THE PREMIER SUGAR MILLS & DISTILLERY CO. LIMITED, MARDAN

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

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	Director
Ms. Zarmine Sarfaraz	Director
Ms. Najda Sarafaraz	Director
Mr. Iskander M. Khan	Director
Mr. Abdul Qadar Khattak	Director
Mr. Shahbaz Haider Agha	Independent Director

Company Secretary
Mr. Mujahid Bashir

Chief Financial Officer
Mr. Rizwan Ullah Khan

Head of Internal Audit
Mr. Zaheer Mir

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

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

Legal Advisor
Mr. Isaac Ali Qazi Advocate

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

Bankers

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS REVIEW REPORT

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the six months' period that ended on March 31, 2020. This condensed interim financial information is presented to the shareholders of the Company in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting", the Code of Corporate Governance, under Section 237 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The enclosed financial information has been reviewed by the external auditors, as required by the Code of Corporate Governance.

OPERATIONAL PERFORMANCE
The sugarcane crushing season 2019-20 commenced on November 09, 2019 and continued till February 11, 2020. The mills crushed 36,528 tons (2019: 154,414 tons) of sugarcane to produce 3,149 tons (2019: 16,768 tons) of sugar having an average recovery of 8.77% (2019: 10.90%). We could not compete with the tax free Commercial Gur Producers, due to this, the entire sugarcane crop in the Peshawar valley was diverted towards the tax free Gur manufacturing. We highlighted the matter at Federal and Provincial level to provide us level playing field with the tax free Commercial Gur Producers, unfortunately, no importance was given to the loss of 120,000 tons of sugar that was not produced because of the high prices and smuggling of Gur to Afghanistan. The country lost sugar valuing Rs. 10 billion and Government of Pakistan (GoP) taxes of Rs. 1.5 billion.

SUGAR PRICES HAVE REACHED BELOW THE COST OF PRODUCTION
The Company operated at only 10% of its capacity. Due to this, the Company has incurred losses. While, the sugar selling prices have crashed because of the ongoing Sugar Inquiry and we foresee major losses to the Sugar Industry and our Project in the light of statement of the Provincial Government's Cane Commissioner in Sugar Advisory Board that "the Khyber Pakhtunkhwa government favors the tax free gur production not Sugar Industry".

FINANCIAL PERFORMANCE
The Company suffer loss after taxation of Rs. 20.271 million (2019: Profit after taxation Rs. 18.886 million) during the six months' period that ended on March 31, 2020.

DISTILLERY
The shifting (from Mardan to Ramak, Dear Ismail Khan), commissioning and trail testing of the Distillery Plant has been completed. The plant is facing problems because it is based on old technology having low production.

REPLY TO AUDITORS' OBSERVATION (NOTE 12.2)
The Company is representing / monitoring through CM No. 454/2011 in winding-up of proceedings filed by SECP before Honorable Lahore High Court Lahore. The Court has appointed a liquidator by accepting the Winding up petition and Company has filed statement of claims before the court.

EFFECT OF COVID-19
Due to prevailing pandemic situation caused by COVID-19 and continuous increase in no. of cases specially in Mardan region, the Company decided to postpone the EOGM schedule for March 31, 2020 in the best interest of the shareholders, directors and employees of the Company.

ACCOUNTING POLICIES
The accounting policies adopted in the preparation of this quarterly condensed interim financial information are the same as applied in the preparation of the preceding annual financial statements of the Company.

ACKNOWLEDGEMENT
The Directors appreciate the spirit of good work done by the Company's staff at all levels.

FOR AND ON BEHALF OF THE BOARD

Mardan:	**(AZIZ SARFARAZ KHAN)**	**(ISKANDER M. KHAN)**
June 26, 2020	**Director**	**Director**

دی پریمیر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والی ششماہی کی اختتامی مدت پر غیر آڈٹ شدہ کنڈنسڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈنسڈ مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34 انٹیرم فائننشل رپورٹنگ، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے مطابق ہیں۔ مشترکہ مالیاتی معلومات غیر آڈٹ شدہ اور بیرونی آڈیٹرز کی جانب سے جائزہ لینے کے بعد کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق ہے۔

آپریشنل کارکردگی

گنے کا کرشنگ سیزن 20-2019، 09 نومبر 2019 کو شروع ہوا اور 11 فروری 2020 تک جاری رہا۔ ملز نے 36,528 ٹن (2019 میں 154,414 ٹن) گنا کرش کیا اور 8.77 فیصد اوسط (2019 میں 10.90 فیصد) کے حساب سے چینی کی پیداوار 3,149 ٹن (2019 میں 16,768 ٹن) رہی۔ ہم منافع بخش ٹیکس فری تجارتی گڑ پروڈیوسرز کا مقابلہ نہیں کر سکے اس کی وجہ سے پشاور وادی کی پوری گنے کی فصل کو ٹیکس فری گڑ مینوفیکچرنگ کی طرف موڑ دیا گیا۔ ہم نے وفاقی اور صوبائی سطح پر اس معاملے کو اٹھایا کے ہمیں ٹیکس فری کمرشل گڑ پروڈیوسروں کے ساتھ لیول پلئینگ فیلڈ مہیا کی جائے۔ لیکن بدقسمتی سے 120,000 ٹن چینی کے نقصان کو کوئی اہمیت نہیں دی گئی جس کی پیداوار گڑ کی زیادہ قیمت اور افغانستان اسمگلنگ کی وجہ سے نہیں ہو سکی اور ملک کو 10 ارب کا جبکہ حکومت پاکستان کو ٹیکس کی مد میں 1.5 ارب کا نقصان ہوا۔

چینی کی قیمتیں

کمپنی اپنی صلاحیت کے صرف 10 فیصد پہ کام کر رہی ہے۔ اس کی وجہ سے کمپنی کو نقصان برداشت کرنا پڑا۔ جبکہ چینی کی فروخت کی قیمتیں شوگر کی جاری انکوائری سے گر گئی ہیں ہم شوگر انڈسٹری اور ہمارے پروجیکٹ کو بڑے نقصانات کی پیشن گوئی شوگر ایڈوائزری بورڈ میں صوبائی حکومت کے کین کمشنر کے اس بیان کی روشنی میں کر رہے ہیں کہ "خیبر پختونخوا حکومت شوگر انڈسٹری کی بجائے ٹیکس فری گڑ پروڈکشن کی حمایت کرتی ہے"۔

