

BOOK POST
Printed Matter
UNDER POSTAL CERTIFICATE

If undelivered please return to:
CHASHMA SUGAR MILLS LIMITED
KING'S ARCADE, 20-A, MARKAZ F-7,
ISLAMABAD - PAKISTAN
TEL: 051-2650805-7



CHASHMA SUGAR MILLS LIMITED

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

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan	Chief Executive
Mr. Abbas Sarfaraz Khan	Chairman
Ms. Zarmine Sarfaraz	Director
Mr. Iskander M. Khan	Director
Mr. Abdul Qadar Khattak	Director
Mr. Sher Ali Jafar Khan	Independent Director
Mr. Feisal Kemal Khan	Independent Director

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

M/s. A.F Ferguson & Co.
Chartered Accountants

Tax Consultants

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

Legal Advisor

Mr. Tariq Mehmood Khokhar
Barrister-at-Law, Advocate

Shares Registrar

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

Bankers

Bank Al-Habib Limited	Habib Bank Limited
The Bank of Khyber	Bank Al-Falah Limited
MCB Bank Limited	Soneri Bank Limited
National Bank of Pakistan	Askari Bank Limited
Habib Metropolitan Bank Limited	United Bank Limited
Dubai Islamic Bank (Pakistan) Limited	Meezan Bank Limited
Al-Baraka Bank (Pakistan) Limited	The Bank of Punjab
Allied Bank Limited	

CHASHMA SUGAR MILLS LIMITED

DIRECTORS' REVIEW REPORT

The Board of Directors is pleased to present the un-audited condensed interim financial information of the Company for the six months period ended on March 31, 2020. This condensed 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 Listed Companies (Code of Corporate Governance) Regulations, 2019. The enclosed financial information is un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

OPERATIONAL PERFORMANCE

The sugarcane crushing season commenced on November 29, 2019 continued till March 18, 2020. The mills crushed 1,432,075 tons (2019: 1,562,413 tons) of sugarcane to produce 151,012.50 tons (2019: 166,251.50 tons) of sugar having an average recovery of 10.55% (2019: 10.64%). The Provincial Governments of Punjab and Khyber Pakhtunkhwa notified sugarcane price @190 per maund. The sugar mills in the surrounding area were facing sugarcane shortage in their respective gate areas and started to procure sugarcane from our mills area. This forced us to increase sugarcane prices over and above the notified rates.

SUGAR PRICES

The sugarcane prices remained stable throughout the period, however, after the closure of crushing season, the Government of Pakistan (GoP) interference in the free market economy has depressed the prices below the cost of production.

ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 16,854.584 MT of Ethanol during the half year that ended on March 31, 2020.

FINANCIAL PERFORMANCE

The Company has earned profit of Rs. 189.177 million after incorporating GoP taxes (2019: Rs. 162.728 million) during the half year ended March 31, 2020.

ACCOUNTING POLICIES

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

ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD

- Sd -

Mardan
June 26, 2020

(AZIZ SARFARAZ KHAN)
Chief Executive

- Sd -

(ISKANDER M. KHAN)
Director

ڈسٹری

ایسٹانول فیول پلانٹ نے چھ ماہ کے اختتام تک 31 مارچ 2020 تک MT16,854,584 کی پیداوار ہوئی۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی کنڈرٹڈ 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

دستخط شدہ

عزیز سرمر از خان

چیف ایگزیکٹو آفیسر

دستخط شدہ

اسکندر محمد خان

ڈائریکٹر

مردان

بتاریخ: 26 جون 2020

چشمہ شوگر ملز لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والی شش ماہی کی اختتامی مدت پر کمپنی کی غیر آڈٹ شدہ کنڈرٹڈ عبوری مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈرٹڈ مالیاتی معلومات حصہ داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34 نمبر فائنٹشل 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۔

آپریٹنگ کارکردگی

گئے سال کا کرٹنگ سیزن 29 نومبر 2019 کو شروع ہوا اور 18 مارچ 2020 تک جاری رہا۔ ملز نے 1,432,075 ٹن (2019 میں 1,562,413 ٹن) گننا کرش کیا اور 10.55 فیصد اوسط (2019 میں 10.64 فیصد) کے حساب سے چینی کی پیداوار 151,012.50 ٹن (2019 میں 166,251.50 ٹن) رہی۔ پنجاب اور خیبر پختونخوا کی صوبائی حکومتوں کے گئے کی قیمت 190 روپے فی من مقرر کی۔ ارد گرد کی شوگر ملوں کو اپنے علاقوں میں گئے کی قلت کا سامنا کرنا پڑا۔ توان ملوں نے ہماری ملز کے علاقہ سے گئے کی خریداری شروع کر دی جس کی وجہ سے ہمیں گئے کی مقرر کردہ قیمتوں سے زیادہ ادا کرنا پڑا۔

چینی کی قیمت

پورے عرصہ میں گئے کی قیمتیں مستحکم رہیں لیکن کرٹنگ سیزن کی بندش کے بعد حکومت پاکستان کی کاروباری معیشت میں مداخلت نے چینی کی قیمت کو پیداواری لاگت سے بھی کم پر لے آئے۔

مالیاتی کارکردگی

31 مارچ 2020 کو ختم ہونے والے چھ ماہ کے اختتام تک کمپنی کا ٹیکس کی ادائیگی کے بعد کامنافع 189.177 ملین روپے رہا (2019 میں 162.728 ملین روپے تھا)۔



A.F. FERGUSON & CO.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CHASHMA SUGAR MILLS LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Chashma Sugar Mills Limited (the Company) as at March 31, 2020 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 financial statements based on our review. The figures of the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the three month ended March 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six month 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 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.

