account of inadmissible input tax adjustment claimed		**906**	287
Sales tax and default surcharge on plant & machinery sold in prior year		**0**	2,567
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		**2,447**	0
		21,954	19,824

37.1 These include donation paid to Shandana Humayun Khan amounting to Rs.1 million (2017: these included Rs.10 million paid to Sindh Institute of Urology and Transplantation, Karachi).

38. FINANCE COST

	Note	2018	2017
Mark-up on:			
- long term finances		**164,315**	230,007
- loans from Associated Companies		**9,225**	9,774
- short term borrowings		**389,271**	298,795
Interest on workers' (profit) participation fund	**25.4**	**557**	0
Lease finance charges		**5,314**	5,190
Bank charges		**6,197**	6,484
		574,879	550,250

39. TAXATION

	Note	2018	2017
		Rupees in thousand	
Current			
- for the year	**29**	**145,540**	98,329
- prior year		**(772)**	(1,194)
		144,768	97,135
Deferred:			
- resultant adjustment due to reduction in tax rate	**20**	**80,993**	34,407
- on account of temporary differences		**(136,702)**	(116,053)
		(55,709)	(81,646)
		89,059	15,489

The Holding Company

39.1 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income tax with most recent tax assessment for the last three tax years is as follows:

	2017	2016	2015
	----- Rupees in thousand -----		
Tax assessed as per most recent tax assessment	19,010	13,767	0
Provision in financial statements for income tax	20,623	16,768	0

As at September 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate Authorities on similar matters, the provision in financial statements of the Holding Company for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax Authorities.

CSM

39.2 Reconciliation of income tax with accounting profit

There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented in the financial statements of CSM.

39.3 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Income Tax Ordinance, 2001 were amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. CSM has distributed 40% of its after tax profits for the Tax Year 2018.

39.4 CSM computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation	Tax assessed	Excess
	-----------------------Rupees in thousand-------------------------		
2018	77,689	50,230	27,459
2017*	0	0	0
2016*	0	0	0

* CSM has returned tax loss for each of the tax years 2016 and 2017. No provision for taxation has been recognised by the Subsidiary of CSM.

40. COMBINED LOSS PER SHARE

	2018	2017
	Rupees in thousand	
Loss attributable to equity holders of the Holding Company	**(128,820)**	(155,769)
	No. of shares	
Weighted average number of shares outstanding during the year	**3,750,000**	3,750,000
	---------- Rupees ----------	
40.1 Combined loss per share	**(34.35)**	(41.54)

Diluted loss per share has not been presented as there are no convertible instruments in issue as at September 30, 2018 and September 30, 2017, which would have any effect on the combined loss per share if the option to convert is exercised.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried-out by the Group's finance departments under policies approved by the board of directors. The Group's finance departments evaluate financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the boards of directors.

41.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 10.76 million (2017: Rs 22.18 million) and financial liabilities include Rs Nil (2017: Rs Nil) which were subject to currency risk.

Rupees per U.S.$	2018	2017
Average rate	**114.60**	104.79
Reporting date rate	**124.20**	105.00

Sensitivity analysis

As at September 30, 2018, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.76 million (2017: Rs 1.55 million) lower / higher.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Group's interest bearing financial instruments is as follows:

	2018	2017	2018	2017
	Effective rate		Carrying amount	
Fixed rate instruments	%	%	Rupees in thousand	
Financial assets				
Deposit with a non-banking finance Company	**5.00**	5.00	**58,000**	78,000
Bank balances	**3.75 to 9.26**	0.26 to 7.64	**52,208**	45,854
Variable rate instruments				
Financial liabilities				
Long term finances	**6 months KIBOR + spread rate**		**1,833,086**	2,395,888
Loans from Associated Companies	**1 month KIBOR + 1.25%**		**179,325**	109,325
Liabilities against assets subject to finance lease	**4.72 to 10.06**	4.49 to 8.35	**64,124**	68,929
Short term borrowings	**3 to 9 months KIBOR + spread rate**		**4,650,999**	3,269,000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2018, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been higher / lower by Rs.67.275 million; (2017: Rs.58.431 million) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at September 30, 2018, price risk arose from the Group's investments in Units of a Mutual Fund classified as short term investments at fair value through profit or loss. To manage its price risk, the Group diversifies its portfolio and continuously monitors developments in the market. In addition, the Group's management actively monitors the key factors that affect price movement.