مالیاتی کارکردگی

31 مارچ 2020 کو ختم ہونے والے چھ ماہ کے اختتام تک کمپنی کا ٹیکس کی ادائیگی کے بعد کا نقصان 20.271 ملین روپے رہا (2019 میں منافع بعد از ٹیکس 18.886 ملین روپے تھا)۔

ڈسٹلری

ڈسٹلری پلانٹ کی شفٹنگ (مردان سے رمک، ڈیرہ اسماعیل خان)، کمشننگ اور ٹریل ٹیسٹنگ مکمل ہو چکی ہے۔ پلانٹ میں ہمیں پریشانی کا سامنا کرنا پڑ رہا ہے کیونکہ یہ پرانی ٹیکنالوجی پر مبنی ہے جس کی پیداوار کم ہے۔

آڈیٹرز کے مشاہدات کا جواب

نوٹ 12.2

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 اور کمپنی نے اپنے حق کے لئے دعوی دائر کیا ہے۔

کوویڈ 19-کا اثر

کوویڈ 19-کی وجہ سے رونما ہونے والی وبائی صورتحال اور خاص طور پر مردان کے علاقے میں مسلسل بڑھتے ہوئے نمبرز کی وجہ سے کمپنی نے 31 مارچ 2020 کو منعقد ہونے والے غیر معمولی اجلاس عام کو کمپنی کے حصص یافتگان، ڈائریکٹرز اور، ملازمین کے بہترین مفاد میں ملتوی کرنے کا فیصلہ کیا تھا۔

اکاوٰنٹنگ کی پالیسیاں

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

اعتراف

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

منجانب بورڈ

عزیز سرفراز خان	**اسکندر محمد خان**	مردان
ڈائریکٹر	ڈائریکٹر	بتاریخ: 26 جون 2020

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

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **The Premier Sugar Mills & Distillery Company Limited** as at March 31, 2020 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2020 and March 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended March 31, 2020.

Scope of Review

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

Basis for Qualified Conclusion

Provision against deposits with a non-banking finance company amounting Rs.29 million has not been made in these condensed interim financial statements as fully detailed in note 12.2.

Qualified Conclusion

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

Emphasis of Matter

Without further qualifying our conclusion, we draw attention to note 14.3 to the condensed interim financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.84.598 million.

The engagement partner on the review resulting in this independent auditors' review report is Nafees ud din.

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;
June 27, 2020

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Unconsolidated Condensed Interim Statement of Financial Position
As At March 31, 2020

	Note	Un-audited March 31, 2020	Audited Sep. 30, 2019
		(Rupees in thousand)	
Assets			
Non-current Assets			
Property, plant and equipment	7	**913,958**	942,937
Investment property		**26,205**	26,647
Long term investments	8	**170,006**	170,006
Long term loan to Subsidiary Company	9	**99,390**	124,239
Security deposits		**1,263**	1,263
		1,210,822	1,265,092
Current Assets			
Stores and spares		**108,360**	110,873
Stock-in-trade	10	**444,329**	420,358
Trade debts		**20**	0
Advances		**5,174**	6,842
Trade deposits and short term prepayments		**2,600**	1,347
Accrued profit on bank deposits		**790**	123
Other receivables	11	**29,766**	10,546
Sales tax refundable		**4,973**	0
Income tax refundable, advance tax and tax deducted at source		**21,568**	6,099
Current portion of long term loan to Subsidiary Company	9	**49,696**	49,695
Bank balances	12	**52,419**	53,274
		719,695	659,157
Total Assets		**1,930,517**	1,924,249
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		**57,500**	57,500
Issued, subscribed and paid-up capital		**37,500**	37,500
Capital reserves			
- share redemption		**1**	1
- revaluation surplus on property, plant and equipment		**498,695**	519,562
General revenue reserve		**900,000**	900,000
Accumulated loss		**(463,003)**	(463,599)
Shareholders' Equity		**973,193**	993,464
Non-current Liabilities			
Liabilities against assets subject to finance lease		**3,028**	2,283
Staff retirement benefits - gratuity		**16,561**	15,139
Deferred taxation		**1,473**	14,352
		21,062	31,774
Current Liabilities			
Trade and other payables	13	**49,939**	185,447
Unclaimed dividends		**7,511**	7,636
Accrued mark-up		**28,453**	31,645
Short term borrowings		**814,512**	653,000
Current portion of liabilities against assets subject to finance lease		**1,947**	1,980
Taxation		**33,900**	19,303
		936,262	899,011
Total Liabilities		**957,324**	930,785
Contingencies and Commitments	14		
Total Equity and Liabilities		**1,930,517**	1,924,249

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

For the Quarter and Half-Year Ended March 31, 2020

	Note	Quarter ended March 31, 2020	Quarter ended March 31, 2019	Half-year ended March 31, 2020	Half-year ended March 31, 2019
		------------- Rupees in thousand -------------			
Sales - local		**68**	64,592	**312,538**	568,901
Less : sales tax		**(10)**	(5,225)	**(30,022)**	(51,264)
Sales - net		**58**	59,367	**282,516**	517,637
Cost of sales		**(13,765)**	(59,200)	**(313,986)**	(454,927)
Gross (loss) / profit		**(13,707)**	167	**(31,470)**	62,710
Distribution cost		**(299)**	(2,060)	**(1,743)**	(3,931)
Administrative expenses		**(16,373)**	(16,876)	**(28,643)**	(31,176)
Other income	15	**85,663**	39,468	**100,088**	55,276
Other expenses	16	**(952)**	(2,292)	**(952)**	(4,397)
Profit from operations		**54,332**	18,407	**37,280**	78,482
Finance cost		**(31,723)**	(26,966)	**(55,833)**	(47,416)
Profit / (loss) before taxation		**22,609**	(8,559)	**(18,553)**	31,066
Taxation	17	**(1,104)**	(4,161)	**(1,718)**	(12,180)
Profit / (loss) after taxation		**21,505**	(12,720)	**(20,271)**	18,886
Other comprehensive income		**0**	0	**0**	0
Total comprehensive income / (loss)		**21,505**	(12,720)	**(20,271)**	18,886
		--------------------- Rupees ---------------------			
Earnings / (loss) per share		**5.73**	(3.39)	**(5.41)**	5.04

