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CHASHMA SUGAR MILLS LIMITED
KING'S ARCADE, 20-A, MARKAZ F-7,
ISLAMABAD - PAKISTAN
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CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
MARCH 31, 2019**

CHASHMA SUGAR MILLS LIMITED
COMPANY INFORMATION

Board of Directors

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

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

OPERATIONAL PERFORMANCE

The mills announced start of sugarcane procurement on November 30, 2018. However, the crushing season commenced after the regular supply of sugarcane by growers. The crushing season continued till March 24, 2019. The mills have crushed 1,562,413 tons (2018: 2,040,734 tons) of sugarcane and have produced 166,251.50 tons (2018: 193,323 tons) of sugar at an average recovery of 10.61% (2018: 9.47%).

SUGAR PRICES

The Government of Pakistan has allowed the export 1.1 million tons of sugar (with partial subsidy) and directed the Provincial Governments to pay subsidy. Contrary to the Punjab Government, the Provincial Government of Khyber Pakhtunkhwa refused to support exports at the cost of the farmers. The Sugar prices have stabilized compared to the last quarter.

ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 17,832 MT of Ethanol during the six months' period that ended on March 31, 2019.

FINANCIAL PERFORMANCE

The Company earned profit after taxation of Rs. 162.727 million (2018: 76.476 million) during the six months' period that ended on March 31, 2019.

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

Islamabad
May 27, 2019

(AZIZ SARFARAZ KHAN)
Chief Executive

(ISKANDER M. KHAN)
Director

مالیاتی کارکردگی

کمپنی نے 31 مارچ 2019 کو ختم ہونے والی ششماہی میں ٹیکس کے بعد 162.727 ملین روپے منافع حاصل کیا جبکہ 2018 میں بعد از ٹیکس 76.476 ملین روپے تھا۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سرمایہ کنڈرٹڈ انٹرم مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی حسابات میں اپنائی گئی تھیں۔

اعتراف

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

منجانب بورڈ

عزیز سرفراز خان

اسکندر محمد خان

اسلام آباد

بتاریخ: 27 مئی 2019

ڈائریکٹر

چیف ایگزیکٹو آفیسر

چشمہ شوگر ملز لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹر 31 مارچ 2019 کو ختم ہونے والی ششماہی کی اختتامی مدت پر غیر آڈٹ شدہ کنڈرٹڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈرٹڈ مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34 انٹرم فائنیشنل رپورٹنگ، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2017 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۔

آپریشن کا جائزہ

ملز نے 30 نومبر 2018 کو گئے کی خریداری کے آغاز کا اعلان کیا۔ تاہم کرشنگ سیزن کا آغاز کاشتکاروں کی طرف سے گنے کی مسلسل فراہمی کے بعد شروع ہوا۔ کرشنگ سیزن 24 مارچ 2019 تک جاری رہا۔ ملز نے 1,562,413 ٹن (2018 میں 2,040,734 ٹن) گنا گرش کیا اور 10.61 فیصد اوسط (2018 میں 9.47 فیصد) کے حساب سے 166,251.50 ٹن (2018 میں 193,323 ٹن) چینی کی پیداوار کی ہے۔

چینی کی قیمت

حکومت پاکستان نے 1.1 ملین ٹن چینی (پارشل سبڈی کے ساتھ) برآمد کرنے کی اجازت دی اور صوبائی حکومتوں کو سبڈی ادا کرنے کا کہا۔ پنجاب حکومت کے برعکس خیبر پختونخواہ کی صوبائی حکومت نے کسانوں کی قیمت پر برآمدات پر مدد کرنے سے انکار کر دیا۔ چینی کی قیمت گزشتہ سہ ماہی کے مقابلے میں مستحکم رہی ہیں۔

ہتھنول فیول پلانٹ۔ پونٹ II

ہتھنول فیول پلانٹ نے 31 مارچ 2019 کو ختم ہونے والی ششماہی کے دوران 17,832 ٹن لیتھنول تیار کیا۔



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, 2019 and the related condensed interim statement of profit or loss, 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 and condensed interim statement of comprehensive income for the three month ended March 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended March 31, 2019.