As at September 30, 2018, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have decreased / increased loss before taxation for the year by Rs.1,294 thousand (2017: Rs.815 thousand)

The sensitivity analysis prepared is not necessarily indicative of the effects on statement of profit or loss and investments of the Group.

41.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, loans & advances, deposits with a non-banking finance company and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management of the Holding Company has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Group's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Group.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2018 along with comparative is tabulated below:

	2018	2017
	Rupees in thousand	
Long term investments	**25,351**	27,627
Security deposits	**15,208**	15,268
Trade debts	**397,180**	187,433
Loans and advances	**225,954**	265,856
Trade deposits and other receivables	**396,972**	286,495
Accrued profit on bank deposits	**69**	25

	Note	2018	2017
		Rupees in thousand	
Short term investments		**12,939**	8,154
Deposits with a non-banking finance company		**58,000**	78,000
Bank balances		**302,878**	101,283
		1,434,551	970,141

The Group management does not expect any losses from non-performance by these counter parties except for deposits lying with a non-banking finance company as detailed in note 18.5.

Trade debts exposure by geographic region is as follows:

	2018	2017
Domestic	**386,420**	165,257
Export	**10,760**	22,176
	397,180	187,433

- Export debts of the Group are situated in Asia.
- The ageing of trade debts at the year-end was as follows:

	2018	2017
- 0 to 6 months	**386,311**	183,701
- 6 to 12 months	**10,869**	295
- above 12 months	**0**	3,437
	397,180	187,433

Based on past experience, the Group's management believes that no impairment loss allowance is necessary in respect of trade debts as material amounts have been realised subsequent to the year-end.

Credit quality of the Group's investments at respective year-ends:

First Habib Cash Fund	**Fund stability rating assigned by JCR-VIS**
September 30, 2018	**AA**
September 30, 2017	AA

The credit quality of CSM's bank balances have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

		2018	2017
Bank balances	A1+	**128,288**	39,203
	A1	**3,542**	1,034
	A-1+	**56,198**	43,106
	A-1	**754**	360
	A	**90,823**	0
		279,605	83,703

41.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Group's treasury departments aim at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

2018	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	---------------- Rupees in thousand				**----------------**
Long term finances	**1,833,086**	**1,885,702**	**707,874**	**1,177,828**	**0**
Loans from related parties	**179,325**	**185,645**	**0**	**185,645**	**0**
Lease finances	**64,124**	**72,391**	**31,491**	**40,900**	**0**
Trade and other payables	**497,937**	**497,937**	**497,937**	**0**	**0**
Unclaimed dividends	**7,674**	**7,674**	**7,674**	**0**	**0**
Accrued mark-up	**166,431**	**166,431**	**166,431**	**0**	**0**
Short term borrowings	**4,652,665**	**4,757,341**	**4,757,341**	**0**	**0**
	7,401,242	**7,573,121**	**6,168,748**	**1,404,373**	**0**

2017	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	---------------- Rupees in thousand				----------------
Long term finances	2,395,888	2,815,702	870,604	1,846,668	98,430
Loans from related parties	109,325	142,854	8,211	111,291	23,352
Lease finances	68,929	69,827	24,901	44,926	0
Trade and other payables	409,954	409,954	409,954	0	0
Unclaimed dividends	7,706	7,706	7,706	0	0
Accrued mark-up	136,769	136,769	136,769	0	0
Short term borrowings	3,278,713	3,347,776	3,347,776	0	0
	6,407,284	6,930,588	4,805,921	2,002,885	121,782

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these consolidated financial statements.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS AND HIERARCHY

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At September 30, 2018, the carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate to their fair values.

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's investments in equity instruments of a listed Company have been measured at fair value using year-end quoted prices. Fair value of these investments falls within level 1 of fair value hierarchy as mentioned above.