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

For The Half-Year Ended March 31, 2020

	Half year ended March 31, 2020	Half year ended March 31, 2019
	(Rupees in thousand)	
Cash flows from operating activities		
(Loss) / profit for the period - before taxation	**(18,553)**	31,066
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**38,837**	42,711
Depreciation on investment property	**442**	481
Uncollectible receivable balances written-off	**30**	7
Unclaimed payable balances written-back	**(552)**	(1,165)
Mark-up on loan to Subsidiary Company and profit on bank deposits	**(14,613)**	(15,247)
Gain on sale of vehicles	**(173)**	0
Staff retirement benefits - gratuity (net)	**1,422**	1,174
Dividends from Subsidiary Company and Associated Company	**(68,984)**	(20,626)
Finance cost	**55,833**	47,416
(Loss) / profit before working capital changes	**(6,311)**	85,817
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**2,513**	(4,093)
Stock-in-trade	**(23,971)**	(391,926)
Trade debts	**(20)**	104,383
Advances	**1,638**	6,228
Trade deposits and short term prepayments	**(1,253)**	2,823
Other receivables	**(19,220)**	(879)
Sales tax - net	**(4,973)**	35,341
(Decrease) / increase in trade and other payables	**(134,956)**	3,983
Decrease in unclaimed dividends	**(125)**	(31)
	(180,367)	(244,171)
Cash used in operations	**(186,678)**	(158,354)
Income tax paid	**(15,469)**	(2,969)
Net cash used in operating activities	**(202,147)**	(161,323)
Cash flows from investing activities		
Additions to property, plant and equipment	**(10,547)**	(43,147)
Sale proceeds of vehicles	**862**	0
Dividends received	**68,984**	0
Mark-up / profit received on loan to Subsidiary Company and bank deposits	**13,946**	15,095
Net cash generated from / (used in) investing activities	**73,245**	(28,052)
Cash flows from financing activities		
Long term finances repaid	**0**	(33,333)
Decrease in long term loan to a Subsidiary Company	**24,848**	42,829
Lease finances - net	**712**	(1,351)
Short term borrowings - net	**161,512**	225,187
Finance cost paid	**(59,025)**	(44,455)
Net cash generated from financing activities	**128,047**	188,877
Net decrease in cash and cash equivalents	**(855)**	(498)
Cash and cash equivalents - at beginning of the period	**53,274**	51,720
Cash and cash equivalents - at end of the period	**52,419**	51,222

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

For The Half-Year Ended March 31, 2020

	Share capital	Reserves - Capital - Share redemption	Reserves - Capital - Revaluation surplus on property, plant and equipment	Reserves - Revenue - General	Reserves - Revenue - Accumulated loss	Total
	---------------------------- Rupees in thousand ----------------------------					
Balance as at September 30, 2019 (audited)	37,500	1	519,562	900,000	(463,599)	993,464
Total comprehensive loss for the half-year ended March 31, 2020	0	0	0	0	(20,271)	(20,271)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	(20,867)	0	20,867	0
Balance as at March 31, 2020 (un-audited)	**37,500**	**1**	**498,695**	**900,000**	**(463,003)**	**973,193**
Balance as at September 30, 2018 (audited)	37,500	1	565,596	900,000	(510,281)	992,816
Total comprehensive income for the half-year ended March 31, 2019	0	0	0	0	18,886	18,886
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	(23,016)	0	23,016	0
Balance as at March 31, 2019 (un-audited)	37,500	1	542,580	900,000	(468,379)	1,011,702

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

For The Half-Year Ended March 31, 2020

1. The Company and its operations

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

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

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

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

2. Basis of preparation

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

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

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

3. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

6. Accounting estimates, judgments and financial risk management

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

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

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

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

7. Property, plant and equipment

	Note	Un-audited March 31, 2020	Audited Sep. 30, 2019
		(Rupees in thousand)	
Operating fixed assets	7.1	**801,777**	837,371
Capital work-in-progress			
- plant & machinery		**78,010**	78,010
- electric installation		**21,571**	21,571
- others		**5,985**	5,985
	(a)	**105,566**	105,566

	Note	Un-audited March 31, 2020	Audited Sep. 30, 2019
		(Rupees in thousand)	
Right-of-use assets	7.2	6,615	0
		913,958	942,937

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

7.1 Operating fixed assets

Book value at beginning of the period - **audited**	837,371
Additions during the period	
- plant and machinery	7,669
- furniture, fittings and office equipment	245
Book value of vehicles sold	(689)
Depreciation charge for the period	(38,297)
Transfer to right-of-use assets	(4,522)
Book value at end of the period - **un-audited**	801,777

7.2 Right-of-use assets

Opening balance	0
Transfer from operating fixed assets	4,522
Additions during the period	2,633
Depreciation for the period	(540)
	6,615

8. Long term investments

Market values of the Company's quoted investments in Chashma Sugar Mills Ltd. (a Subsidiary Company) and Arpak International Investments Ltd. (an Associated Company) at period-end were Rs.856.687 million (September 30, 2019: Rs.550.040 million) and Rs.10.821 million (September 30, 2019: Rs.2.529 million) respectively.

9. Long term loan to Subsidiary Company

	Un-audited
Balance as at September 30, 2019	173,934
Less: instalment received during the period	24,848
Balance as at March 31, 2020	149,086
Less: current portion grouped under current assets	49,696
	99,390

9.1 The Company and Chashma Sugar Mills Ltd., on February 09, 2017, have entered into a loan agreement whereby the Company has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is receivable in 7 equal instalments commenced from February, 2020. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of the Company, the effective mark-up rates during the period ranged from 15.56% to 15.86% per annum. The loan is secured against a promissory note of Rs.374 million.

10. Stock-in-trade

	Note	Un-audited March 31, 2020	Audited Sep. 30, 2019
		(Rupees in thousand)	
Sugar-in-process		6,844	3,003
Finished goods:			
- sugar	10.1	408,381	304,685
- molasses		29,104	112,670
		437,485	417,355
		444,329	420,358

10.1 Sugar inventory as at March 31, 2020 has been stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-drown to net realisable value worked-out to Rs.188.864 million.