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: May 28, 2019

CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF
FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019**

Note	Un-audited March 31, 2019	Audited September 30, 2018
(Rupees in thousand)		
NON CURRENT ASSETS		
Property, plant and equipment	6 9,416,626	9,531,791
Long term investment	7 100,000	100,000
Long term security deposits - considered good	15,084	13,858
	<u>9,531,710</u>	<u>9,645,649</u>
CURRENT ASSETS		
Stores and spares	346,353	342,702
Stock-in-trade	8 6,765,934	2,242,638
Trade debts	9 450,160	219,126
Loans and advances	10 328,133	331,743
Trade deposits, prepayments and other receivables	11 598,285	812,028
Income tax refundable	36,985	33,057
Cash and bank balances	460,044	188,782
	<u>8,985,894</u>	<u>4,170,076</u>
TOTAL ASSETS	<u>18,517,604</u>	<u>13,815,725</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	1,439,107	1,172,533
Surplus on revaluation of property, plant and equipment	3,872,145	4,019,029
Shareholders' equity	<u>5,925,172</u>	<u>5,805,482</u>
NON-CURRENT LIABILITIES		
Long term finances - secured	13 1,256,389	1,177,828
Loans from related parties - secured	14 376,568	458,825
Liabilities against assets subject to finance lease	15 34,529	34,102
Deferred liabilities	16 1,040,117	1,154,794
	<u>2,707,603</u>	<u>2,825,549</u>
CURRENT LIABILITIES		
Trade and other payables	17 2,503,608	712,298
Unclaimed dividend	7,820	7,990
Unpaid dividend	43,038	-
Short term running finance	18 6,648,170	3,796,204
Current maturity of non-current liabilities	19 682,193	668,202
	<u>9,884,829</u>	<u>5,184,694</u>
TOTAL LIABILITIES	<u>12,592,432</u>	<u>8,010,243</u>
Contingencies and commitments	20	
TOTAL EQUITY AND LIABILITIES	<u>18,517,604</u>	<u>13,815,725</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, 2019

Note	Three month period ended		Six month period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousand)			
Gross sales	21	2,775,859	2,772,891	5,306,837
Sales tax, other government levies and commissions	22	(227,920)	(264,775)	(458,300)
Sales - net		2,547,939	2,508,116	4,848,537
Cost of sales		(2,089,887)	(1,936,465)	(4,114,370)
Gross profit		458,052	571,651	734,167
Selling and distribution expenses		(53,036)	(86,897)	(109,276)
Administrative and general expenses		(118,519)	(133,509)	(223,563)
Other income		11,182	46,479	44,491
Other expenses		(8,618)	(6,454)	(8,677)
Operating profit		289,061	391,270	437,142
Finance cost		(193,908)	(108,559)	(333,055)
Profit before taxation		95,153	282,711	104,087
Taxation				
- Current		(27,906)	(35,742)	(55,751)
- Prior year		(564)	-	(564)
- Deferred		27,163	14,423	114,956
		(1,307)	(21,319)	58,641
Profit after taxation		93,846	261,392	162,728
Earnings per share - basic and diluted (Rs)		3.27	9.11	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, 2019

	Three month period ended		Six month period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousand)			
Profit for the period	93,846	261,392	162,728	76,476
Other comprehensive income / (loss)				
Items that will not be classified to profit or loss:				
Remeasurement loss arising on actuarial valuation	-	(537)	-	(537)
Total comprehensive income for the period	93,846	260,855	162,728	75,939

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, 2019

		Six month period ended March 31, 2019	March 31, 2018 (Rupees in thousand)
Cash flow from operating activities			
Profit for the period - before taxation		104,087	76,063
Adjustments for non-cash items:			
Depreciation		397,953	333,246
(Gain) / loss on sale of operating fixed assets		(2,244)	27
Profit on bank deposits		(2,545)	(2,159)
Finance cost		314,950	208,177
Provision for doubtful debts		110	1,528
Provision for doubtful advances		-	26,400
Provision for gratuity		1,301	6,603
		813,612	649,885
Changes in working capital			
(Increase)/Decrease in			
Stores and spares		(3,651)	17,673
Stock-in-trade		(4,523,296)	(5,247,617)
Trade debts		(231,144)	(22,193)
Loans and advances		3,610	52,175
Trade deposits, prepayments and other receivables		213,743	(337,115)
Increase in trade and other payables		1,791,310	2,888,145
		(2,749,428)	(2,648,932)
		(1,935,816)	(1,999,047)
Income taxes paid		(60,243)	(99,365)
Gratuity paid		(1,022)	(439)
Net cash used in operating activities		(1,997,081)	(2,098,851)
Cash flow from investing activities			
Purchase of property, plant and equipment		(312,193)	(164,522)
Sale proceeds of operating fixed assets		5,901	145
Increase in long term security deposits		(1,226)	-
Profit on bank deposits		2,545	2,159
Net cash used in investing activities		(304,973)	(162,218)
Cash flow from financing activities			
Long term finances received / (repaid)		25,321	(243,603)
Loan received from related party		6,907	-
Obligations under finance leases repaid		(12,924)	(20,646)
Dividends paid		(170)	(41,498)
Finance cost paid		(283,793)	(206,667)
Net cash used in financing activities		(264,659)	(512,414)
Net increase in cash and cash equivalents		(2,566,713)	(2,773,483)
Cash and cash equivalents - at beginning of the period		(3,518,217)	(2,368,704)
Cash and cash equivalents - at end of the period		(6,084,930)	(5,142,187)
Cash and cash equivalents comprised of:			
Bank balances		460,044	269,501
Short term running finance	18	(6,544,974)	(5,411,688)
		(6,084,930)	(5,142,187)