As at September 30, 2018, the Group's investments in a Mutual Fund were measured at fair value using year-end Net Assets Value as computed by the Assets Management Company. Fair value of these investments fell within level 2 of fair value hierarchy as mentioned above..

43. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue the Holding Company's and the Subsidiary Companies' operations as going concerns so that they can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of their businesses.

The Group manages capital structures of the Holding and Subsidiary Companies by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structures, the Holding Company and Subsidiary Companies may adjust the amounts of dividend paid to shareholders and / or issue new shares.

There was no change to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

44. TRANSACTIONS WITH RELATED PARTIES

44.1 The Holding Company 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 related parties during the year were as follows:

The Holding Company	2018	2017
	Rupees in thousand	
Associated Companies		
- purchase of goods	**15,159**	9,822
- rental income	**6,710**	6,710
- dividend received	**0**	573
Key management personnel		
- salaries and other benefits	**15,768**	14,706
- contribution towards provident fund	**938**	885

The Holding Company's shareholdings in Associated Companies have been detailed in note 10. In addition to the names of the Associated Companies detailed in note 8, the following are other Associated Companies:

- Syntronics Limited
- Syntron Limited
- Premier Ceramics Limited
- Phipson & Co. Pakistan (Pvt.) Ltd.

44.2 Key management personnel

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

FSM

FSM 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. FSM has carried-out no transaction with any related party during the current and preceding financial years.

CSM

The related parties comprise of Associated Companies directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in remuneration note.

Significant transactions with related parties during the year were as follows:

	2018	2017
Syntronics Ltd.	**Rupees in thousand**	
Purchase of store items	**26,182**	31,417
Dividend paid	**5,386**	16,157
Syntron Ltd.		
Purchase of store items	**70,617**	65,170
Azlak Enterprises (Pvt.) Ltd.		
Sale of bagasse	**20,416**	17,325
Mark-up charged	**477**	0
Expenses paid	**4,307**	8,902
Dividend paid	**2,194**	6,583
Phipson & Company Pakistan (Pvt.) Ltd.		
Dividend paid	**461**	1,384
Provident fund		
Contribution to provident fund	**13,201**	7,277

Following are the related parties with whom CSM had entered into transactions or have arrangement/agreement in place.

Company Name	Basis of Association	Share-holding %
Premier Board Mills Ltd.	Associated Company	0.00%
Azlak Enterprises (Pvt.) Ltd.	------ do ------	5.10%
Arpak International Investments Ltd.	------ do ------	0.00%
Phipson & Company Pakistan (Pvt.) Ltd.	------ do ------	1.07%
Syntronics Ltd.	------ do ------	12.51%
Syntron Ltd.	------ do ------	0.00%

45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts of remuneration, including certain benefits, to chief executive, directors and executives of the Group, are as follows:

Particulars	Chief Executive		Directors		Executives	
	2018	2017	**2018**	2017	**2018**	2017*
	------------------- Rupees in thousand-------------------					
Managerial remuneration including bonus	**2,400**	2,400	**9,235**	9,210	**23,222**	34,290
Allowances and utilities	**0**	0	**0**	0	**11,150**	15,573
Contribution to provident fund	**0**	0	**451**	454	**1,684**	1,452
Medical expenses reimbursed	**0**	960	**45**	44	**133**	379
	2,400	3,360	**9,731**	9,708	**36,189**	51,694
Number of persons	**2**	2	**2**	2	**12**	16

45.1 *Comparative figures have been restated to reflect changes in the definition of "Executive" as per the Companies Act, 2017.

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

45.3 The Chief Executive and executives were provided with the CSM maintained cars for official and personal use. All the executives based at factory compounds are also provided with free housing with the CSM's generated electricity, telephone and certain household items in the residential colony within the factory compound.

45.4 In case of FSM, no managerial remuneration was paid to chief executive and directors during the current and preceding years; however, they are provided with free use of the FSM's maintained cars.