11. Other receivables

Sugar export subsidy	2,991	2,991
Gas infrastructure development cess paid under protest - refundable	3,018	3,018
Due from related parties:		
- Chashma Sugar Mills Ltd. (a Subsidiary Company)	20,242	0
- Premier Board Mills Ltd. (an Associated Company) (lease rentals receivable)	1,677	3,127
Others	1,838	1,410
	29,766	10,546

12. Bank balances

12.1 Period-end bank balances include deposits aggregating Rs.20 million (September 30, 2019: Rs.5 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

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

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

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

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

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

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

13. Trade and other payables

	Un-audited March 31, 2020	Audited Sep. 30, 2019
	(Rupees in thousand)	
Due to a related party - Chashma Sugar Mills Ltd.	**0**	107,157
Creditors	**12,312**	20,547
Bills payable	**1,846**	3,171
Accrued expenses	**2,381**	6,138
Due to employees	**6,832**	5,467
Deposits from contractors and others	**668**	1,155
Advances from customers - contract liabilities	**20,064**	12,105
Income tax deducted at source	**339**	333
Sales tax payable	**9**	24,007
Workers' (profit) participation fund	**1,625**	1,625
Gratuity payable to ex-employees	**3,304**	3,304
Employees' provident fund payable	**434**	357
Others	**125**	81
	49,939	185,447

14. Contingencies and commitments

14.1 No commitments were outstanding as at March 31, 2020 and September 30, 2019.

14.2 The Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Company, however, during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.

14.3 The Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bills for the month of March, 2020, has raised GIDC demands aggregating Rs.84.598 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.

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

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

14.6 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.

14.7 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.

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

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

14.10 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at March 31, 2020 were for Rs.20 million (2019: Rs.20 million).These guarantees are valid upto November 30, 2020.

15. Other income

	Note	Un-audited March 31, 2020	March 31, 2019
		(Rupees in thousand)	
Income from financial assets:			
Profit on bank deposits and saving accounts		**1,058**	376
Mark-up on loan to a Subsidiary Company		**13,555**	14,871
Dividend from a Subsidiary Company		**68,755**	20,626
Dividend from an Associated Company		**229**	0
Income from other than financial assets:			
Sale of press mud		**594**	1,776
Un-claimed payable balances written-back		**552**	1,165
Rent from:			
- an Associated Company		**3,355**	3,355
- a Subsidiary Company		**9,900**	9,900
Sale of agricultural produce - net		**1,730**	3,190
Gain on sale of vehicles		**173**	0
Miscellaneous		**187**	17
		100,088	55,276

16. Other expenses

Uncollectible receivable balances written-off		**30**	7
Workers' (profit) participation fund		**0**	1,635
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		**0**	2,755
Sales tax arrears paid		**922**	0
		952	4,397

17. Taxation

Current	17.1	**14,597**	12,180
Deferred		**(12,879)**	0
		1,718	12,180

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

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

18. Transactions with related parties

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

	Un-audited Half-year ended March 31, 2020	March 31, 2019
Subsidiary Companies:	(Rupees in thousand)	
- purchase of goods	**8,364**	8,844
- sale of goods	**1,675**	0
- sale of molasses	**105,920**	22,617
- mark-up earned on long term loan	**13,555**	14,871
- dividend	**68,755**	20,626
- rent	**9,900**	9,900
- Distillery relocation expenses paid by Chashma Sugar Mills Ltd. (CSM) adjusted by the Company against long term loan advanced to CSM	**0**	42,829
Associated Companies:		
- purchase of goods	**0**	15,269
- rent received	**3,355**	3,355
- dividend	**229**	0

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

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

19. Corresponding figures

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

20. Date of authorisation for issue

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on June 26, 2020.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY CO. LIMITED, MARDAN

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement of Financial Position As At March 31, 2020

Assets	Note	Un-audited March 31, 2020	Audited Sep. 30, 2019
		(Rupees in thousand)	
Non-current assets			
Property, plant and equipment	8	**10,591,441**	10,568,405
Right-of-use assets	9	**225,285**	0
Investment property		**26,205**	26,647
Long term investments	10	**111,833**	110,273
Security deposits		**16,439**	16,439
		10,971,203	10,721,764
Current assets			
Stores and spares	11	**491,069**	612,913
Stock-in-trade	12	**7,788,714**	2,145,182
Trade debts		**524,268**	57,011
Loans and advances		**810,501**	1,183,483
Trade deposits, short term prepayments and other receivables	13	**347,709**	353,099
Accrued profit on bank deposits		**790**	123
Tax refunds due from the Government		**23,682**	54,714
Sales tax refundable		**5,513**	0
Short term investments	14	**24,935**	28,837
Cash and bank balances	15	**730,733**	312,499
		10,747,914	4,747,861
Total assets		**21,719,117**	15,469,625
Equity and liabilities			
Share capital and reserves			
Authorised capital		**57,500**	57,500
Issued, subscribed and paid-up capital		**37,500**	37,500
Capital reserves			
- share redemption		**1**	1
- revaluation surplus on property, plant and equipment		**2,297,588**	2,447,144
General revenue reserve		**1,010,537**	1,010,537
Unappropriated profit		**886,924**	737,032
Equity attributable to equity holders of the Holding Company		**4,232,550**	4,232,214
Non-controlling interest		**3,211,221**	3,192,360
		7,443,771	7,424,574
Non-current liabilities			
Long term finances	16	**1,330,813**	1,312,000
Loans from related parties	17	**206,825**	163,089
Lease liabilities		**109,435**	97,253
Deferred liabilities	18	**1,000,709**	1,108,251
		2,647,782	2,680,593
Current liabilities			
Trade and other payables	19	**2,447,223**	787,798
Unclaimed dividends		**7,511**	7,636
Accrued mark-up		**326,017**	225,094
Short term borrowings		**8,216,422**	3,650,993
Current portion of non-current liabilities	20	**553,806**	654,531
Dividends payable to non-controlling interest		**11,122**	9,260
Taxation - net	21	**65,463**	29,146
		11,627,564	5,364,458
Total liabilities		**14,275,346**	8,045,051
Contingencies and commitments	22		
Total equity and liabilities		**21,719,117**	15,469,625

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement of Profit or Loss For The Quarter And Half Year Ended March 31, 2020

