BABA FARID

SUGAR MILLS LIMITED

CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE SIX MONTHS ENDED
MARCH 31, 2019

BABA FARID SUGAR MILLS LIMITED

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BABA FARID SUGAR MILLS LIMITED

Corporate Information

Board Of Directors

Mrs. Naheed Roohi	Chairperson
Mr. Muhammad Sarwar	Chief Executive
Syed Qaissar Abbas Naqvi	Executive
Mr. Muhammad Shah Anjum	Non-Executive
Mr. Shahid Mahmood Qureshi	Non-Executive
Ms. Rafia Aslam	Non-Executive
Mr. Muhammad Ashraf	Independent Director

Audit Committee

Mr. Muhammad Ashraf	Chairman
Ms. Rafia Aslam	Member
Syed Qaissar Abbas Naqvi	Member
Mr. Shahid Mahmood Quershi	Member

Company Secretary

Mr. Muhammad Ibrahim

Head Of Internal Audit

Mr. Ahmad Yar

Auditors

BDO Ebrahim & Co.
Chartered Accountants
F-2, First Floor, Grace Centre,
Canal Bank Road, 1-B Canal Park,
Gulberg-II, Lahore
Tel: 042-35875709-10, Fax: 042-35717351
Email: info@bdo.com.pk

Mills

5. K.M. Faisalabad Road
Okara
Tel; 0442-522878, 511878, Fax; 0442-522978

Bankers

Habib Bank Limited
Bank Al-Habib Limited
United Bank Limited
MCB Bank Limited
J.S Bank Limited

Human Resource & Remuneration Committee

Mrs. Naheed Roohi	Member
Ms. Rafia Aslam	Member
Mr. Shahid Mahmood Quershi	Member

Chief Financial Officer

Mr. Adnan Zulfiqar (ACA)

Share Registrar

M/s. Corplink (Pvt.) Ltd.
Share Registrar & Corporate Consultants
Wing Arcade, 1-K, Commercial
Model Town, Lahore
Tel; 042-35916714, Fax; 042-35869037
Email ; corplink786@gmail.com

Registered Office

Suite - T 09, 3rd Floor, Hafeez Centre 75 - E/1
Main Boulevard, Gulberg III, Lahore
Tel; 042-35884180-5, Fax; 042-35884138-39
Email ; info@bfsml.com
Website; www.bfsml.com

Legal Advisor

Mohsin Tayebaly & Co
Corporate Legal Consultants | Barristers & Advocates |
High Courts & Supreme Courts
Lahore Office: 102-C/1, St. John's Park
(Opp. Fortress Statdium), Lahore Cantt.
Tel: (92-42) 36672102
Email: arshad.mirza@mtclaw.com.pk

BABA FARID SUGAR MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS

Your Directors' present Financial Statements of the Company for the half year ended 31 March, 2019. These condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

FINANCIAL RESULTS

	Half year ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	Rupees			
Sales - net	49,076,375	1,038,563,624	27,111,370	841,193,486
Gross loss	(211,470,943)	(250,033,054)	(115,971,581)	(258,864,437)
Operating loss	(274,218,727)	(273,584,547)	(173,090,181)	(274,582,460)
Loss before taxation	(380,827,986)	(354,205,581)	(229,468,653)	(314,918,502)
Taxation	(40,550,529)	(2,281,093)	(56,638,475)	(12,587,971)
Loss after taxation	(421,378,515)	(356,486,674)	(286,107,128)	(327,506,473)
Loss per share - basic and diluted (Rupees)	(44.59)	(37.72)	(30.28)	(34.66)

FUTURE OUTLOOK

Naubahar Bottling Company (Private) Limited, Mr. Muhammad Shemim Khan, Mrs. Qaiser Shamim Khan, Mr. Adnan Ahmed Khan and Mr. Nauman Ahmed Khan (the Acquirers) have entered into a share Purchase Agreement dated 23 January, 2019 with Ms. Naheed Rohi, Mr. Muhammad Ashraf, Mr. Muhammad Sarwar, Mr. Muhammad Shah Anjum, Ms. Rafia Aslam, Mr. Shahid Mehmood Qureshi, Syed Qaisar Abbas Naqvi, Mr. Maqsood ul Hassan, Mr. Muhammad Aslam and Pattoki Sugar Mills Limited (collectively, the "Sponsor Sellers") for the sale and prchase of 9,115,456 Ordinary Shares representing 96.46% of the total isssued share capital of the Company, at an aggregate sale price of Rupees 474,003,712 calculated at the rate of Rs.52 per share. Further, a Public Offer was made on 27 March, 2019 by the Acquirers to acquire upto 167,272 Ordinary Shares of the Company constituting 1.77% of the issued share capital of the Company at an offer price of Rupees 52 per ordinary Share Pursuant. To Part IX of the Securities Act, 2015 ("Act") and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (:Regulations"). Naubahar Bottling Company (Private) Limited is engaged in beverage business. Mr. Muhammad Shamim Khan, Mrs. Qaiser Shamim Khan, Mr. Adnan Ahmed Khan and Mr. Nauman Ahmed Khan are engaged in business of sugar, beverage, steel, power, textile, trading and conultancy, hence have rich relevant experience. Naubahar Bottling Company (Private) Limited consumes a considerable portion of total sugar produced in country and this demand is expected to

increase every year. The acquisition will allow the Acquirers to better meet this ever increasing demand of quality sugar. The acquisition will further bring strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to facilitate expansion and efficient growth of business: strengthen the management and finances; and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability. It is expected to yield better returns to the shareholders and additional benefits for other stakeholders. It is expected that the Company shall become more financially viable in comparison to its current status. It is also expected that the Acquirers will have better managerial planning. consequently, the Acquirers may be able to pass on parts of the expected benefits to the other stakeholders such as the Government, employees, general body of consumers and the society at large. The Acquirers intend to appoint an experienced Board of Directors and professional management team to revive sugar mills operations and explore new markets. The Acquirers are confident that it will be able to expnad to Company's business and operate more efficiently and profitably.