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

46. CAPACITY AND PRODUCTION

46.1 The Holding Company

		2018	2017
Sugar Cane Plant			
Rated crushing capacity per day	**M.Tonnes**	**3,810**	3,810
Cane crushed	**M.Tonnes**	**204,775**	268,864
Sugar produced	**M.Tonnes**	**22,708**	25,003
Days worked	**Nos.**	**126**	155
Sugar recovery	**%**	**11.12**	9.32
Sugar Beet Plant			
Rated slicing capacity per day	**M.Tonnes**	**2,500**	2,500
Distillery			
Rated capacity per day	**Gallons**	**10,000**	10,000

- The normal season days are 150 days for Sugar Cane crushing.

- Production was restricted to the availability of raw materials to the Holding Company.

- The operations of distillery were closed during the financial year ended September 30, 2015 due to low prices of ethanol.

46.2 CSM

	Note	2018	2017
		Rupees in thousand	
Sugar Cane Plants			
Rated crushing capacity (Metric Tonnes / day)		**18,000**	18,000
On the basis of average number of 131 days (2017:130 days)		**2,358,000**	2,340,000
Actual cane crushed (Metric Tonnes)		**2,040,734**	2,224,494
Sugar produced (Metric Tonnes)		**193,322**	203,686
Ethanol Fuel Plant			
Rated production capacity (Litres / day)		**125,000**	125,000
On the basis of average number of 357 days (2017: 261 days) (Litres)		**44,625,000**	32,625,000
Actual production (Litres)		**44,617,163**	29,623,876
No. of days worked:			
Sugar Unit - I		**133**	131
Sugar Unit - II		**129**	130
Ethanol Fuel Plant		**357**	261

Reasons for Shortfall

Sugar division performed at less than installed capacity due to non availability of sugar cane, strike of growers and atmospheric effect. Capacity of ethanol unit was under utilised due to overhauling and cleaning shut downs. The Subsidiary of CSM is yet to commence its operations.

46.3 FSM

		2018	2017
Sugar Cane Plant			
Rated crushing capacity per day	**M.Tonnes**	**880**	880
Sugar Beet Plant			
Rated slicing capacity per day	**M.Tonnes**	**1,000**	1,000

Due to non-availability of raw materials, sugar cane and beet plants of FSM had remained closed during the current and preceding years.

47. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities					
	Long term finances	**Lease finances**	**Loans from related parties**	**Short term borrowings**	**Accrued mark-up**	**Dividend**
	----------------------------- Rupees in thousand -----------------------------					
Balance as at October 01, 2017	2,395,888	68,929	109,325	3,278,713	136,769	15,440
Changes from financing activities						
Finances - net	(562,802)	(4,805)	0	0	0	0
Finances obtained - net	0	0	70,000	1,373,952	0	0
Mark-up accrued	0	0	0	0	568,682	0
Mark-up paid	0	0	0	0	(539,020)	0
Dividend declared	0	0	0	0	0	(18,893)
Dividend paid	0	0	0	0	0	19,689
	(562,802)	**(4,805)**	**70,000**	**1,373,952**	**29,662**	**796**
Balance as at September 30, 2018	**1,833,086**	**64,124**	**179,325**	**4,652,665**	**166,431**	**16,236**

48. PROVIDENT FUNDS RELATING DISCLOSURES

The Group operates funded contributory provident fund schemes for all its permanent and eligible employees. The following information is based on the un-audited and audited financial statements for the year ended September 30, 2018 and September 30, 2017:

	2018	2017
	Rupees in thousand	
Size of the funds - total assets	**152,205**	147,887
Cost of investments made	**124,990**	121,741
Fair value of investments made	**149,665**	145,698
	-------- % --------	
Percentage of investments made	**82.12**	82.32

48.1 The break-up of fair value of investments is as follows:

	2018	2017	**2018**	2017
	----- % -----		**Rupees in thousand**	
Term deposit receipts	**73.93**	42.93	**92,400**	53,590
Saving and deposit accounts in scheduled banks	**26.07**	54.59	**32,590**	68,151
Accrued profit	**0.00**	2.48	**0**	3,090
	100.00	100.00	**124,990**	124,831

48.2 Investments out of the provident funds have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this

49. OPERATING SEGMENT

49.1 The Holding Company

(a) Sugar sales represent 92% (2017: 90%) of the total gross sales of the Holding Company.