	Note	Quarter ended March 31, 2020	Quarter ended March 31, 2019	Half year ended March 31, 2020	Half year ended March 31, 2019
		Rupees in thousand			
Sales					
- local		**3,649,065**	2,439,770	**5,923,490**	4,611,879
- export		**739,333**	400,681	**1,424,229**	1,232,398
		4,388,398	2,840,451	**7,347,719**	5,844,277
Less: sales tax, other government levies and discounts		**(525,797)**	(233,145)	**(879,564)**	(509,564)
Sales - net		**3,862,601**	2,607,306	**6,468,155**	5,334,713
Cost of sales		**(3,330,493)**	(2,149,728)	**(5,276,291)**	(4,538,950)
Gross profit		**532,108**	457,578	**1,191,864**	795,763
Selling and distribution expenses		**(175,096)**	(55,096)	**(309,337)**	(113,207)
Administrative expenses		**(187,497)**	(141,092)	**(332,483)**	(255,178)
Other income	23	**23,327**	66,456	**35,655**	55,557
Other expenses	24	**(2,045)**	(10,910)	**(19,285)**	(13,075)
Profit from operations		**190,797**	316,936	**566,414**	469,860
Finance cost		**(313,271)**	(220,893)	**(492,614)**	(365,625)
		(122,474)	96,043	**73,800**	104,235
Gain on sale of long term investments	25	**0**	15,806	**0**	20,088
Share of profit / (loss) from Associated Companies	10	**1,658**	(87)	**1,658**	(87)
		1,658	15,719	**1,658**	20,001
(Loss) / profit before taxation		**(120,816)**	111,762	**75,458**	124,236
Taxation					
Group					
- current		**59,298**	32,059	**89,362**	68,022
- prior year		**154**	564	**154**	564
- deferred		**(78,774)**	(27,164)	**(105,030)**	(114,957)
		(19,322)	5,459	**(15,514)**	(46,371)
Associated Companies	10	**(48)**	(33)	**(48)**	(33)
		(19,370)	5,426	**(15,562)**	(46,404)
(Loss) / profit after taxation		**(101,446)**	106,336	**91,020**	170,640
		Rupees			
Combined (loss) / earnings per share		**(19.41)**	10.40	**0.15**	18.58

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement of Other Comprehensive Income (Un-Audited)

For The Quarter And Half Year Ended March 31, 2020

	Quarter ended		Half year ended	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
	----------------- Rupees in thousand -----------			
(Loss) / profit after taxation	**(101,446)**	106,336	**91,020**	170,640
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income / (loss) from Associated Companies	**162**	(1)	**162**	(1)
Adjustment of gain included in statement of profit or loss upon sale of available-for-sale investments	**0**	(19,671)	**0**	(19,671)
Other comprehensive income / (loss)	**162**	(19,672)	**162**	(19,672)
Total comprehensive (loss) / income	**(101,284)**	86,664	**91,182**	150,968
Attributable to:				
- Equity holders of the Holding Company	**(72,778)**	39,001	**548**	69,659
- Non-controlling interest	**(28,506)**	47,663	**90,634**	81,309
	(101,284)	86,664	**91,182**	150,968

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For The Half Year Ended March 31, 2020

	Half year ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
Cash flows from operating activities		
Profit for the period - before taxation	**75,458**	124,236
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**426,113**	441,288
Depreciation on right-of-use assets	**24,497**	
Depreciation on investment property	**442**	481
(Profit) / loss from Associated Companies	**(1,658)**	87
Gain on sale of long term investments	**0**	(20,088)
Mark-up / profit on bank deposits and saving accounts	**(3,879)**	(3,127)
Un-claimed payable balances written-back	**(552)**	(1,165)
Gain on sale of operating fixed assets	**(1,669)**	(2,244)
Gain on redemption and re-measurement of short term investments to fair value	**(1,756)**	(372)
Dividend	**(229)**	(609)
Uncollectible receivable balances written-off	**30**	7
Finance cost	**492,614**	365,625
Profit before working capital changes	**1,009,411**	904,119
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	**121,844**	(7,744)
Stock-in-trade	**(5,643,532)**	(4,915,222)
Trade debts	**(467,257)**	(126,651)
Loans and advances	**372,952**	(43,757)
Trade deposits, short term prepayments and other receivables	**5,390**	2,112
Sales tax refundable -net	**(5,513)**	224,687
Advance sales tax	**0**	25,000
Increase in trade and other payables	**1,647,454**	1,855,302
	(3,968,662)	(2,986,273)
Cash used in operations	**(2,959,251)**	(2,082,154)
Taxation - net	**(22,167)**	(63,869)
Security deposits	**0**	(1,226)
Staff retirement benefits - gratuity (net)	**2,529**	1,465
Net cash used in operating activities	**(2,978,889)**	(2,145,784)
Cash flows from investing activities		
Additions to property, plant and equipment and right-of-use assets	**(602,915)**	(344,728)
Sale proceeds of operating fixed assets	**6,538**	5,901
Sale proceeds of long term investments	**0**	25,768
Dividend received	**229**	609
Short term investments redeemed	**5,400**	3,000
Mark-up / profit received on bank deposits and saving accounts	**3,212**	2,975
Net cash used in investing activities	**(587,536)**	(306,475)
Cash flows from financing activities		
Long term finances - net	**(62,454)**	(8,012)
Loan from related parties - net	**25,000**	10,000
Lease finances - net	**(81,589)**	(3,519)
Short term borrowings - net	**4,565,429**	3,062,880
Finance cost paid	**(391,691)**	(331,507)
Dividends paid	**(70,036)**	(201)
Net cash generated from financing activities	**3,984,659**	2,729,641
Net increase in cash and cash equivalents	**418,234**	277,382
Cash and cash equivalents - at beginning of the period	**312,499**	360,878
Cash and cash equivalents - at end of the period	**730,733**	638,260