ACKNOWLEDGEMENT

The Board acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

For and on behalf of the board



Muhammad Sarwar
Chief Executive

Lahore:
30 May, 2019

بابا فرید شوگر ملز لمیٹڈ

ڈائریکٹرز کی حصص داران کو رپورٹ

آپ کے ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی ششماہی کے لئے کمپنی کی مالیاتی معلومات پیش کر رہے ہیں۔ یہ منجمد عبوری مالیاتی معلومات غیر نظر ثانی شدہ لیکن ایکسٹرنل آڈیٹر کی طرف سے محدود اسکوپ جائزہ کے حوالہ سے ہیں اور کمپنیز ایکٹ 2017 کی دفعہ 237 اور پاکستان اسٹاک ایکسچینج کے مندرجہ قواعد کے تحت درکار حصص داران کو پیش کی جارہی ہیں۔

مالیاتی نتائج:

	31 مارچ مختتمہ ششماہی		31 مارچ مختتمہ سہ ماہی	
	2019	2018	2019	2018
	روپے	روپے	روپے	روپے
فروخت خالص	49,076,375	1,038,563,624	27,111,370	841,193,486
مجموعی نقصان	(211,470,943)	(250,033,054)	(115,971,581)	(258,864,437)
آپریٹنگ نقصان	(274,218,727)	(273,584,547)	(173,090,181)	(274,582,460)
ٹیکس سے قبل نقصان	(380,827,986)	(354,205,581)	(229,468,653)	(314,918,502)
ٹیکس کے بعد نقصان	(40,550,529)	(2,281,093)	(56,638,475)	(12,587,971)
ٹیکس	(421,378,515)	(356,486,674)	(286,107,128)	(327,506,473)
نقصان فی شیئر بنیادی اور معتدل (روپے)	(44.59)	(37.72)	(30.28)	(34.66)

مستقبل کا نقطہ نظر:

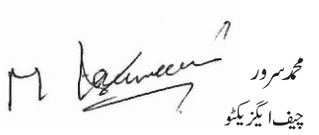
نو بہار بوٹلنگ کمپنی (پرائیویٹ) لمیٹڈ، جناب محمد شمیم خان، محترمہ قیصر شمیم خان، جناب عدنان احمد خان اور جناب نعمان احمد خان (خرید کنندگان) محترمہ ناہید روہی، جناب محمد اشرف، جناب محمد سرور، جناب محمد شاہ انجم، محترمہ رفیعہ اسلم، جناب شاہد محمود قریشی، سید قیصر عباس نقوی، جناب مسعود الحسن، جناب محمد اسلم اور پتو کی شوگر ملز لمیٹڈ (مجموعی طور پر، "سپانسر فروخت کنندگان") کے ساتھ 52 روپے فی شیئر کی شرح پر 474,003,712 روپے کی مجموعی قیمت فروخت پر کمپنی کے کل جاری شدہ شیئر کیپٹل کی 96.46% نمائندگی کرنے والے 9,115,456 عام حصص کی فروخت اور خریداری کے لئے ایک شیئر پرچیز ایگریمنٹ مورخہ 23 جنوری 2019 کیا ہے۔ اس کے علاوہ، سیکورٹیز ایکٹ 2015 (ایکٹ) کے پارٹ IX اور مندرجہ کمپنیز (ووٹنگ شیئرز کے حصول اور ٹیک اوورز سبسٹینشل) قواعد 2017 (ریگولیشن) کی پیروی میں 52 روپے فی شیئر کی پیشکش قیمت پر کمپنی کے جاری شدہ شیئر کیپٹل کی 1.77% مقررہ کمپنی کے 167,272 عام شیئرز تک حاصل کرنے کے لئے خریدکنندگان کی طرف سے 27 مارچ 2019 کو ایک عام پیشکش کی گئی تھی۔ نو بہار بوٹلنگ کمپنی (پرائیویٹ) لمیٹڈ مشروبات کے کاروبار میں مصروف ہے۔ جناب محمد شمیم خان، محترمہ قیصر شمیم خان، جناب عدنان احمد خان اور جناب نعمان احمد خان چینی، مشروبات، اسٹیل، بجلی، ٹیکسٹائل، ٹریڈنگ اور مشاورت کے کاروبار میں مصروف ہیں، لہذا کافی متعلقہ تجربہ رکھتے ہیں۔ نو بہار بوٹلنگ کمپنی (پرائیویٹ) لمیٹڈ ملک میں پیدا ہونے والی مجموعی چینی کی قابل ذکر مقدار استعمال کرتی ہے اور یہ طلب ہر سال میں بڑھنے کی توقع ہے۔ ایکوزیشن خریدکنندگان کو معیاری چینی کی اس بڑھتی ہوئی طلب کو بہتر پورا کرنے کی اجازت دے گی۔ حصول کمپنی کو مزید مضبوط، تجربہ اور کارکردگی کو مزید بہتر بنائے گا۔ خاص طور پر، حصول ممکن ہے کہ کاروبار کو وسعت اور مؤثر نمو کو سہولت فراہم