- Sd -
Chartered Accountants
Islamabad
Date: June 26, 2020

CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF
FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2020**

Note	Un-audited March 31, 2020	Audited September 30, 2019
(Rupees in thousand)		
NON CURRENT ASSETS		
Property, plant and equipment	6 9,122,851	9,223,953
Right-of-use assets	7 218,670	-
Long term investment	8 100,000	100,000
Long term security deposits - considered good	15,084	15,084
	<u>9,456,605</u>	<u>9,339,037</u>
CURRENT ASSETS		
Stores and spares	350,381	469,713
Stock-in-trade	9 7,344,385	1,724,824
Trade debts	10 524,248	57,011
Loans and advances	11 974,689	1,392,880
Trade deposits, prepayments and other receivables	12 314,773	338,945
Cash and bank balances	639,128	203,931
	<u>10,147,604</u>	<u>4,187,304</u>
TOTAL ASSETS	<u>19,604,209</u>	<u>13,526,341</u>
SHARE CAPITAL AND RESERVES		
Authorised capital	500,000	500,000
Issued, subscribed and paid-up capital	13 286,920	286,920
Capital reserve		
General reserve	327,000	327,000
Revenue reserve		
Unappropriated profits	2,296,950	1,994,085
Surplus on revaluation of property, plant and equipment	3,456,306	3,713,454
Shareholders' equity	<u>6,367,176</u>	<u>6,321,459</u>
NON-CURRENT LIABILITIES		
Long term finances - secured	14 1,155,048	1,183,821
Loans from related parties - secured	15 330,911	337,023
Lease liabilities	106,407	94,970
Deferred liabilities	16 952,981	1,056,902
	<u>2,545,347</u>	<u>2,672,716</u>
CURRENT LIABILITIES		
Trade and other payables	17 2,424,396	688,982
Unclaimed dividend	10,550	8,688
Short term running finance	18 7,599,734	3,100,942
Current maturity of non-current liabilities	19 614,746	712,757
Provision for taxation - net	42,260	20,797
	<u>10,691,686</u>	<u>4,532,166</u>
TOTAL LIABILITIES	<u>13,237,033</u>	<u>7,204,882</u>
Contingencies and commitments	20	
TOTAL EQUITY AND LIABILITIES	<u>19,604,209</u>	<u>13,526,341</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Note	Three month period ended		Six month period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		(Rupees in thousand)			
Gross sales	21	4,388,330	2,775,859	7,151,140	5,306,837
Sales tax, other government levies and discounts	22	(525,787)	(225,007)	(849,542)	(416,854)
Sales - net		3,862,543	2,550,852	6,301,598	4,889,983
Cost of sales		(3,326,429)	(2,089,887)	(5,077,445)	(4,114,370)
Gross profit		536,114	460,965	1,224,153	775,613
Selling and distribution expenses		(174,797)	(55,949)	(307,594)	(150,722)
Administrative and general expenses		(162,062)	(118,519)	(302,230)	(223,563)
Other income		17,198	12,719	26,013	28,723
Other expenses		(1,093)	(8,618)	(18,333)	(8,677)
Operating profit		215,360	290,598	622,009	421,374
Finance cost		(288,710)	(195,445)	(450,322)	(317,287)
Profit/ (loss) before taxation		(73,350)	95,153	171,687	104,087
Taxation					
- Current		(57,936)	(27,906)	(87,386)	(55,751)
- Prior year		(154)	(564)	(154)	(564)
- Deferred		78,774	27,163	105,030	114,956
		20,684	(1,307)	17,490	58,641
Profit/ (loss) after taxation		(52,666)	93,846	189,177	162,728
Loss / Earnings per share - basic and diluted (Rs)		(1.84)	3.27	6.59	5.67

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Three month period ended		Six month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousand)				
Profit / (loss) for the period	(52,666)	93,846	189,177	162,728
Other comprehensive income / (loss)				
Items that will not be classified to profit or loss account:				
Remeasurement loss arising on actuarial valuation	-	-	-	-
Total comprehensive income / (loss) for the period	(52,666)	93,846	189,177	162,728

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED

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

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in thousand)				
Balance as at October 1, 2018	286,920	327,000	1,172,533	4,019,029	5,805,482
Total comprehensive income for the six month period ended March 31, 2019					
Income for the period	-	-	162,728	-	162,728
Other comprehensive income for the period	-	-	-	-	-
	-	-	162,728	-	162,728
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	146,884	(146,884)	-
Cash dividend at rate of Rs. 1.50 per ordinary share for the year ended September 30, 2018	-	-	(43,038)	-	(43,038)
Balance as at March 31, 2019	286,920	327,000	1,439,107	3,872,145	5,925,172
Total comprehensive income for the six month period ended September 30, 2019					
Income for the period	-	-	415,920	-	415,920
Other comprehensive income for the period	-	-	222	(19,855)	(19,633)
	-	-	416,142	(19,855)	396,287
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	138,836	(138,836)	-
Balance as at September 30, 2019	286,920	327,000	1,994,085	3,713,454	6,321,459
Total comprehensive income for six month period ended March 31, 2020					
Income for the period	-	-	189,177	-	189,177
Other comprehensive income for the period	-	-	-	-	-
	-	-	189,177	-	189,177
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	257,148	(257,148)	-
Cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2019	-	-	(143,460)	-	(143,460)
Balance as at March 31, 2020	286,920	327,000	2,296,950	3,456,306	6,367,176

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Six month period ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
Note		
Cash flow from operating activities		
Profit for the period - before taxation	171,687	104,087
Adjustments for non-cash items:		
Depreciation	411,419	397,953
(Gain) / loss on sale of operating fixed assets	(1,496)	(2,244)
Profit on deposit accounts	(2,755)	(2,545)
Finance cost	450,322	314,950
Provision for doubtful debts	779	110
Provision for doubtful advances	2,256	-
Provision for gratuity	1,563	1,301
	1,033,775	813,612
Changes in working capital		
(Increase) / Decrease in		
Stores and spares	119,332	(3,651)
Stock-in-trade	(5,619,561)	(4,523,296)
Trade debts	(468,016)	(231,144)
Loans and advances	415,935	3,610
Trade deposits, prepayments and other receivables	24,172	213,743
Increase in trade and other payables	1,735,414	1,791,310
	(3,792,724)	(2,749,428)
	(2,758,949)	(1,935,816)
Income taxes paid	(66,076)	(60,243)
Gratuity paid	(457)	(1,022)
Net cash generated from operating activities	(2,825,482)	(1,997,081)
Cash flow from investing activities		
Purchase of property, plant and equipment	(432,282)	(312,193)
Sale proceeds of operating fixed assets	5,676	5,901
Increase in long term security deposits	-	(1,226)
Profit on bank deposits received	2,755	2,545
Net cash used in investing activities	(423,851)	(304,973)
Cash flow from financing activities		
Long term finances received / (repaid)	(122,097)	25,321
Loan received / (repaid) to related party	(24,848)	6,907
Lease obligation repaid	(82,301)	(12,924)
Dividends paid	(141,598)	(170)
Finance cost paid	(348,543)	(283,793)
Net cash used in financing activities	(719,387)	(264,659)
Net increase in cash and cash equivalents	(3,968,720)	(2,566,713)
Cash and cash equivalents - at beginning of the period	(2,794,062)	(3,518,217)
Cash and cash equivalents - at end of the period	<u>(6,762,782)</u>	<u>(6,084,930)</u>
Cash and cash equivalents comprised of:		
Bank balances	639,128	460,044
Short term running finance	(7,401,910)	(6,544,974)
	<u>(6,762,782)</u>	<u>(6,084,930)</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public limited company, under the then applicable Companies Ordinance, 1984 (repealed upon the enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 9, 1988. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, ethanol, other allied compound intermediates and by products. The Company is a subsidiary of Premier Sugar Mills and Distillery Company Limited. The registered office of the company is located at Nowshera Road, Mardan, Khyber Pakhtunkhwa. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located in Dera Ismail Khan, in the province of Khyber Pakhtunkhwa.