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

For The Half-Year Ended March 31, 2020

	------- Attributable to equity holders of the Holding Company------								
		Reserves							
		Capital							
	Share capital	Share redemption	Revaluation surplus on property, plant and equipment	General revenue	Fair value reserve on available-for-sale investments	Unappropriated profit	Total	Non-controlling interest	Total equity
	------------------- Rupees in thousand -------------------								
Balance as at September 30, 2018	37,500	1	2,646,568	1,010,537	16,052	263,315	3,973,973	2,939,859	6,913,832
Transaction with owners:									
- Cash dividend at the rate of Rs.1.50 per ordinary share for the year ended September 30, 2018	0	0	0	0	0	0	0	(21,532)	(21,532)
Total comprehensive income / (loss):									
Profit for the half-year ended March 31, 2019	0	0	0	0	0	89,331	89,331	81,309	170,640
Other comprehensive loss	0	0	0	0	0	(1)	(1)	0	(1)
	0	0	0	0	0	89,330	89,330	81,309	170,639
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	1	1	0	1
Adjustment of gain included in statement of profit or loss upon sale of available-for-sale investments	0	0	0	0	(16,052)	0	(16,052)	(3,619)	(19,671)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	0	0	0	96,799	96,799	73,568	170,367
- on account of incremental depreciation for the half year	0	0	(96,799)	0	0	0	(96,799)	(73,568)	(170,367)
Balance as at March 31, 2019	37,500	1	2,549,769	1,010,537	0	449,445	4,047,252	2,996,017	7,043,269
Total comprehensive income:									
Profit for the half-year ended September 30, 2019	0	0	0	0	0	193,392	193,392	206,276	399,668
Other comprehensive income	0	0	0	0	0	728	728	0	728
	0	0	0	0	0	194,120	194,120	206,276	400,396
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	764	764	0	764
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	0	0	0	92,703	92,703	69,525	162,228
- on account of incremental depreciation for the half-year	0	0	(92,703)	0	0	0	(92,703)	(69,525)	(162,228)
Resultant adjustment due to reduction in tax rate	0	0	(9,922)	0	0	0	(9,922)	(9,933)	(19,855)
Balance as at September 30, 2019	37,500	1	2,447,144	1,010,537	0	737,032	4,232,214	3,192,360	7,424,574
Transaction with owners:									
- Cash dividend at the rate of Rs.5.00 per ordinary share for the year ended September 30, 2019	0	0	0	0	0	0	0	(71,773)	(71,773)
Total comprehensive income:									
Profit for the half-year ended March 31, 2020	0	0	0	0	0	386	386	90,634	91,020
Other comprehensive income	0	0	0	0	0	162	162	0	162
	0	0	0	0	0	548	548	90,634	91,182
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	(212)	(212)	0	(212)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	0	0	0	149,556	149,556	128,692	278,248
- on account of incremental depreciation for the half year	0	0	(149,556)	0	0	0	(149,556)	(128,692)	(278,248)
Balance as at March 31, 2020	37,500	1	2,297,588	1,010,537	0	886,924	4,232,550	3,211,221	7,443,771

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

For The Half-Year Ended March 31, 2020

1. The Group and its operations

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

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

1.2 Subsidiary Companies

(a) Chashma Sugar Mills Ltd. (CSML)

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

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

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

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

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

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

FSM was incorporated on March 31, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan; FSM was delisted from the Stock Exchanges as detailed in note 1.2 (c). The principal activity of FSM is manufacturing and sale of white sugar and its Mills and Registered Office are located at Takht-i-Bhai, Mardan (Khyber Pakhtunkhwa). FSM is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd.

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

(c) Delisting of FSM

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

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

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

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

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

2. Basis of preparation

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

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

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

3. Significant accounting policies

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

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

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

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

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

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

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

Lease liabilities and right-of-use assets

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

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

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

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

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

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

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

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

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

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

- the accounting for operating leases with a remaining lease term of less than 12 months as at October 01, 2019 as short term leases;
- the use of hindsight in determining the lease term where contract contains option to extend or terminate the lease; and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

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

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

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

	Un-audited March 31, 2020	Audited September 30, 2019
	Rupees in thousand	
Vehicles	**172,431**	0
Plant and machinery	**30,194**	0
Buildings	**22,660**	0
Total right-of-use assets	**225,285**	0

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

	Rupees in thousand
Operating leases as at September 30, 2019	62,402
Discounted using the lessee's incremental borrowing rate at the date of initial application	3,448
(Less): short-term leases recognised on a straight-line basis as expense	29,138
(Less): low value leases recognised on a straight line basis as expense	0
Lease liabilities recognised as at October 01, 2019	29,816
Of which are:	
Current lease liabilities	12,370
Non-current lease liabilities	17,446
	29,816

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

	Un-audited March 31, 2020 Rupees in thousand
Interest expense on lease liabilities	**10,755**
Expense related to short term leases	**22,725**
Expense related to leases of low value assets	**0**

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

6. Accounting estimates, judgments and financial risk management

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

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

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

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

7. Principles of consolidation

These consolidated condensed interim financial statements include the condensed interim financial statements of the Holding Company, consolidated condensed interim financial statements of CSML & its Subsidiary Company and the condensed interim financial statements of FSM as at and for the period ended March 31, 2020. The Holding Company's direct interest, as at March 31, 2020, in CSML was 47.93% (2019: 47.93%) and in FSM was 82.49% (2019: 82.49%).

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

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

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

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

8. Property, plant and equipment

	Note	Un-audited March 31, 2020	Audited September 30, 2019
		(Rupees in thousand)	
Operating fixed assets - tangible	8.1	**9,895,576**	10,045,946
Capital work-in-progress	8.2	**695,865**	522,459
		10,591,441	10,568,405

8.1 Operating fixed assets - tangible

	Note	Un-audited March 31, 2020
Book value at beginning of the period - **audited**		**10,045,946**
Additions during the period:		
- buildings and roads		**36,357**
- plant and machinery		**344,843**
- electric installations		**33,778**
- furniture, fixtures and office equipment		**6,966**
- vehicles-owned		**4,932**
		426,876
Book value of operating fixed assets disposed-off during the period		**(4,869)**
Depreciation charge for the period		**(426,113)**
Transfer to right-of-use assets		**(4,522)**
Impact of adoption of IFRS 16		**(146,591)**
Transfer from right-of-use assets	9	**4,849**
Book value at end of the period - **un-audited**		**9,895,576**

8.2 Capital work-in-progress

	Note	Un-audited March 31, 2020	Audited September 30, 2019
At beginning of the period / year		**522,459**	472,983
Add: Additions during the period / year	8.3	**656,742**	994,781
Less: Capitalised during the period / year		**(483,336)**	(733,097)
Less: Adjustment against long term loan -PSML		**0**	(212,208)
Balance at end of the period / year		**695,865**	522,459

		Un-audited March 31, 2020 Rupees in thousand
8.3 Additions during the period		
Buildings on freehold land		**77,327**
Plant and machinery		**441,173**
Electric installations		**25,724**
Office equipment		**7,792**
Leased vehicles		**32,282**
Leased plant and machinery		**132**
Advances to contractors		**72,312**
		656,742

9. Right-of-use assets		
Opening book value		**0**
Transfer from operating fixed assets		**4,522**
Impact of adoption of IFRS 16		**176,407**
Additions during the period		**73,702**
Transfer to owned assets	8.1	**(4,849)**
Depreciation charge for the period		**(24,497)**
Book value at end of the period		**225,285**