کرنے، انتظامیہ اور مالی حیثیت کو مضبوط بنانے؛ اور مالیاتی منصوبہ بندی کو بہتر بنانے؛ اس طرح کاروباری طور پر بہتر منافع بخش ہونے کے ساتھ ساتھ کاروبار میں زیادہ فائدہ منداور اقتصادی طور پر سہولت فراہم کرنے میں مدد کرے۔ اس سے حصص داروں کے لئے بہتر ریٹرن کی پیداوار اور دیگر اسٹیک ہولڈرز کے لئے اضافی فوائد حاصل ہونے کی اُمید کی جاتی ہے۔ یہ اُمید ہے کہ کمپنی اپنی موجودہ حیثیت کے مقابلے میں مالی طور پر زیادہ قابل عمل بن جائے گی۔ یہ بھی توقع ہے کہ خرید کنندگان بہتر انتظاماتی منصوبہ بندی کریں گے۔ اس کے نتیجے میں، حاصل کنندگان ممکنہ طور پر متوقع فوائد دیگر اسٹیک ہولڈرز جیسے کہ حکومت، ملازمین، عام صارفین اور بڑے پیمانے پر معاشرے میں منتقل کرنے کے قابل ہو سکتے ہیں۔ حاصل کنندگان شوگر ملز کے آپریشنز کی بحالی اور نئی مارکیٹوں کی تلاش کے لئے ایک تجربہ کار بورڈ آف ڈائریکٹرز اور پیشہ ورانہ مینجمنٹ ٹیم مقرر کرنے کا ارادہ رکھتے ہیں۔ حاصل کنندگان کو یقین ہے کہ وہ کمپنی کے کاروبار کو بڑھانے، زیادہ مؤثر اور منافع بخش طریقے سے چلانے کے قابل ہوں گے۔

اظہار تشکر

بورڈ کمپنی کے ایگزیکٹوز، ملازمین اور کارکنوں کے قابل قدر ٹیم ورک، لگن اور محنت کا اعتراف کرتا ہے۔

منجانب بورڈ



محمد سرور
چیف ایگزیکٹو

لاہور: 30 مئی 2019ء

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF BABA FARID SUGAR MILLS LIMITED

Report on review of interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of BABA FARID SUGAR MILLS LIMITED (the "Company") as at March 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow, 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 these 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.

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 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended March 31, 2019 and March 31, 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Emphasis of matters paragraph:

1. We draw attention to Note 1.3 to the condensed interim financial statements, which indicates that the Company incurred a net loss of Rs. 421.379 million during the period ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 2,273.785 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 1,788.670 million as at March 31, 2019 and accumulated losses as of that date amounted to Rs. 1,883.170 million. These conditions, along with other matters as set forth in Note 1.3, indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the sponsors' commitment to provide financial support to the Company.

Considering the mitigating factors mentioned in the note 1.3, these condensed interim financial statements have been prepared on going concern basis. Our conclusion is not modified in respect of this matter.

2. We draw attention towards note 1.2 to the condensed interim financial statements where detail and status of the Company's acquisition has been mentioned.

Other matter

The financial statements of the Company for the year ended September 30, 2018 and half year ended March 31, 2018 were audited/reviewed by another auditor who had expressed an unmodified opinion / conclusion thereon vide their report dated January 04, 2019 and May 28, 2018 respectively.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Imran.

LAHORE
DATED: 30 May, 2019

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BABA FARID SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2019

	Note	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
		Rupees	
ASSETS			
NON CURRENT ASSETS			
Property plant and equipment			
Operating fixed assests	8	2,342,089,239	2,378,527,606
Capital work in progress	9	168,244,415	117,465,019
		2,510,333,654	2,495,992,625
Long term deposits	10	–	587,575
		2,510,333,654	2,496,580,200
CURRENT ASSETS			
Stores, spares and loose tools	11	42,035,953	43,621,327
Stock in trade	12	74,329,324	51,731,844
Trade debts		13,399,679	151,278,030
Loans and advances	13	488,823	116,855,614
Other receivables		109,742,500	105,742,500
Cash and bank balances	14	11,689,436	2,220,193
		251,685,715	471,449,508
TOTAL ASSETS		2,762,019,369	2,968,029,708
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	15.1	700,000,000	700,000,000
Issued, subscribed and paid up capital	15.2	94,500,000	94,500,000
Reserves			
Revenue reserves - Accumulated (loss)		(1,883,169,978)	(1,480,646,743)
surplus on revaluation of fixed assets		1,705,851,869	1,715,902,655
		(82,818,109)	329,755,912
NON CURRENT LIABILITIES			
Long term financing	16	–	100,000,000
Loan from holding company	17	–	500,000,000
Deferred liabilities		319,366,410	288,233,669
		319,366,410	888,233,669
CURRENT LIABILITIES			
Trade and other payables	18	219,773,180	278,288,794
Unclaimed dividend		255,930	255,930
Due to holding company	19	–	1,154,442,231
Mark-up accrued		43,596,826	154,058,109
Temporary bank overdraft	20	–	25,982,166
Short term borrowings	21	2,040,460,400	–
Provision for taxation		694,721	12,012,897
Current portion of long term liabilities		220,690,011	125,000,000
		2,525,471,068	1,750,040,127
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		2,762,019,369	2,968,029,708

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

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

BABA FARID SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

		Half year ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
		Rupees			
Sales - net	23	49,076,375	1,038,563,624	27,111,370	841,193,486
Cost of sales	24	(260,547,318)	(1,288,566,678)	(143,082,951)	(1,100,057,923)
Gross loss		(211,470,943)	(250,003,054)	(115,971,581)	(258,864,437)
Selling and distribution expenses		(467,645)	(1,732,730)	(292,144)	(1,590,954)
General & administrative expenses		(66,742,985)	(21,848,763)	(56,826,456)	(14,127,069)
Other operating income		4,462,846	–	–	–
		(62,747,784)	(23,581,493)	(57,118,600)	(15,718,023)
Operating loss		(274,218,727)	(273,584,547)	(173,090,181)	(274,582,460)
Financial charges		(106,609,259)	(80,621,034)	(56,378,472)	(40,336,042)
Loss before taxation		(380,827,986)	(354,205,581)	(229,468,653)	(314,918,502)
Taxation	25	(40,550,529)	(2,281,093)	(56,638,475)	(12,587,971)
Loss after taxation		(421,378,515)	(356,486,674	(286,107,128)	(327,506,473)
Loss per share - basic and diluted (Rupees)	26	(44.59)	(37.72)	(30.28)	(34.66)