2. Statement of compliance

These condensed interim financial statements for six month period ended March 31, 2020 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:

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

The disclosures in this condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2019.

3. Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The significant accounting policies and the methods of computation applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2019 except for the adoption of new standard as set out below.

New or amended standards became applicable for the current reporting period, and the Company had to change its accounting policies and make classification adjustments as a result of adopting the following standard:

i) IFRS 16 "Leases"

The Company has adopted IFRS 16, "Leases" with effect from October 1, 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 recognizes 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 policies relating to Company'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 Company 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 1, 2019, leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

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 Company'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 Company is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortized 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 profit or loss account 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 Company has adopted IFRS 16 retrospectively, effective from October 1, 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, recognized in current year in the statement of financial position with effect from October 1, 2019.

On adoption of IFRS 16, the Company recognized 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 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on October 1, 2019 was 14.5% per annum.

In the previous year, the Company only recognized 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 Company's liabilities. On adoption of IFRS 16, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For such leases, the Company recognizes right-of-use asset and the lease liability applying this Standard from the date of initial application.

In applying IFRS 16 for the first time, the Company 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 1, 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 1, 2019:

	As originally presented	Impact of IFRS 16	Restated
	(Rupees in thousand)		
Non-current Assets:			
Property, plant and equipment			
Leased vehicles	146,591	(146,591)	-
Right of use asset	-	176,407	176,407
Current Assets:			
Short-term prepayments	9,240	(9,240)	-
Non-current Liabilities			
Lease liabilities	(94,970)	(17,446)	(112,416)
Current Liabilities			
Lease liabilities	(41,502)	(12,370)	(53,872)
	<u>10,119</u>	<u>-</u>	<u>10,119</u>

The recognized ROU asset relate to following type of assets:

	Un-audited March 31, 2020	Un-audited September 30, 2019
	(Rupees in thousand)	
Vehicles	165,815	-
Plant and Machinery	30,194	-
Building	22,660	-
Total right-of-use assets	<u>218,669</u>	<u>-</u>

The following summary reconciles the Company's operating leases at September 30, 2019 to the lease liabilities recognized on initial application of IFRS 16 at October 1, 2019.

	(Rupees in thousand)
Operating leases as at September 30, 2019	<u>62,402</u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	3,448
(Less): short-term leases recognized on a straight-line basis as expense	29,138
(Less): low value leases recognized on a straight line basis as expenses	-
Lease liabilities recognized as at October 1, 2019	<u>29,816</u>
Of which are:	
Current lease liabilities	12,370
Non-current lease liabilities	17,446
	<u>29,816</u>

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

	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	-

The changes laid down by other standards effective during the period have no significant impact on these financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

4. Financial risk management

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

5. Seasonality of operations

Due to seasonal nature of sugar segment of the Company, operating results of the Company are expected to fluctuate in the second half of the year in comparison with the first six months of the year.

		Un-audited March 31, 2020	Audited September 30, 2019
		(Rupees in thousand)	
6. Property, plant and equipment	Note		
Operating fixed assets	6.1	8,976,097	9,091,077
Capital work-in-progress	6.2	146,754	132,876
		<u>9,122,851</u>	<u>9,223,953</u>
6.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		9,091,077	9,058,808
Impact of adoption of IFRS 16		(146,591)	-
Add: Additions during the period / year	6.1.1	418,404	866,839
Add: Transfers from ROU asset during the period / year		4,849	
Less: Disposals during the period / year		(4,180)	(7,051)
Depreciation charged for the period / year		(387,462)	(827,519)
		<u>(391,642)</u>	<u>(834,570)</u>
Net book value at the end of the period / year		<u>8,976,097</u>	<u>9,091,077</u>
6.1.1 Additions during the period / year			
Freehold land		-	1,603
Building and roads		36,357	156,069
Plant and machinery		337,174	537,391
Electric Installations		33,778	63,752
Office equipment		4,300	6,111
Furniture and Fixtures		1,863	3,757
Owned vehicles		4,932	8,029
Leased vehicles (note 7)		-	90,127
		<u>418,404</u>	<u>866,839</u>
6.2 Capital work-in-progress			
At the beginning of the period / year		132,876	472,983
Add: Additions during the period / year	6.2.1	497,214	602,972
Less: Capitalized / adjusted during the period / year		(483,336)	(943,079)
Balance at the end of the period / year		<u>146,754</u>	<u>132,876</u>
6.2.1 Additions during the period / year			
Buildings on freehold land		33,461	94,858
Plant and machinery		349,866	315,780
Electric installations		25,724	58,276
Office equipment		7,792	6,557
Leased vehicles		32,282	89,965
Leased plant and machinery		132	35,416
Advances to contractors		47,957	2,120
		<u>497,214</u>	<u>602,972</u>

	Note	Un-audited March 31, 2020	Audited September 30, 2019
(Rupees in thousand)			
7. Right-of-use assets			
Opening net book value		-	-
Impact of adoption of IFRS 16		176,407	-
Add: Additions during the period / year		71,069	-
Less: Disposals during the period / year		-	-
Transferred to owned assets during the period / year		(4,849)	-
Depreciation charged for the period / year		(23,957)	-
		(28,806)	-
Net book value at the end of the period / year		218,670	-
8. Long term investment			
This represents investment of the Company in its subsidiary Whole Foods (Private) Limited (WFL). WFL was incorporated in Pakistan on October 26, 2017. The principal activity of WFL is to setup, manage, supervise and control the storage facilities for agricultural produce.			
9. Stock-in-trade			
Finished goods			
- sugar		5,093,232	1,384,164
- molasses		1,915,795	220,572
- ethanol		324,679	110,948
		7,333,706	1,715,684
Work-in-process		10,679	9,140
		7,344,385	1,724,824
10. Trade debts			
Considered good		524,248	57,011
Considered doubtful		2,531	1,752
		526,779	58,763
Loss allowance		(2,531)	(1,752)
		524,248	57,011
11. Loans and advances			
Advances to:			
Employees		4,067	3,579
Suppliers and contractors		820,144	999,250
		824,211	1,002,829
Due from related parties	11.1	169,803	216,384
Letters of credit		13,268	204,004
		1,007,282	1,423,217
Less:			
- Provision for doubtful advances		(28,838)	(28,838)
- Loss allowance		(3,755)	(1,499)
		974,689	1,392,880
11.1 This represents amounts due from the following related parties:			
Due from holding company:			
The Premier Sugar Mills and Distillery Company Limited		-	107,157
Due from subsidiary company:			
Whole Foods (Private) Limited		169,803	109,227
		169,803	216,384
12. Trade deposits, prepayments and other receivables			
Deposits		858	-
Prepayments		6,112	5,074
Export subsidy receivable		305,519	305,519
Sales tax		-	26,526
Others		2,284	1,826
		314,773	338,945