10. Long term investments	
Investments in equity instruments of Associated Companies	
Balance at beginning of the period - **cost**	**5,638**
Add: post acquisition profit brought forward	**104,635**
	110,273
Add: share for the period:	
- profit	**1,658**
- other comprehensive income	**162**
- items directly credited in equity	**(212)**
Less: taxation	**(48)**
	1,560
Balance at end of the period	**111,833**

11. Stores and spares

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

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

12. Stock-in-trade	Un-audited March 31, 2020	Audited September 30, 2019
	(Rupees in thousand)	
Finished goods:		
- sugar	**5,501,613**	1,688,849
- molasses	**1,944,899**	333,242
- ethanol	**324,679**	110,948
	7,771,191	2,133,039
Work-in-process	**17,523**	12,143
	7,788,714	2,145,182

13. Trade deposits, short term prepayments and other receivables		
Sugar export subsidy receivable	**308,510**	308,510
Prepayments	**8,902**	6,312
Excise duty deposits	**136**	136
Gas infrastructure development cess paid under protest - refundable	**3,018**	3,018
Lease rentals receivable from an Associated Company (Premier Board Mills Ltd.)	**1,677**	3,127
Guarantees issued	**19,000**	19,000
Trade deposits	**2,480**	33
Letters of credit	**0**	9,726
Other receivables	**3,986**	3,237
	347,709	353,099

14. Short term investments - At fair value through profit or loss		
First Habib Cash Fund		
Opening balance - 284,785 Units (2019: 127,050 Units)	**28,837**	12,939
Investments made during the period / year - Nil Units (2019: 209,330 Units)	**0**	21,000
Gain on redemption / re-measurement to fair value	**1,756**	1,898
Bonus received during the period / year - 14,570 Units (2019: 17,656 Units)	**0**	0
Units redeemed during the period / year - 53,404 Units (2019: 69,251 Units)	**(5,400)**	(7,000)
Withholding tax	**(258)**	0
Closing balance - 245,951 Units (2019: 284,785Units)	**24,935**	28,837

15. Cash and bank balances

15.1 Period-end bank balances include deposits aggregating Rs.20 million (September 30, 2019: Rs.5 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

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

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

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

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

(d) The Group has not accrued profit on these deposits during the current period as well as preceding financial years.

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

16. Long term finances - secured

	Note	Un-audited March 31, 2020	Audited September 30, 2019
		(Rupees in thousand)	
Bank Al-Habib Ltd.		**223,944**	297,710
Soneri Bank Ltd.		**706,868**	538,852
The Bank of Punjab		**58,239**	103,166
Dubai Islamic Bank Pakistan Ltd.		**584,959**	682,452
MCB Bank Ltd.		**277,029**	291,313
	16.1	**1,851,039**	1,913,493
Less: amounts payable within next 12 months grouped under current liabilities - principal		**490,710**	579,813
Less: deferred benefit of below market rate of interest on refinance facility grouped under deferred liabilities	18	**29,516**	21,680
		520,226	601,493
Amount due after March 31, 2021	16.2	**1,330,813**	1,312,000

16.1 These represent term and demand finances obtained by CSML and WFPL from the aforementioned banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 1.1% per annum to KIBOR + 2% per annum and are secured against first / joint pari passu hypothecation charge over all present and future movable fixed assets of CSML and WFPL and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of CSML and WFPL, pledge of sugar stocks and lien on export contract / LC.

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

17. Loans from related parties - secured

	Note	Un-audited March 31, 2020	Audited September 30, 2019
Premier Board Mills Ltd.	17.1	**90,575**	65,575
Arpak International Investments Ltd.	17.2	**43,750**	43,750
Azlak Enterprises (Pvt.) Ltd.	17.3	**85,000**	85,000
		219,325	194,325
Less: current portion grouped under current liabilities		**(12,500)**	31,236
		206,825	163,089

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

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

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

18. Deferred liabilities

	Note	Un-audited March 31, 2020	Audited September 30, 2019
Deferred taxation		(Rupees in thousand)	
- The Holding Company		**1,473**	14,352
- CSML		**945,292**	1,050,320
		946,765	1,064,672
Staff retirement benefits - gratuity			
- The Holding Company		**16,561**	15,139
- FSM		**178**	178
- CSML		**7,689**	6,582
		24,428	21,899
Deferred benefit of below market rate of interest on refinance facility	16	**29,516**	21,680
		1,000,709	1,108,251

19. Trade and other payables

	Note	Un-audited March 31, 2020	Audited September 30, 2019
Creditors		**1,203,946**	251,054
Bills payable		**1,846**	3,171
Due to Associated Companies	19.1	**58,738**	19,145
Accrued expenses		**111,072**	78,033
Retention money		**20,595**	13,981
Security deposits		**985**	2,070
Advances from customers		**498,746**	275,407
Income tax deducted at source		**52,416**	23,127
Sales tax payable		**379,890**	24,007
Gratuity payable to ex-employees		**5,139**	5,139
Advance received against sale of scrap		**2,024**	2,024
Payable for workers' welfare obligations		**61,809**	46,537
Workers' (profit) participation fund		**1,625**	0
Payable to provident fund		**3,212**	2,955
Payable to employees		**42,102**	35,535
Others		**3,078**	5,613
		2,447,223	787,798

19.1 This represents amounts due to:

- Azlak Enterprises (Pvt.) Ltd.	**24,442**	18,202
- Syntronics Ltd.	**8,122**	943
- Syntron Ltd.	**26,036**	0
- Phipson & Company Pakistan (Pvt.) Ltd.	**138**	0
	58,738	19,145

20. Current portion of non-current liabilities

	Note	Un-audited March 31, 2020	Audited September 30, 2019
		(Rupees in thousand)	
Long term finances	16	**490,710**	579,813
Loans from related parties	17	**12,500**	31,236
Lease liabilities		**50,596**	43,482
		553,806	654,531

21. Taxation

The Holding Company

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

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

22. Contingencies and commitments

The Holding Company

22.1 No commitments were outstanding as at March 31, 2020 and September 30, 2019.

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

22.3 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 bills for the month of March, 2020, has raised GIDC demands aggregating Rs.84.598 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.

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

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

22.6 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.

22.7 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.

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

22.9 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.

22.10 Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Holding Company outstanding as at March 31, 2020 were for Rs.20 million (2019: Rs.20 million).These guarantees are valid upto November 30, 2020.