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

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

BABA FARID SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

	Half year ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	Rupees			
Loss for the period	(421,378,515)	(356,486,674)	(286,107,128)	(327,506,473)
Other comprehensive income for the period	–	–	–	–
Total comprehensive loss for the period	(421,378,515)	(356,486,674)	(286,107,128)	(327,506,473)

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

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

BABA FARID SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

	Issued, subscribed and paid-up capital	Surplus on revaluation of fixed assets	Accumulated loss	Total
		Rupees		
Balance as at October 01, 2017	94,500,000	1,746,005,655	(1,146,927,052)	693,578,603
Transfer from surplus on revaluation of property plant and equipment - net of deferred tax	–	(10,420,086)	10,420,086	–
Total comprehensive loss for the period	–	–	(356,486,674)	(356,486,674)
balance as at March 31, 2018	94,500,000	1,735,585,569	(1,492,993,640)	337,091,929
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	–	(29,308,849)	29,308,849	–
Surplus on revaluation of property, plant & equipment - related to rate change	–	9,625,935	–	9,625,935
Total comprehensive loss for the period	–	–	(16,961,952)	(16,961,952)
Balance as at September 30, 2018	94,500,000	1,715,902,655	(1,480,646,743)	329,755,912
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	–	(18,855,280)	18,855,280	–
Surplus on revaluation of property, plant and equipment - related to rate change	–	8,804,494	–	8,804,494
Total comprehensive loss for the period	–	–	(421,378,515)	(421,378,515)
Balance as at March 31, 2019	94,500,000	1,705,851,869	(1,883,169,978)	(82,818,109)

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

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

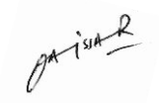
BABA FARID SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

	Note	Half year ended March 31, 2019	2018
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(380,827,986)	(354,205,581)
Adjustments for items not involving movement of funds:			
Depreciation		36,592,825	37,559,768
Provision for gratuity		81,427	–
Gain on sale of fixed assets		(3,003,422)	–
Creditors written back		(1,459,424)	–
Provsion for doubtful advances and deposits		48,091,156	–
Financial charges		106,609,259	80,621,034
Net cash flow before working capital changes		(193,916,165)	(236,024,779)
(Increase) / decrease in current assets			
Stores and spares		1,585,374	2,826,292
Stock in trade		(22,597,480)	246,181,503
Trade debts		137,878,351	(166,098,272)
Loans and advances		68,863,210	(97,863,208)
Trade deposits and short term prepayments		(4,000,000)	(176,470)
		181,729,455	(15,130,155)
Increase / (decrease) in current liabilities			
Trade and other payables		(57,056,190)	281,769,507
Cash (used in)/generated from operations		(69,242,900)	30,614,573
Income taxes paid		(12,012,897)	(22,511,257)
Financial charges paid		(217,070,542)	(9,682,237)
Net cash used in operating activities		(298,326,339)	(1,578,921)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to operating fixed assets		(217,036)	(4,325,333)
Additions to capital work in progress		(50,779,396)	–
Net cash used in investing activities		3,066,000	–
		(47,930,432)	(4,325,333)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		(100,000,000)	(50,000,000)
Due to holding company - net		(2,103,534,672)	132,539,254
Short term borrowings - net		2,585,242,852	–
Net cash generated from financing activities		381,708,180	82,539,254
Net increase in cash and cash equivalents		35,451,409	76,635,000
Cash and cash equivalents at the beginning of the period		(23,761,973)	(88,387,182)
Cash and cash equivalents at the end of the period	32	11,689,436	(11,752,182)

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

BABA FARID SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Status of the Company

Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Act, 2017) as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake.

1.2 Acquisition of the Company

Naubahar Bottling Company (Private) Limited, Mr. Muhammad Shamim Khan, Mrs. Qaiser Shamim Khan, Mr. Adnan Ahmed Khan and Mr. Nauman Ahmed Khan (the Acquirers) have entered into a Share Purchase Agreement dated 23 January 2019 with Ms. Naheed Rohi, Mr. Muhammad Ashraf, Mr. Muhammad Sarwar, Mr. Muhammad Shah Anjum, Ms. Rafia Aslam, Mr. Shahid Mehmood Qureshi, Syed Qaisar Abbas Naqvi, Mr. Maqsood Ul Hassan, Mr. Muhammad Aslam and Pattoki Sugar Mills Limited (collectively, the "Sponsor Sellers") for the sale and purchase of 9,115,456 Ordinary Shares representing 96.46% of the total issued share capital of the Company, at an aggregate sale price of Rupees 474,003,712 calculated at the rate of Rs. 52 per share. Further, a Public Offer was made on 27 March 2019 by the Acquirers to acquire upto 167,272 Ordinary Shares of the Company constituting 1.77% of the issued share capital of the Company at an offer price of Rupees 52 per Ordinary Share Pursuant To Part IX of the Securities Act, 2015 ("Act") and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 ("Regulations"). Naubahar Bottling Company (Private) Limited is engaged in beverage business. Mr. Muhammad Shamim Khan, Mrs. Qaiser Shamim Khan, Mr. Adnan Ahmed Khan and Mr. Nauman Ahmed Khan are engaged in business of sugar, beverage, steel, power, textile, trading and consultancy, hence have rich relevant experience. Naubahar Bottling Company (Private) Limited consumes a considerable portion of total sugar produced in country and this demand is expected to increase every year. The acquisition will allow the Acquirers to better meet this ever increasing demand of quality sugar.

1.3 Going concern assumption

The Company incurred a net loss of Rs.421.379 million during the period ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 2,273.785 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs.1,788.670 million as at March 31, 2019 and accumulated losses as of that date amounted to Rs.1,883.170 million. These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the sponsor's commitment to provide financial support to the Company.