13. Share capital

As at period end, the issued, subscribed and paid-up capital of the Company includes following share capital holdings by the related parties;

	March 31, 2020	September 30, 2019
(Number of shares)		
Holding company		
Premier Sugar Mills & Distillery Company Limited	13,751,000	13,751,000
Associated companies		
Azlak Enterprises (Pvt.) Limited	1,462,859	1,462,859
Phipson & Co. Pakistan (Pvt.) Limited	307,500	307,500
Syntronics Limited	3,590,475	3,590,475
	19,111,834	19,111,834

14. Long term finances - secured

	Note	Un-audited March 31, 2020	Audited September 30, 2019
(Rupees in thousand)			
Bank Al-Habib Limited		223,944	297,710
Soneri Bank Limited		470,119	361,746
The Bank of Punjab		58,239	103,166
Dubai Islamic Bank Pakistan Limited		584,959	682,452
MCB Bank Limited		277,029	291,313
Total	14.1	1,614,290	1,736,387
Accrued mark-up		72,027	70,441
		1,686,317	1,806,828
Less: amount payable within next 12 months			
Principal		(459,242)	(552,566)
Accrued mark-up		(72,027)	(70,441)
Amount due after March 31, 2021	14.2	1,155,048	1,183,821

- 14.1 These represent term and demand finance obtained by the Company 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 the Company and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of the Company, pledge of sugar stock and lien on export contract / LC.
- 14.2 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.

15. Loans from related parties - secured

Holding company			
The Premier Sugar Mills & Distillery Company Limited	15.1	149,086	173,934
Associated companies			
Premier Board Mills Limited	15.2	65,575	65,575
Arpak International Investments Limited	15.3	43,750	43,750
Azlak Enterprises (Private) Limited	15.4	85,000	85,000
Accrued mark-up		22,328	17,012
		365,739	385,271
Less: amount payable within next 12 months			
Principal		(12,500)	(31,236)
Accrued mark-up		(22,328)	(17,012)
Amount due after March 31, 2021		330,911	337,023

- 15.1 The Company obtained an aggregate long term finance facility of Rs 236.67 million from holding company. The principal is repayable in 7 semi annual installments which had commenced from February 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the holding company is not less than the borrowing cost of the holding company.
- 15.2 The Company has outstanding long term finance facility of Rs 65.58 million to associated company Premier Board Mills Limited. The principal repayments are restructured during the current period and the principal is now repayable in 7 semi annual installments commencing from 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 the borrowing cost of the associated company.
- 15.3 The Company obtained long term finance facility of Rs 43.75 million from associated company Arpak International Investments Limited. The principal repayments are restructured during the current period and the principal is now repayable in 7 semi annual installments commencing from 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 the borrowing cost of the associated company.
- 15.4 The Company obtained long term finance facility of Rs 85 million from associated company Azlak Enterprises (Private) Limited. The principal is repayable in 8 semi annual installments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.

		Un-Audited March 31, 2020	Audited September 30, 2019
16. Deferred liabilities		(Rupees in thousand)	
Deferred taxation		945,292	1,050,320
Provision for gratuity		<u>7,689</u>	<u>6,582</u>
		<u>952,981</u>	<u>1,056,902</u>
17. Trade and other payables			
Creditors		1,178,728	217,602
Due to related parties	17.1	79,061	19,226
Accrued liabilities		108,041	69,355
Retention money		15,565	12,725
Sales tax		407,482	-
Security deposits		964	894
Advances from customers		476,649	263,302
Income tax deducted at source		52,072	22,771
Payable to workers welfare institutions		61,809	44,912
Payable to employees		35,270	30,068
Payable to provident fund		2,778	2,598
Others		5,977	5,529
		<u>2,424,396</u>	<u>688,982</u>
17.1 This represents amounts due to the following related parties:			
The Frontier Sugar Mills & Distillery Limited		81	81
The Premier Sugar Mills & Distillery Limited		20,242	-
Syntronics Limited		8,122	943
Syntron Limited		26,036	-
Azlake Enterprises (Private) Limited		24,442	18,202
Phipson & Company Pakistan (Private) Limited		138	-
		<u>79,061</u>	<u>19,226</u>
18. Short term running finance			
Secured	18.1	7,401,910	2,997,993
Accrued mark-up		<u>197,824</u>	<u>102,949</u>
		<u>7,599,734</u>	<u>3,100,942</u>

- 18.1 These represent cash finance and export re-finance facilities and are repayable in six months to one year period. The rate of mark-up ranges from KIBOR + 1% per annum to KIBOR + 1.75% per annum and are secured against pledge of sugar stock with margin ranging from 10% to 15%, lien on export contracts / letter of credits and import documents.

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

	Note	Un-Audited March 31, 2020	Audited September 30, 2019
19. Current maturity of non-current liabilities		(Rupees in thousand)	
Long term finances - secured	14	531,269	623,007
Loans from related parties - secured	15	34,828	48,248
Lease liabilities		48,649	41,502
		<u>614,746</u>	<u>712,757</u>

20. Contingencies and commitments

20.1 Contingencies

There has been no significant change in the status of contingencies as disclosed in note 25 to the financial statements of the Company for the year ended September 30, 2019.