(b) All sales have been made to customers in Pakistan.

(c) All non-current assets of the Holding Company as at September 30, 2018 are located in Pakistan.

(d) Two (2017: one) of the Holding Company's customers contributed towards 98.42% (2017: 90.00%) of the gross sugar sales during the year aggregating Rs.1,262 million (2017: Rs.806 million).

49.2 CSM

(a) Segment operating results for the year ended September 30, 2018

	Sugar Division		Ethanol Division		Total	
	2018	2017	2018	2017	2018	2017
	Rupees in thousand					
Sales						
-Local	8,340,266	10,784,786	421,651	273,691	8,761,917	11,058,477
-Export	318,793	295,405	2,187,533	1,205,320	2,506,326	1,500,725
-By product	804,180	740,556	0	0	804,180	740,556
	9,463,239	11,820,747	2,609,184	1,479,011	12,072,423	13,299,758
Less : sales tax & commission	(836,038)	(1,107,765)	(168,062)	(119,047)	(993,239)	(1,226,812)
Sales - net	8,627,201	10,712,982	2,441,122	1,359,964	11,079,184	12,072,946
Less :Intersegment sales	(804,180)	(740,556)	0	0	(804,180)	(740,556)
	7,823,021	9,972,426	2,441,122	1,359,964	10,275,004	11,332,390
Segment expenses:						
Cost of sales	(7,900,398)	(9,608,750)	(1,908,608)	(1,356,122)	(9,809,006)	(10,964,872)
less: Intersegment cost	0	0	804,180	740,556	804,180	740,556
	(7,900,398)	(9,608,750)	(1,104,428)	(615,566)	(9,004,826)	(10,224,316)
Gross (loss) / profit	(77,377)	363,676	1,336,694	744,398	1,270,178	1,108,074
Selling and distribution expenses	60,645	(97,222)	(276,022)	(35,350)	(215,377)	(132,572)
Administrative and general expenses	(355,761)	(183,962)	(43,027)	(166,297)	(398,788)	(350,259)
	(295,116)	(281,184)	(319,049)	(201,646)	(614,165)	(482,831)
(Loss) / profit from operations	(372,493)	82,492	1,017,645	542,752	656,013	625,244
Other income	95,104	19,273	30,366	(2,307)	125,470	16,966
Other expenses	(18,075)	(16,903)	0	(50)	(18,075)	(16,953)
	77,029	2,370	30,366	(2,357)	107,395	13
Segment results	(295,464)	84,862	1,048,011	540,395	763,408	625,256
Finance cost					(511,714)	(492,957)
Profit before tax					251,694	132,299
Taxation					(59,541)	(40,147)
Profit for the year					192,153	92,152

(b) Segment assets and liabilities

	September 30, 2018		September 30, 2017	
	Rupees in thousand			
	Assets	Liabilities	Assets	Liabilities
Sugar	7,995,346	3,089,189	7,265,861	581,645
Ethanol	5,819,420	3,265,854	2,979,556	2,279,998
Total for reportable segment	13,814,766	6,355,043	10,245,417	2,861,643
Others	0	1,655,711	328,489	3,647,084
Total assets / liabilities	13,814,766	8,010,754	10,573,906	6,508,727

50. NUMBER OF EMPLOYEES

	2018	2017
	------ Number ------	
Number of persons employed as at September 30,		
- permanent	**1,397**	1,368
- contractual	**1,041**	1,037
	***2,438**	*2,405

*This includes 2,072 (2017: 2,054) number of factory employees

	2018	2017
Average number of employees during the year		
- permanent	**1,403**	1,413
- contractual	**1,454**	1,476
	****2,857**	**2,889

**This includes 2,468 (2017: 2,480) number of factory employees

51. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

51.1 Due to applicability of the Companies Act, 2017 to the consolidated financial statements of the Group, amounts reported for the previous years have been restated. For detailed information please refer to note 6.