FSM

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

CSML

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

22.13 Commitments

	Un-audited March 31, 2020	Audited September 30, 2019
Commitments in respect of :	**(Rupees in thousand)**	
- foreign letters of credit for purchase of plant & machinery	**0**	79,403
- local letters of credit for purchase of plant & machinery	**69,031**	0
- capital expenditure other than for letters of credit	**59,687**	94,034

23. Other income

	Note	**Un-audited Half year ended March 31, 2020**	March 31, 2019
Income from financial assets:		**(Rupees in thousand)**	
Profit on bank deposits and saving accounts		**3,879**	3,127
Gain on redemption and remeasurement of short term investments to fair value		**1,756**	372
Exchange fluctuation gain		**0**	15,768
Dividend		**229**	609
Income from other than financial assets:			
Rent from - an Associated Company		**3,355**	3,355
- other		**0**	134
Sale of scrap		**671**	16,176
Sale of press mud - net		**11,335**	6,433
Unclaimed payable balances written-back		**552**	1,165
Gain on sale of operating fixed assets		**1,669**	2,244
Sale of seeds, agricultural produce and gain on sale of fertilizer / pesticide		**11,023**	5,473
Sale of fusel oil - net		**999**	696
Miscellaneous		**187**	5
		35,655	55,557

24. Other expenses

Donations-without directors' interest		**545**	218
Uncollectible receivable balances written-off		**30**	7
Workers' (profit) participation fund		**12,773**	1,635
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		**0**	2,755
Workers' (welfare) fund		**5,015**	0
Sales tax arrears paid		**922**	0
Others		**0**	8,460
		19,285	13,075

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

26. Segment operating results of CSM for the half year ended March 31, 2020 (Un-audited)

	Sugar Division				Ethanol Division				Total			
	Three months period ended		Six months period ended		Three months period ended		Six months period ended		Three months period ended		Six months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees in thousand											
Sales												
- External customers	3,470,002	2,041,729	5,344,521	3,734,971	918,328	734,130	1,806,619	1,571,866	4,388,330	2,775,859	7,151,140	5,306,837
- Inter segment	300,991	206,966	568,191	374,935	0	0	0	0	300,991	206,966	568,191	374,935
	3,770,993	2,248,695	5,912,712	4,109,906	918,328	734,130	1,806,619	1,571,866	4,689,321	2,982,825	7,719,331	5,681,772
Less : sales tax and others	(499,259)	(200,158)	(792,829)	(365,437)	(26,528)	(24,849)	(56,713)	(51,417)	(525,787)	(225,007)	(849,542)	(416,854)
Sales - net	3,271,734	2,048,537	5,119,883	3,744,469	891,800	709,281	1,749,906	1,520,449	4,163,534	2,757,818	6,869,789	5,264,918
Segment expenses:												
Cost of sales												
Cost of sales	(2,747,267)	(1,560,404)	(4,158,692)	(3,370,057)	(579,162)	(529,483)	(918,753)	(744,313)	(3,326,429)	(2,089,887)	(5,077,445)	(4,114,370)
Less: Internal segment cost	0	0	0	0	(300,991)	(206,966)	(568,191)	(374,935)	(300,991)	(206,966)	(568,191)	(374,935)
	(2,747,267)	(1,560,404)	(4,158,692)	(3,370,057)	(880,153)	(736,449)	(1,486,944)	(1,119,248)	(3,627,420)	(2,296,853)	(5,645,636)	(4,489,305)
Gross profit / (loss)	524,467	488,133	961,191	374,412	11,647	(27,168)	262,962	401,201	536,114	460,965	1,224,153	775,613
Selling and distribution expenses	(26,830)	(10,534)	(32,718)	(27,382)	(147,967)	(45,415)	(274,876)	(123,340)	(174,797)	(55,949)	(307,594)	(150,722)
Administrative and general expenses	(149,176)	(109,019)	(275,726)	(202,154)	(12,886)	(9,500)	(26,504)	(21,409)	(162,062)	(118,519)	(302,230)	(223,563)
	(176,006)	(119,553)	(308,444)	(229,536)	(160,853)	(54,915)	(301,380)	(144,749)	(336,859)	(174,468)	(609,824)	(374,285)
Profit / (loss) from operations	348,461	368,580	652,747	144,876	(149,206)	(82,083)	(38,418)	256,452	199,255	286,497	614,329	401,328
Other income	17,127	12,324	24,914	27,887	71	16,163	1,099	16,604	17,198	12,719	26,013	28,723
Other expenses	(1,093)	(8,618)	(18,333)	(8,677)	0	0	0	0	(1,093)	(8,618)	(18,333)	(8,677)
	16,034	3,706	6,581	19,210	71	16,163	1,099	16,604	16,105	4,101	7,680	20,046
Segment results	364,495	372,286	659,328	164,086	(149,135)	(65,920)	(37,319)	273,056	215,360	290,598	622,009	421,374
Finance cost									(288,710)	(195,445)	(450,322)	(317,287)
(Loss) / profit before tax									(73,350)	95,153	171,687	104,087
Taxation									20,684	(1,307)	17,490	58,641
(Loss) / profit after tax									(52,666)	93,846	189,177	162,728

26.1 Segment assets and liabilities of CSM

	Un-audited March 31, 2020		Audited September 30, 2019	
	Rupees in thousand			
	Assets	Liabilities	Assets	Liabilities
Sugar	14,201,927	9,235,235	9,263,004	3,283,262
Ethanol	5,402,282	2,558,689	4,263,337	2,403,240
Total for reportable segment	19,604,209	11,793,924	13,526,341	5,686,502
Others	0	1,443,109	0	1,518,380
CSM's total assets / liabilities	19,604,209	13,237,033	13,526,341	7,204,882

27. Transactions with related parties

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

	Un-audited Half year ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
- services	**14,787**	13,157
- expenses paid by Associated Companies	**60,714**	251
- purchase of goods	**88,733**	137,768
- expenses paid on behalf of Associated Companies	**992**	0
- dividend paid	**26,804**	8,041
- rent received	**3,355**	3,355
- dividend received	**229**	0
- post employment benefit - expense charged in respect of retirement benefit plan	**1,563**	1,300
- key management personnel - salaries and other benefits	**67,564**	31,419

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

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

28. Corresponding figures

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

29. Date of authorisation for issue

These consolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Holding Company on June 26, 2020.

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