20.2 Commitments

The Company has following commitments in respect of:

- foreign letters of credit for purchase of property, plant and equipment	-	41,231
- local letter of credit for purchase of property, plant and equipment	69,031	-
- capital expenditure other than for letters of credit	21,980	2,778
	<u>91,011</u>	<u>44,009</u>

21. Gross sales

	Three month period ended		Six month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousand)			
Local	3,648,997	2,207,209	5,726,911	4,074,439
Export	<u>739,333</u>	<u>568,650</u>	<u>1,424,229</u>	<u>1,232,398</u>
	<u>4,388,330</u>	<u>2,775,859</u>	<u>7,151,140</u>	<u>5,306,837</u>

22. Sales tax, other government levies and discounts

Indirect taxes	522,987	222,562	844,795	412,049
Discounts	<u>2,800</u>	<u>2,445</u>	<u>4,747</u>	<u>4,805</u>
	<u>525,787</u>	<u>225,007</u>	<u>849,542</u>	<u>416,854</u>

23.1 Segment assets and liabilities

	Un-audited March 31, 2020 (Rupees in thousand)		Audited September 30, 2019 (Rupees in thousand)	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
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	1,443,109	-	-	1,518,380
Entity's total assets / liabilities	19,604,209	13,237,033	13,526,341	7,204,882

24. Transactions with related parties

The Company has related party relationship, with its Holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the period were as follows:

	Three month period ended		Six month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousand)			
Premier Sugar Mills and Distillery Company Limited				
Purchase of molasses	-	3,944	105,920	22,617
Sale of store items	2,364	4,155	2,364	4,645
Sale of bagasse	-	2,990	6,000	4,199
Purchase of store items	1,675	-	1,675	-
Mark-up charged	6,821	7,366	13,555	14,871
Expenses paid by Holding Company	239	7,939	657	7,939
Expenses paid on behalf of Holding Company	4,658	15,830	8,878	43,000
Rent expense	4,950	4,950	9,900	9,900
Rent income	29	29	58	58
Dividend paid	68,755	20,627	68,755	20,627
<u>Associated undertakings</u>				
Services	7,533	6,865	14,787	13,157
Expenses paid by associated companies	16,095	-	60,714	251
Purchase of goods	55,892	48,086	88,733	122,499
Expenses paid on behalf of associated companies	405	-	992	-
Dividend paid	26,804	8,041	26,804	8,041
Post employment benefit				
Expense charged in respect of retirement benefit plan	781	650	1,563	1,300
Key management personnel				
Salaries and other benefits	43,265	21,528	67,564	31,419

25. General

25.1 Figures in these condensed interim financial statements have been rounded-off to the nearest thousand Rupees.

25.2 Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at March 31, 2020. While this is still an evolving situation as at the time of issuing these condensed financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

23. Segment operating results for the six month period ended March 31, 2020 (Un-audited)

	Sugar Division				Ethanol Division				Total			
	Three month period ended March 31, 2020	March 31, 2019	Three month period ended March 31, 2020	March 31, 2019	Three month period ended March 31, 2020	March 31, 2019	Three month period ended March 31, 2020	March 31, 2019	Three month period ended March 31, 2020	March 31, 2019	Three month period ended March 31, 2020	March 31, 2019
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	2,775,659	7,151,140	5,306,837
- Inter segment	300,991	206,966	568,191	374,935	300,991	206,966	568,191	374,935	4,689,321	2,982,625	7,719,331	5,681,772
Less : sales tax & 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	2,757,618	6,869,789	5,264,918
Segment expenses:												
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)	(2,089,867)	(5,077,445)	(4,114,370)
Cost of sales less: Intersegment cost	(2,747,267)	(1,560,404)	(4,158,692)	(3,370,057)	(800,991)	(206,966)	(568,191)	(374,935)	(3,000,991)	(206,966)	(568,191)	(374,935)
Gross profit	524,467	488,133	961,191	374,412	(80,153)	(738,449)	(1,486,844)	(1,119,246)	(3,667,420)	(2,286,653)	(5,645,636)	(4,498,309)
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)	(182,062)	(118,519)	(302,290)	(223,563)
Profit / (loss) from operations	(176,006)	(119,553)	(308,444)	(229,536)	(160,853)	(54,915)	(301,390)	(144,749)	(336,859)	(174,468)	(609,824)	(374,295)
Other income	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 expenses	17,127	(3,444)	24,914	12,119	71	16,163	1,099	16,604	17,198	12,719	26,013	28,723
Segment results	16,034	(12,062)	6,581	3,442	-	-	-	-	16,105	4,101	7,680	20,046
Finance cost	364,495	356,518	659,328	148,318	(149,135)	(66,920)	(3,319)	273,056	215,360	290,598	622,009	421,374
Profit / (loss) before tax					(288,710)	(195,445)	(450,322)	(317,287)	(73,350)	95,153	171,887	104,087
Taxation					20,684	(1,307)	17,490	56,641	20,684	(1,307)	17,490	56,641
Profit / (loss) for the period					(52,666)	93,846	189,177	162,728				

26. Corresponding figures

Corresponding figures have been re-arranged and re-classified as follows, for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on reported financial position, financial performance and cash flows of the Company.

<u>Reclassified from</u>	<u>Reclassified to</u>	<u>Rupees in thousand</u>
Sales tax, other government levies and commissions	Selling and distribution expenses	41,446
Other income	Finance cost	15,768

27. Date of authorization for issue

These condensed interim financial statements were authorized for circulation to the shareholders by the Board of Directors of the Company on June 26, 2020.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director