As mentioned in note 1.2 to the condensed interim financial statements the acquisition will further bring strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to: facilitate expansion and efficient growth of business; strengthen the management and finances; and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability. It is expected to yield better returns to the shareholders and additional benefits for other stakeholders. It is expected that the Company shall become more financially viable in comparison to its current status. It is also expected that the Acquirers will have better managerial planning. Consequently, the Acquirers may be able to pass on parts of the expected benefits to the other stakeholders such as the Government, employees, general body of consumers and the society at large. The Acquirers intend to appoint an experienced Board of Directors and professional management team to revive sugar mills operations and explore new markets. The Acquirers are confident that it will be able to expand the Company's business and operate more efficiently and profitably.

Considering these mitigating factors, these condensed interim financial statements have been prepared on going concern basis.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Suite-T-09, 3rd floor, 75-E/1, Main Boulevard, Gulberg III, Lahore and its manufacturing facilities are located in the district Okara, Punjab.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These 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;

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act , 2017; and

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

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

These condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended September 30, 2018 which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended September 30, 2018, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2018.

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value and certain operating fixed assets at revalued amounts.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow statement.

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements for the year ended September 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers". The revised accounting policy adopted by the management is as follows:

4.1 IFRS 15: Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and, therefore, are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

4.2 Applicability of IFRS 9 - Financial Instruments

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS 9 'Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007(I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229 (I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

5. SEASONALITY OF OPERATIONS

Due to seasonal nature of sugar business, operating results of the Company are expected to fluctuate in the second half of the year. The sugarcane crushing season normally starts from November and lasts till April each year.

6. TAXATION

The provisions for taxation for the half year and quarter ended March 31, 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate was reduced from 29% to 28% for the Tax Year 2020 on account of the changes made to the Income Tax Ordinance, 2001 through Finance Act 2018.

7. ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended September 30, 2018.

	Note	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
		Rupees	
8. OPERATING FIXED ASSETS			
Opening net book value (NBV)		2,378,527,606	2,400,905,749
Additions (at cost) during the period / year	8.1	217,036	53,057,011
		2,378,744,642	2,453,962,760
Disposals (at NBV) during the period / year	8.2	(62,578)	–
Depreciation charged during the period / year		(36,592,825)	(75,435,154)
		(36,655,403)	(75,435,154)
Closing net book value (NBV)		2,342,089,239	2,378,527,606

8.1 Details of additions (at cost) during the period / year are as follows:

Plant and Machinery	–	52,598,604
Furniture & Fixtures	81,361	–
Office equipment	135,675	435,123
Vehicles	–	23,284
	217,036	53,057,011

8.2 Details of disposals (at NBV) during the period / year are as follows:

Vehicles	62,578	–

8.3 Fair value measurement (revalued property, plant and equipment)

The Company's freehold land, buildings on freehold land, plant and machinery were revalued by MYK Associates (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) as at July 02, 2016. The basis of revaluation for items of these fixed assets were as follows:

8.4 Fair value measurement (revalued freehold land)

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

8.5 Fair value measurement (revalued building on freehold land)

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

8.6 Fair value measurement (revalued plant and machinery)

Suppliers and different sugar plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable sugar plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

8.7 The certain portion upto Rs.16.00 million of free hold of the Company has been mortgaged in favour of Imporient Chemicals (Private) Limited, a related party of the Company.

	Note	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
		Rupees	
9. CAPITAL WORK IN PROGRESS			
Building	9.1.1	6,282,560	6,282,560
Plant & Machinery	9.1.2	161,961,855	111,182,459
		168,244,415	117,465,019
9,1 Movement of carrying amount is as follows:			
9.2 Building			
Opening balance		6,282,560	6,282,560
Additions (at cost)		–	–
Transferred to operating fixed assets		–	–
Closing balance		6,282,560	6,282,560
9.3 Plant and machinery			
Opening balance		111,182,459	111,182,459
Additions (at cost)		50,779,396	–
Transferred to operating fixed assets		–	–
Closing balance		161,961,855	111,182,459
10. LONG TERM DEPOSITS			
Long term deposit			
Considered good		–	587,575
Considered doubtful		587,575	–
		587,575	587,575
Less: Provision for doubtful deposits	10.1	587,575	–
		–	587,575
10.1 Movement of provision for doubtful deposits is as follows:			
Opening balance			
Adjustment on account of Provision made for doubtful deposits		–	–
Provision made for doubtful deposits		587,575	--
Closing balance		587,575	--

	Note	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
		Rupees	
11. STORES, SPARES AND LOOSE TOOLS			
Stores		19,837,602	19,068,626
Spares		21,973,752	24,304,850
Loose tools		224,599	247,851
		42,035,953	43,621,327

Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

12. STOCK IN TRADE

Work-in process:			
Sugar		–	31,895,978
Molasses		–	1,970,542
		--	33,866,520
Finished goods:			
Sugar		47,593,000	235,171
Molasses		14,009,841	–
V.F Cake		12,726,483	17,630,153
		74,329,324	17,865,324
		74,329,324	51,731,844

12.1 This includes net off amount of Rs. 8.130 million charged against NRV to carry out work in process at fair value less cost to sell. During the year, write down in the carrying value of finished goods in hand amounting to Rs. 62.499 million (2018: Rs. 0.0416 million) has been recorded on account of net realisable value being lower than cost.

13. LOANS AND ADVANCES

Advances - (Unsecured - considered good)			
To employees	13.1	94,857	457,240
Advance to supplies and services (Unsecured)			
Considered good			
Advances to cane growers	13.2	82,033	35,048,416
Advances for store purchases	13.3	311,523	74,247,325
Advance income tax		–	7,102,633
Advances for store purchases - considered doubtful		14,549,099	–
Advances to cane growers - considered boubtful		37,954,892	5,000,000
		52,897,547	121,398,374
Less: Provision for doubtful advances	13.4	52,503,581	5,000,000
		488,823	116,855,614

13.1 These advances are provided for general purposes in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand.

13.2 This represents provision of cane seeds, pesticides and fertilizers to cane growers. The balance is adjustable against supply of sugarcane.