51.2 The exchange rate of USD to PKR has increased from PKR 105.25 as at September 30, 2017 to PKR 124.11 as at September 30, 2018.

51.3 CSM has gained a net exchange income of Rs 27.35 million in respect of its receipts from trade receivables denominated in US Dollars as disclosed in note 36.

51.4 The Group has revalued its property, plant and equipment resulting in net revaluation surplus of Rs 1,518 million as disclosed in note 20.7.

52. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 05, 2019 by the board of directors of the Holding Company.

53. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

CSM

The Board of Directors in its meeting held on March 05, 2019 has proposed a final cash dividend for the year ended September 30, 2018 @ Rs.1.50 per ordinary share (2017 @ Rs.1.50 per ordinary share), amounting to Rs.43,038 thousand (2017: Rs. 43,038 thousand) for approval of the members in the annual general meeting to be held on March 29, 2019.

54. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. As required by provisions of the Companies Act, 2017, unclaimed dividends have been disclosed as a separate line item on the face of consolidated statement of financial position whereas revaluation surplus on property, plant and equipment has been reclassified and made part of equity as fully detailed in note 6.

Other significant reclassification are as follows:

Reclassified from	Reclassified to	Rupees in thousand
Income tax refundable	Trade deposits, prepayments and other receivables	248,775
	Provision for taxation	51,882
Distribution cost	Sales tax, other government levies and commissions	79,280
Cost of sales	Other income	5,477
	Administrative expenses	1,772

ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M. KHAN
DIRECTOR

RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Nowshera Road, Mardan.

PROXY FORM

73rd Annual General Meeting

I/We.. of ....being a member of **The Premier Sugar Mills & Distillery Company Limited** and holding ....ordinary shares as per share register Folio/CDC Account No.. hereby appoint Mr./Mrs ....of .... another member of the Company having Folio / CDC Account No .... CNIC No .... or Passport No................................. or failing him / her Mr. / Mrs .... of .... Folio / CDC Accounts No .... CNIC No................................ Or Passport No .... Who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11:00 am, on March 29, 2019 and at any adjournment thereof.

Revenue Stamp Signature(Rs. 5.00)

____

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this .... day of .... 2019.

Signature of Proxy ___________________

1. Witness:

Name: ____________________

Signature: ____________________

Address: ____________________

CNIC No: ____________________

2. Witness:

Name: ____________________

Signature: ____________________

Address: ____________________

CNIC No: ____________________

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لیمیٹڈ

نوشہرہ روڈ مردان

نمائندگی کا فارم (پراکسی فارم)

73 واں سالانہ اجلاس عام

میں/ہم ____________ کا/ کی ____________ بحیثیت رکن دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لیمیٹڈ اور بذریعہ حصص رجسٹر کے فولیونمبر/ سی ڈی سی اکاؤنٹ نمبر ____________ حامل ____________ عام حصص، کمپنی کے ایک دوسرے رکن ____________ کا/ کی ____________ فولیونمبر/ سی ڈی سی اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________ یا بصورت دیگر کمپنی کے اور رکن ____________ کا/ کی ____________ فولیونمبر/ سی ڈی سی اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________، کو میری/ ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام میں ، جو بتاریخ 29 مارچ 2019ء، 11.00 بجے منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا/ کرتے ہیں۔

____

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے مطابقت رکھتے ہونے چاہیے)

پانچ روپے کی ریونیو سٹامپ

بتاریخ ________ مہینہ ________ 2019

نمائندہ کے دستخط: ____________

1. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

2. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

نوٹ:

نمائندگی فارم (پراکسی فارم) کمپنی کے پاس کمپنی کے رجسٹرڈ پتہ نوشہرہ روڈ مردان پر اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو جانا چاہئے، بصورتِ دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور انکے نمائندوں (پراکسی) سے درخواست ہے کہ (پراکسی فارم) کمپنی کو جمع کروانے سے پہلے اس کے ساتھ اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی لف کریں۔