CHASHMA SUGAR MILLS LIMITED

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

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020	Audited September 30, 2019
(Rupees in thousand)			
NON CURRENT ASSETS			
Property, plant and equipment	6	9,595,112	9,536,211
Right-of-use assets	7	218,670	-
Long term security deposits - considered good		15,084	15,084
		<u>9,828,866</u>	<u>9,551,295</u>
CURRENT ASSETS			
Stores and spares		350,381	469,713
Stock-in-trade	8	7,344,385	1,724,824
Trade debts	9	524,248	57,011
Loans and advances	10	804,917	1,283,676
Trade deposits, prepayments and other receivables	11	335,489	387,458
Cash and bank balances		648,254	228,648
		<u>10,007,674</u>	<u>4,151,330</u>
TOTAL ASSETS		<u>19,836,540</u>	<u>13,702,625</u>
SHARE CAPITAL AND RESERVES			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital	12	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		2,281,422	1,985,055
Surplus on revaluation of property, plant and equipment		3,456,306	3,713,454
Shareholders' equity		<u>6,351,648</u>	<u>6,312,429</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	13	1,330,813	1,312,000
Loans from related parties - secured	14	355,911	337,023
Lease liabilities		106,407	94,970
Deferred liabilities	15	982,497	1,078,582
		<u>2,775,628</u>	<u>2,822,575</u>
CURRENT LIABILITIES			
Trade and other payables	16	2,416,174	705,196
Unclaimed dividend		10,550	8,688
Short term running finance	17	7,599,734	3,100,942
Current maturity of non-current liabilities	18	651,599	743,051
Provision for taxation - net		31,207	9,744
		<u>10,709,264</u>	<u>4,567,621</u>
TOTAL LIABILITIES		<u>13,484,892</u>	<u>7,390,196</u>
Contingencies and commitments	19		
TOTAL EQUITY AND LIABILITIES		<u>19,836,540</u>	<u>13,702,625</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Note	Three month period ended		Six month period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousand)					
Gross sales	20	4,388,330	2,775,859	7,151,140	5,306,837
Sales tax, other government levies and discounts	21	(525,787)	(225,007)	(849,542)	(416,854)
Sales - net		<u>3,862,543</u>	<u>2,550,852</u>	<u>6,301,598</u>	<u>4,889,983</u>
Cost of sales		<u>(3,326,429)</u>	<u>(2,089,887)</u>	<u>(5,077,445)</u>	<u>(4,114,370)</u>
Gross profit		<u>536,114</u>	<u>460,965</u>	<u>1,224,153</u>	<u>775,613</u>
Selling and distribution expenses		(174,797)	(55,949)	(307,594)	(150,722)
Administrative and general expenses		(168,553)	(118,519)	(308,721)	(223,563)
Other income		17,198	12,719	26,013	28,723
Other expenses		(1,093)	(8,618)	(18,333)	(8,677)
Operating profit		<u>208,869</u>	<u>290,598</u>	<u>615,518</u>	<u>421,374</u>
Finance cost		(288,717)	(195,445)	(450,329)	(317,287)
Profit/ (loss) before taxation		<u>(79,848)</u>	<u>95,153</u>	<u>165,189</u>	<u>104,087</u>
Taxation					
- Current		(57,936)	(27,906)	(87,386)	(55,751)
- Prior year		(154)	(564)	(154)	(564)
- Deferred		78,774	27,163	105,030	114,956
		<u>20,684</u>	<u>(1,307)</u>	<u>17,490</u>	<u>58,641</u>
Profit/ (loss) after taxation		<u>(59,164)</u>	<u>93,846</u>	<u>182,679</u>	<u>162,728</u>
Loss / Earnings per share - basic and diluted (Rs)		<u>(2.06)</u>	<u>3.27</u>	<u>6.37</u>	<u>5.67</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousand)			
Profit / (loss) for the period	(59,164)	93,846	182,679	162,728
Other comprehensive income / (loss)				
Items that will not be classified to profit or loss account:				
Remeasurement loss arising on actuarial valuation	-	-	-	-
Total comprehensive income / (loss) for the period	<u>(59,164)</u>	<u>93,846</u>	<u>182,679</u>	<u>162,728</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in thousand)				
Balance as at October 1, 2018	286,920	327,000	1,171,063	4,019,029	5,805,482
Total comprehensive income for the six month period ended March 31, 2019					
Income for the period	-	-	157,183	-	162,728
Other comprehensive income for the period	-	-	157,183	-	162,728
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	146,884	(146,884)	-
Cash dividend at rate of Rs. 1.50 per ordinary share for the year ended September 30, 2018	-	-	(43,038)	-	(43,038)
Balance as at March 31, 2019	<u>286,920</u>	<u>327,000</u>	<u>1,432,092</u>	<u>3,872,145</u>	<u>5,925,172</u>
Total comprehensive income for the six month period ended September 30, 2019					
Income for the period	-	-	413,905	-	413,905
Other comprehensive income for the period	-	-	222	(19,855)	(19,633)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	414,127	(19,855)	394,272
Balance as at September 30, 2019	<u>286,920</u>	<u>327,000</u>	<u>1,985,055</u>	<u>3,713,454</u>	<u>6,319,443</u>
Total comprehensive income for six month period ended March 31, 2020					
Income for the period	-	-	182,679	-	182,679
Other comprehensive income for the period	-	-	182,679	-	182,679
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	257,148	(257,148)	-
Cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2019	-	-	(143,460)	-	(143,460)
Balance as at March 31, 2020	<u>286,920</u>	<u>327,000</u>	<u>2,281,422</u>	<u>3,456,306</u>	<u>6,358,662</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

	Six month period ended March 31, 2020	March 31, 2019
Note	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the period - before taxation	165,189	104,087
Adjustments for non-cash items:		
Depreciation	411,502	397,953
(Gain) / loss on sale of operating fixed assets	(1,496)	(2,244)
Profit on deposit accounts	(2,755)	(2,545)
Finance cost	450,329	314,950
Provision for doubtful debts	779	110
Provision for doubtful advances	2,256	-
Provision for gratuity	1,563	1,301
	<u>1,027,367</u>	<u>813,612</u>
Changes in working capital		
(Increase) / Decrease in		
Stores and spares	119,332	(3,651)
Stock-in-trade	(5,619,561)	(4,523,296)
Trade debts	(468,016)	(231,144)
Loans and advances	476,503	3,610
Trade deposits, prepayments and other receivables	51,969	213,743
Increase in trade and other payables	1,710,978	1,791,310
	<u>(3,728,795)</u>	<u>(2,749,428)</u>
	(2,701,428)	(1,935,816)
Income taxes paid	(66,076)	(60,243)
Gratuity paid	(457)	(1,022)
Net cash generated from operating activities	(2,767,961)	(1,997,081)
Cash flow from investing activities		
Purchase of property, plant and equipment	(592,368)	(312,193)
Sale proceeds of operating fixed assets	5,676	5,901
Increase in long term security deposits	-	(1,226)
Profit on bank deposits received	2,755	2,545
Net cash used in investing activities	(583,937)	(304,973)
Cash flow from financing activities		
Long term finances received / (repaid)	(62,454)	25,321
Loan received / (repaid) to related party	153	6,907
Lease obligation repaid	(82,301)	(12,924)
Dividends paid	(141,598)	(170)
Finance cost paid	(346,212)	(283,793)
Net cash used in financing activities	(632,412)	(264,659)
Net Increase in cash and cash equivalents	(3,984,311)	(2,566,713)
Cash and cash equivalents - at beginning of the period	(2,769,345)	(3,518,217)
Cash and cash equivalents - at end of the period	<u>(6,753,656)</u>	<u>(6,084,930)</u>
Cash and cash equivalents comprised of:		
Bank balances	648,254	460,044
Short term running finance	17 (7,401,910)	(6,544,974)
	<u>(6,753,656)</u>	<u>(6,084,930)</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2020

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public limited company, under the then applicable Companies Ordinance, 1984 (repealed upon the enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 9, 1988. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, ethanol, other allied compound intermediates and by products. The Company is a subsidiary of Premier Sugar Mills and Distillery Company Limited. The registered office of the company is located at Nowshera Road, Mardan, Khyber Pakhtunkhwa. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located in Dera Ismail Khan, in the province of Khyber Pakhtunkhwa.