13.3 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

13.4 Movement of provision for doubtful advances is as follows:

Opening balance	5,000,000	–
Additions (at cost)	47,503,581	5,000,000
Closing balance	52,503,581	5,000,000

14. CASH AND BANK BALANCES

Cash in hand		1,501,552	69,889
Cash at banks			–
Current accounts	14.1	10,187,884	2,150,304
		11,689,436	2,220,193

14..1 Cash with bank in current accounts do not carry any interest or mark-up.

15. SHARE CAPITAL

15.1 Authorized share capital

70,000,000 (September 30, 2018: 70,000,000) ordinary shares of Rs.10/- each	700,000,000	700,000,000

15.2 Issued, subscribed and paid up share capital

6,400,000 (September 30, 2018: 6,400,000) ordinary shares of Rs.10/- each (fully paid in cash)	64,000,000	64,000,000
3,050,000 (September 30, 2018: 3,050,000) fully paid bonus shares of Rs.10/- each	30,500,000	30,500,000
	94,500,000	94,500,000

15.3 As at March 31, 2019 M/s Pattoki Sugar Mills Limited (the holding company) holds 7,696,072 (81.44%) shares of the Company which is incorporated in Pakistan. The registered office of the holding Company is situated at Suite-T-09, 3rd floor, 75-E/1, Main Boulevard, Gulberg III, Lahore. The holding company is engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake. For further detail, please refer to note 1.2.

		Number of Shares	(Rupees)
15.4	**Movement of share capital is as follows:**		
	Opening balance	9,450,000	94,500,000
	Bonus shares issued during the period	–	–
	Closing balance	9,450,000	94,500,000
16.	**LONG TERM FINANCING**		
	Secured:		
	Banking Companies 16.1	–	100,000,000
16.1	From banking companies		
	Opening balances	200,000,000	200,000,000
	Obtained during the period / year	–	–
	Repayments made during the period / year	(100,000,000)	–
		100,000,000	200,000,000
	Current portion shown under current liabilities	(100,000,000)	(100,000,000)
		--	100,000,000

16.2 This represents term finance facility obtained from JS Bank Limited for working capital requirements due to BMR activities carried out for enhancement in production capacity. It shall be repaid through 6 equal biannually installments along with mark up. It is secured by way of first charge over fixed assets of the Company amounting to Rs. 400 million (with 25% margin), corporate guarantee of M/s Pattoki Sugar Mills Limited, subordination of Director's loan of Rs. 500 million in favor of JS Bank and personal guarantees of all directors along with net worth statements.

	Note	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
		Rupees	
17. LOAN FROM HOLDING COMPANY			
Unsecured:			
Pattoki Sugar Mills Limited (PSML)	17.2	–	500,000,000
From holding company			
Balance as at October 01		525,000,000	525,000,000
obtained during the period / year		–	–
Repayments/adjustment made during the period / year		(404,309,989)	–
		120,690,011	525,000,000
Current portion shown under current liabilities		(120,690,011)	(25,000,000)
			500,000,000

17.1 The Company obtained unsecured loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up rate charged by PSML during the year ranging from 10.88% to 12.55 % (2018: 8.15% to 8.93%) per annum and this loan is subordinated to JS Bank Limited.

17.2 During the current period, this unsecured loan from Pattoki Sugar Mills Limited - the holding company was classified as current liability, in view of the reasons more fully explain in Note 1.2 to these condensed interim financial statements.

18. TRADE AND OTHER PAYABLES

Trade creditors	18.1	176,281,194	180,184,246
Accrued liabilities		4,378,320	28,271,372
Advances from customers		525,057	2,169,396
Workers' Profit Participation Fund	18.2	1,734,630	1,609,491
Taxes and duties payable		1,968,010	2,359,634
Sales tax payable		5,748,010	37,498,444
Income tax payable		3,438,082	–
Other liabilities		25,699,877	26,196,221
		219,773,180	278,288,794

18.1 This includes Rs. 33.353 million (2018: Rs. 2.184 million) payable to Imporient Chemicals (Private) Limited (related party) against purchase of chemical.

	Note	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
		Rupees	
18.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		1,609,492	1,442,714
Add: provision of the year		–	–
Mark up charged during the year		125,138	166,778
Less: Payments made during the year		–	–
Balance at the end of the year		1,734,630	1,609,492

18.3 Interest on Workers' profit (participation) fund has been provided at the rate of 15.55% (2018: 11.56%).

19. DUE TO HOLDING COMPANY

Unsecured:			
Pattoki Sugar Mills Limited (PSML)	19.1	–	1,154,442,231

19.1 The Company has obtained unsecured short term loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up rate charged by PSML during the year ranging from 10.88% to 12.55 % (2018: 8.15% to 8.93%) per annum and this loan is adjusted / repaid during the period.

20. TEMPORARY BANK OVERDRAFT

Temporary bank overdraft - unsecured		–	25,982,166

20.1 This represents temporary credit balances, which occurred due to outstanding cheques at the period end, issued in anticipation of deposits. Subsequent to period end, this amount has been fully adjusted.

21. SHORT TERM BORROWINGS

Unsecured:			
Others (other than banking companies)			
Opening balance	19.1	–	–
Obtained during the period / year		2,040,460,400	–
Repaid during the period / year		–	–
Closing balance		2,040,460,400	–

21.1 This represents unsecured interest free short term loan from acquirers of the Company to meet the working capital requirements. These are payable on demand.

22. CONTINGENCIES AND COMMITMENTS

22. Contingent liabilities

(a) The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996 - 1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999 - 2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh. In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

(b) The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 -2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

(c) The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.