2. Statement of compliance

These condensed interim financial statements for six month period ended March 31, 2020 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:

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

The disclosures in this condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2019.

3. Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The significant accounting policies and the methods of computation applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2019 except for the adoption of new standard as set out below.

New or amended standards became applicable for the current reporting period, and the Company had to change its accounting policies and make classification adjustments as a result of adopting the following standard:

i) IFRS 16 "Leases"

The Company has adopted IFRS 16, "Leases" with effect from October 1, 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 recognizes 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 policies relating to Company'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 Company 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 1, 2019, leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

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 Company'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 Company is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortized 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 profit or loss account 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 Company has adopted IFRS 16 retrospectively, effective from October 1, 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, recognized in current year in the statement of financial position with effect from October 1, 2019.

On adoption of IFRS 16, the Company recognized 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 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on October 1, 2019 was 14.5% per annum.

In the previous year, the Company only recognized 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 Company's liabilities. On adoption of IFRS 16, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For such leases, the Company recognizes right-of-use asset and the lease liability applying this Standard from the date of initial application.

In applying IFRS 16 for the first time, the Company 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 1, 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 1, 2019:

	As originally presented	Impact of IFRS 16	Restated
	(Rupees in thousand)		
Non-current Assets:			
Property, plant and equipment			
Leased vehicles	146,591	(146,591)	-
Right of use asset	-	176,407	176,407
Current Assets:			
Short-term prepayments	9,240	(9,240)	-
Non-current Liabilities			
Lease liabilities	(94,970)	(17,446)	(112,416)
Current Liabilities			
Lease liabilities	(41,502)	(12,370)	(53,872)
	<u>10,119</u>	<u>-</u>	<u>10,119</u>

The recognized ROU asset relate to following type of assets:

	Un-audited March 31, 2020	Un-audited September 30, 2019
	(Rupees in thousand)	
Vehicles	165,815	-
Plant and Machinery	30,194	-
Building	22,660	-
Total right-of-use assets	<u>218,669</u>	<u>-</u>

The following summary reconciles the Company's operating leases at September 30, 2019 to the lease liabilities recognized on initial application of IFRS 16 at October 1, 2019.

	(Rupees in thousand)
Operating leases as at September 30, 2019	<u>62,402</u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	3,448
(Less): short-term leases recognized on a straight-line basis as expense	29,138
(Less): low value leases recognized on a straight line basis as expenses	-
Lease liabilities recognized as at October 1, 2019	<u>29,816</u>
Of which are:	
Current lease liabilities	12,370
Non-current lease liabilities	17,446
	<u>29,816</u>

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

	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	-

The changes laid down by other standards effective during the period have no significant impact on these financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

4. Financial risk management

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

5. Seasonality of operations

Due to seasonal nature of sugar segment of the Company, operating results of the Company are expected to fluctuate in the second half of the year in comparison with the first six months of the year.

	Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited September 30, 2019
6. Property, plant and equipment			
Operating fixed assets	6.1	9,004,812	9,119,317
Capital work-in-progress	6.2	590,300	416,894
		<u>9,595,112</u>	<u>9,536,211</u>
6.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		9,119,317	9,085,772
Impact of adoption of IFRS 16		(146,591)	-
Add: Additions during the period / year	6.1.1	418,962	868,207
Add: Transfers from ROU asset during the period / year		4,849	
Less: Disposals during the period / year		(4,180)	(7,051)
Depreciation charged for the period / year		(387,545)	(827,611)
		(391,725)	(834,662)
Net book value at the end of the period / year		<u>9,004,812</u>	<u>9,119,317</u>
6.1.1 Additions during the period / year			
Freehold land		-	1,603
Building and roads		36,357	156,069
Plant and machinery		337,174	537,391
Electric Installations		33,778	64,580
Office equipment		4,814	6,414
Furniture and Fixtures		1,907	3,948
Owned vehicles		4,932	8,075
Leased vehicles (note 7)		-	90,127
		<u>418,962</u>	<u>868,207</u>
6.2 Capital work-in-progress			
At the beginning of the period / year		416,894	472,983
Add: Additions during the period / year	6.2.1	656,742	886,990
Less: Capitalized / adjusted during the period / year		(483,336)	(943,079)
Balance at the end of the period / year		<u>590,300</u>	<u>416,894</u>

	Note	Un-Audited March 31, 2020 (Rupees in thousand)	Audited September 30, 2019
6.2.1 Additions during the period / year			
Buildings on freehold land		77,327	169,901
Plant and machinery		441,173	494,961
Electric installations		25,724	58,276
Office equipment		7,792	6,557
Leased vehicles		32,282	89,965
Leased plant and machinery		132	35,416
Advances to contractors		72,312	31,914
		<u>656,742</u>	<u>886,990</u>
7. Right-of-use assets			
Opening net book value		-	-
Impact of adoption of IFRS 16		176,407	-
Add: Additions during the period / year		71,069	-
Less: Disposals during the period / year		-	-
Transferred to owned assets during the period / year		(4,849)	-
Depreciation charged for the period / year		(23,957)	-
		(28,806)	-
Net book value at the end of the period / year		<u>218,670</u>	<u>-</u>
8. Stock-in-trade			
Finished goods			
- sugar		5,093,232	1,384,164
- molasses		1,915,795	220,572
- ethanol		324,679	110,948
		<u>7,333,706</u>	<u>1,715,684</u>
Work-in-process		10,679	9,140
		<u>7,344,385</u>	<u>1,724,824</u>
9. Trade debts			
Considered good		524,248	57,011
Considered doubtful		2,531	1,752
		<u>526,779</u>	<u>58,763</u>
Loss allowance		(2,531)	(1,752)
		<u>524,248</u>	<u>57,011</u>
10. Loans and advances			
Advances to:			
Employees		4,098	3,602
Suppliers and contractors		820,144	999,250
		<u>824,242</u>	<u>1,002,852</u>
Due from Holding Company	10.1	-	107,157
Letters of credit		13,268	204,004
		<u>837,510</u>	<u>1,314,013</u>
Less:			
- Provision for doubtful advances		(28,838)	(28,838)
- Loss allowance		(3,755)	(1,499)
		<u>804,917</u>	<u>1,283,676</u>
10.1 This represents amounts due from The Premier Sugar Mills & Distillery Company Limited.			

	Note	Un-Audited March 31, 2020 (Rupees in thousand)	Audited September 30, 2019
11. Trade deposits, prepayments and other receivables			
Deposits		2,480	33
Prepayments		6,206	5,099
Export subsidy receivable		305,519	305,519
Sales tax		-	46,254
Guarantees issued		19,000	19,000
Letter of credit			9,726
Others		2,284	1,827
		<u>335,489</u>	<u>387,458</u>
12. Share capital			
As at period end, the issued, subscribed and paid-up capital of the Company includes following share capital holdings by the related parties;			
		March 31, 2020	September 30, 2019
Holding company		(Number of shares)	
Premier Sugar Mills & Distillery Company Limited		13,751,000	13,751,000
Associated companies			
Azlake Enterprises (Pvt.) Limited		1,462,859	1,462,859
Phipson & Co. Pakistan (Pvt.) Limited		307,500	307,500
Syntronics Limited		3,590,475	3,590,475
		<u>19,111,834</u>	<u>19,111,834</u>
13. Long term finances - secured			
Bank Al-Habib Limited		223,944	297,710
Soneri Bank Limited		706,868	538,852
The Bank of Punjab		58,239	103,166
Dubai Islamic Bank Pakistan Limited		584,959	682,452
MCB Bank Limited		277,029	291,313
Total	13.1	1,851,039	1,913,493
Accrued mark-up		76,334	73,488
		<u>1,927,373</u>	<u>1,986,981</u>
Less: amount payable within next 12 months			
Principal		(490,710)	(579,813)
Deferred Benefit of below market rate of interest on refinance facility		(29,516)	(21,680)
Accrued mark-up		(76,334)	(73,488)
Amount due after March 31, 2021	13.2	<u>1,330,813</u>	<u>1,312,000</u>
13.1	These represent term and demand finance obtained by the Company 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 the Company and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of the Company, pledge of sugar stock and lien on export contract / LC.		
13.2	In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective loan agreements. Accordingly, the liabilities under those loan agreements have been classified as per the repayment schedule applicable in respect of the respective loan agreements.		

	Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited September 30, 2019
14. Loans from related parties - secured			
Holding company			
The Premier Sugar Mills & Distillery Company Limited	14.1	149,086	173,934
Associated companies			
Premier Board Mills Limited	14.2	90,575	65,575
Arpak International Investments Limited	14.3	43,750	43,750
Azlake Enterprises (Private) Limited	14.4	85,000	85,000
Accrued mark-up		<u>23,406</u>	<u>17,012</u>
		<u>391,817</u>	<u>385,271</u>
Less: amount payable within next 12 months			
Principal		(12,500)	(31,236)
Accrued mark-up		<u>(23,406)</u>	<u>(17,012)</u>
Amount due after March 31, 2021		<u>355,911</u>	<u>337,023</u>
14.1	The Company obtained an aggregate long term finance facility of Rs 236.67 million from holding company. The principal is repayable in 7 semi annual installments which had commenced from February 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the holding company is not less than the borrowing cost of the holding company.		
14.2	The Company has outstanding long term finance facility of Rs 65.58 million to associated company Premier Board Mills Limited. The principal repayments are restructured during the current period and the principal is now repayable in 7 semi annual installments commencing from 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 the borrowing cost of the associated company.		
14.3	The Company obtained long term finance facility of Rs 43.75 million from associated company Arpak International Investments Limited. The principal repayments are restructured during the current period and the principal is now repayable in 7 semi annual installments commencing from 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 the borrowing cost of the associated company.		
14.4	The Company obtained long term finance facility of Rs 85 million from associated company Azlake Enterprises (Private) Limited. The principal is repayable in 8 semi annual installments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.		
15. Deferred liabilities			
Deferred taxation		945,292	1,050,320
Provision for gratuity		7,689	6,582
Deferred Benefit of below market rate of interest on refinance facility		<u>29,516</u>	<u>21,680</u>
		<u>982,497</u>	<u>1,078,582</u>
16. Trade and other payables			
Creditors		1,191,634	230,507
Due to related parties	16.1	79,061	19,226
Accrued liabilities		108,119	71,408
Retention money		20,595	13,981
Sales tax		379,881	-
Security deposits		964	894
Advances from customers		478,014	263,302
Income tax deducted at source		52,072	22,771
Payable to workers welfare institutions		61,809	44,912
Payable to employees		35,270	30,068
Payable to provident fund		2,778	2,598
Others		5,977	5,529
		<u>2,416,174</u>	<u>705,196</u>

3637

22.1 Segment assets and liabilities

	Un-audited March 31, 2020		Audited September 30, 2019	
	(Rupees in thousand)			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	14,434,258	9,439,631	9,439,288	3,457,949
Ethanol	5,402,282	2,558,689	4,263,337	2,403,240
Total for reportable segment	19,836,540	11,998,320	13,702,625	5,861,189
Others		1,486,572	-	1,529,007
Entity's total assets / liabilities	19,836,540	13,484,892	13,702,625	7,390,196

23. Transactions with related parties

The Company has related party relationship, with its Holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the period were as follows:

	Three month period ended		Six month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousand)			
Premier Sugar Mills and Distillery Company Limited				
Purchase of molasses	-	3,944	105,920	22,617
Sale of store items	2,364	4,155	2,364	4,645
Sale of bagasse	-	2,990	6,000	4,199
Purchase of store items	1,675	-	1,675	-
Mark-up charged	6,821	7,366	13,555	14,871
Expenses paid by Holding Company	239	7,939	657	7,939
Expenses paid on behalf of Holding Company	4,658	15,830	8,878	43,000
Rent expense	4,950	4,950	9,900	9,900
Rent income	29	29	58	58
Dividend paid	68,755	20,627	68,755	20,627
<u>Associated undertakings</u>				
Services	7,533	6,865	14,787	13,157
Expenses paid by associated companies	16,095	-	60,714	251
Purchase of goods	55,892	48,086	88,733	122,499
Expenses paid on behalf of associated companies	405	-	992	-
Dividend paid	26,804	8,041	26,804	8,041
Post employment benefit				
Expense charged in respect of retirement benefit plan	781	650	1,563	1,300
Key management personnel				
Salaries and other benefits	43,265	21,528	67,564	31,419

24. General

24.1 Figures in these condensed interim financial statements have been rounded-off to the nearest thousand Rupees.

24.2 Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at March 31, 2020. While this is still an evolving situation as at the time of issuing these condensed financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

25. Corresponding figures

Corresponding figures have been re-arranged and re-classified as follows, for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on reported financial position, financial performance and cash flows of the Company.

<u>Reclassified from</u>	<u>Reclassified to</u>	<u>Rupees in thousand</u>
Sales tax, other government levies and discounts	Selling and distribution expenses	41,446
Other income	Finance cost	15,768

26. Date of authorization for issue

These condensed interim financial statements were authorized for circulation to the shareholders by the Board of Directors of the Company on June 26, 2020.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director