(d) Demand amounting to Rs. 3.825 million has been created by DCIR vide order dated November 03, 2017 against the Company for adjustment of input tax. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.825 million (2018: Rs. 3.825 million).

(e) Demand amounting to Rs. 10.137 million has been created by DCIR vide order dated November 12, 2018 against the Company on account of inadmissible input tax adjustment for the period July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 10.137 million (2018: Rs. 10.137 million).

(f) Demand amounting to Rs. 2.528 million has been created by DCIR vide order dated November 07, 2018 against the Company for adjustment of input tax for the period of January 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.528 million (2018: Rs. 2.528 million).

(g) Demand amounting to Rs. 12.648 million has been created by DCIR vide order dated December 16, 2018 against the Company for adjustment of input tax for the period of February 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2018: Rs. 12.648 million).

(h) Demand amounting to Rs. 9.894 million has been created by DCIR vide order dated December 20, 2018 against the Company for adjustment of input tax for the period of March 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2018: Rs. 12.648 million).

(i) Demand amounting to Rs. 41.616 million has been created by DCIR vide order dated August 04, 2017 against the Company on account of sales tax audit for the tax year 2014 and certain amount were held recoverable. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 3.416 million has been established vide order dated March 28, 2019. This has also been challenged before CIR Appeals. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.416 million.

(j) The company (Baba Farid Sugar Mills Limited - BFSML) has issued a corporate guarantee for Rs. 100 million in favour of Apna Micro Finance Bank Limited. Against the said guarantee the bank agreed to finance facility to the local sugarcane growers upto an aggregate amount of Rs. 100 million.

(k) The company (Baba Farid Sugar Mills Limited - BFSML) has issued a corporate guarantee for Rs. 160 million in favour of Bank AL Habib Limited.

22. Commitments

The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 3.00 million.

	Half year ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	Rupees			

23. SALES

Sales				
Manufacturing	54,218,114	1,144,526,250	28,834,827	929,048,754
Less: Sales Tax	5,141,739	105,962,626	1,723,457	87,855,268
	49,076,375	1,038,563,624	27,111,370	841,193,486

24. COST OF SALES

Raw materials and expenses thereon	127,325,930	956,559,806	46,741,517	951,898.848
Other overheads:				
Salaries, wages and other benefits	27,526,549	40,048,625	12,680,220	28,614,319
Chemical consumed	1,241,536	4,884,454	783,668	4,766,237
Packing material consumed	713,731	6,811,480	469,284	6,811,480
Stores and spares consumed	7,043,315	4,159,456	5,765,547	3,439,959
Repair and maintenance	77,061,192	24,274,455	56,922,315	23,938,225
Other factory overheads	1,361,698	6,399,926	614,466	4,930,144
Vehicle running expenses	1,179,146	1,044,537	222,371	603,892
Depreciation	36,263,458	37,202,460	18,046,665	18,959,245
Fuel and power	5,466,704	6,358,184	4,010,096	5,032,351
	157,857,329	131,183,577	99,514,632	96,731,852
Opening work in process	33,866,520	30,439,554	54,716,844	31,039,554
Closing work in process	–	(35,665,986)	–	(35,665,986)
	33,866,520	(5,226,432)	54,716,844	(4,626,432)
Cost of goods manufactured	319,049,779	1,082,516,951	200,972,993	1,044,004,268
Sale of by-products				
Molasses	–	(44,498,030)	–	(44,498,030)
V.F. Cakes	(2,038,461)	(860,177)	–	(658,295)
	(2,038,461)	(45,358,207)	–	(45,156,325)
Opening stock of finished goods	17,865,324	502,595,135	16,439,282	352,397,181
Closing stock of finished goods	(74,329,324)	(251,187,201)	(74,329,324)	(251,187,201)
	(56,464,000)	251,407,934	(57,890,042)	101,209,980
	260,547,318	1,288,566,678	143,082,951	1,100,057,923

25. TAXATION

Current	694,721	13,549,023	694,721	11,071,144
Deferred	39,855,808	(11,267,930)	55,943,754	1,516,827
	40,550,529	2,281,093	56,638,475	12,587,971

25.1 As at March 31, 2019, deferred tax asset amounting Rs. 209.438 million (2018: Rs. 88.87 million) on unused tax losses have not been recognised in the financial statements as a matter of prudence as in the opinion of the management there is no certainty regarding realisability of the amount.. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2019.

	Half year ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	Rupees			

26. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Loss after taxation	(421,378,515)	(356,486,674)	(286,107,128)	(327,506,473)
Weighted average number of ordinary shares	9,450,000	9,450,000	9,450,000	9,450,000
Loss per share - basic and diluted - (Rs.)	(44.59)	(37.72)	(30.28)	(34.66)

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent company and parent company, associated companies and directors of the Company. Significant transactions and balances with related parties, other than those disclosed elsewhere in these financial statements are as follows:

Name of parties	Nature of relationship	Nature of transactions	Note	March 31, 2019		March 30, 2018	
				Transactions during the period	Closing balance	Transactions during the year	Closing balance
Pattoki Sugar Mills Limited	Parent	Long term loans		–	120,690,011	–	525,000,000
		Short term loans		–	–	–	1,262,786,615
		Funds transferred/adjusted		2,507,844,661	–	–	–
		Funds received		544,782,452	–	–	–
		Mark-up charged on advances obtained		82,994,510	–	68,066,558	–
		Mark-up payable		–	38,522,753	–	132,539,254
		Mark-up paid.adjusted		192,200,650	–	–	–
Imporient Chemicals (Pvt.) Limited	Ultimate Parent	Payable balance		–	33,353,666	–	–
		Funds paid		10,275,000	–	4,131,183	–
		Chemical purchase		41,443,770	–	–	–
Exporient Knitters (Pvt.) Limited	Ultimate Associate	Receivable balance		–	–	–	–
		Funds received		3,469,766	–	–	–
		Funds transferred		3,469,766	–	–	–
Executives	Key management personnel	Remuneration paid		4,160,000	–	5,156,258	–
							–
							–

27.1 Basis of relationship with the company

In respect of associated companies and holding company incorporated inside Pakistan with whom the company had entered into transaction during the financial year along with basis of relationship is as follows

Name of related party	Company of Incorporation	Relationship	Basis of Association
Pattoki Sugar Mills Limited	Pakistan	Parent company	Shareholding
Imporient Chemicals (Pvt.) Limited	Pakistan	Associate/ultimate parent company	Common management
Exporient Knitters (Pvt.) Limited	Pakistan	Associate	Common management

28. FINANCIAL INSTRUMENTS BY CATEGORY

	March 31, 2019						
	Carrying amount			Fair value			
	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Rupees						
As at March 31, 2019							
Financial assets							
Loans and receivables							
Trade debts	13,399,679	–	13,399,679	–	–	–	–
Loans and advances	94,857	–	94,857	–	–	–	–
Other receivable	4,000,000	–	4,000,000	–	–	–	–
Cash and bank balances	11,689,436	–	11,689,436	–	–	–	–
	29,183,972	--	29,183,972	–	–	–	–
Financial liabilities at amortized cost							
Long term financing	220,690,011		220,690,011	–	–	–	–
Trade and other payables	206,359,391		206,359,391	–	–	–	–
Mark-up accrued	43,596,826		43,596,826	–	–	–	–
Short-term borrowings	2,040,460,400		2,040,460,400	–	–	–	–
	2,511,106,628		2,511,106,628	–	–	–	–

	September 30, 2018						
	Carrying amount			Fair value			
	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Rupees						
As at September 30, 2018							
Loans and receivables							
Long-term deposits	587,575	–	587,575	–	–	–	–
Trade debts	151,278,030	–	151,278,030	–	–	–	–
Loans and advances	457,240	–	457,240	–	–	–	–
Cash and bank balances	2,220,193	–	2,220,193	–	–	–	–
	154,543,038	–	154,543,038	–	–	–	–
Financial liabilities at amortised cost							
Long term financing	–	725,000,000	725,000,000	–	–	–	–
Trade and other payables	–	234,651,839	234,651,839	–	–	–	–
Mark-up accrued	–	154,058,109	154,058,109	–	–	–	–
Short-term borrowings	–	1,180,424,397	1,180,424,397	–	–	–	–
	–	2,294,134,345	2,294,134,345	–	–	–	–

28.1 The Company has valued free hold land at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the financial statements.

28.2 Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participations at the measurement date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of March 31, 2019 and September 30, 2018.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

30. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended September 30, 2018.

31. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements. (Note 1.2)

32. CASH AND CASH EQUIVALENTS

	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
		Rupees	
Cash and bank balances		11,689,436	9,344,007
Temporary bank overdraft		–	(21,096,189)
		11,689,436	(11,752,182

33. RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Unclaimed Dividend	Long term finance	Short term finance	Total
	(Rupees)			
Balance as at September 30,	255,930	725,000,000	1,154,442,231	1,879,698,161
Borrowings during the period	–	–	2,585,242,852	2,585,242,852
Adjustments	–	(404,309,989)	404,309,989	–
Repayment/adjustment	–	(100,000,000)	2,103,534.672	2,003,534,672
Balance as at March 31,	255,930	220,690,011	2,040,460,400	6,468,475,685

34. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

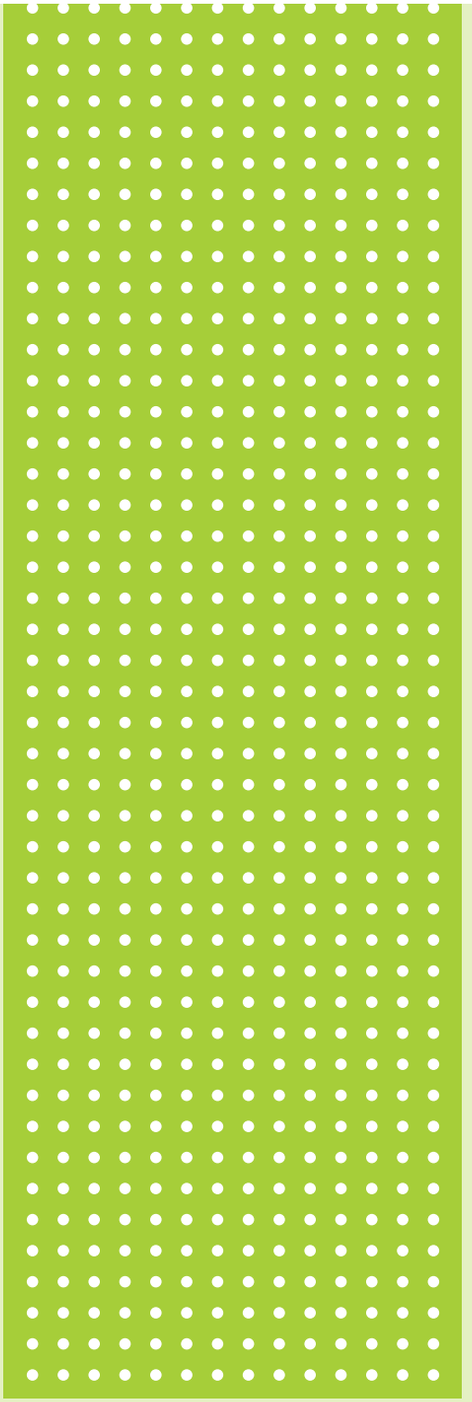
35. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue on 30 May, 2019 by the Board of Directors of the Company.

36. GENERAL

Amounts have been rounded off to the nearest rupees unless otherwise stated.

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



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