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, 2019

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
Balance as at October 1, 2017	286,920	327,000	846,585	2,604,674	4,065,179
(Rupees in thousand)					
Total comprehensive income for the six month period ended March 31, 2018					
Income for the period	-	-	76,476 (537)	-	76,476 (537)
Other comprehensive income for the period	-	-	75,939	-	75,939
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	84,362	(84,362)	-
Cash dividend at rate of Rs. 1.50 per ordinary share for the year ended September 30, 2017	-	-	(43,038)	-	(43,038)
Balance as at March 31, 2018	286,920	327,000	963,848	2,520,312	4,098,080
Total comprehensive income for the six month period ended September 30, 2018					
Income for the period	-	-	117,147 (56)	-	117,147 (56)
Other comprehensive income for the period	-	-	117,091	1,518,000	1,635,091
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	91,594	(91,594)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	72,311	72,311
Balance as at September 30, 2018	286,920	327,000	1,172,533	4,019,029	5,805,482
Total comprehensive income for six month period ended March 31, 2019					
Income for the period	-	-	182,728	-	182,728
Other comprehensive income for the period	-	-	182,728	-	182,728
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	1,459,107	3,872,145	5,925,172

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

- Sd -
Iqbal Ullah Khan
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, 2019

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public company, under the Companies Ordinance, 1984 (which is repealed with 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, other allied compound, intermediates and by products. The Company is a subsidiary of The Premier Sugar Mills & Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

2. Statement of compliance

These condensed interim financial statements for six month period ended March 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

The disclosures in this condensed interim financial statements does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2018.

3. Changes in accounting standards, interpretations and pronouncements

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

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service.

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in foreign currency. IFRIC 22 is notified to be effective by IASB for annual periods beginning on or after January 1, 2018. IFRIC 22 addresses foreign currency transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 permits retrospective or prospective approach for adoption. The Company has applied the interpretation prospectively to all assets, expenses and income in the scope of the interpretation initially recognized on or after January 1, 2018.

The changes laid down by above standards do not have any 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 January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by above standard on its financial statements.

4. Financial risk management

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

5. Seasonality of operations

Due to seasonal nature of sugar segment, operating results 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, 2019 (Rupees in thousand)	Audited September 30, 2018
6 Property, plant and equipment			
Operating fixed assets	6.1	9,157,729	9,058,808
Capital work-in-progress	6.2	258,897	472,983
		<u>9,416,626</u>	<u>9,531,791</u>
6.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		9,058,808	7,567,595
Add: Revaluation surplus during the period / year		-	2,079,452
Add: Additions during the period / year	6.1.1	500,531	85,448
Less: Disposals during the period / year		(3,657)	(5,709)
Depreciation charged for the period / year		(397,953)	(667,978)
		<u>(401,610)</u>	<u>(673,687)</u>
Net book value at the end of the period / year		<u>9,157,729</u>	<u>9,058,808</u>
6.1.1 Additions during the period / year			
Freehold land		-	35,185
Plant and machinery		388,412	-
Building and roads		45,442	3,650
Electric Installations		56,954	100
Office equipment		2,936	5,498
Furniture and Fixtures		2,184	5,363
Owned vehicles		1,371	3,908
Leased vehicles		3,232	31,744
		<u>500,531</u>	<u>85,448</u>

		Un-audited March 31, 2019 (Rupees in thousand)	Audited September 30, 2018 (Rupees in thousand)
6.2	Capital work-in-progress		
	At the beginning of the period / year	472,983	221,137
	Add: Additions during the period / year	315,240	322,135
	Less: Capitalized / adjusted during the period / year	(529,326)	(70,289)
	Balance at the end of the period / year	<u>258,897</u>	<u>472,983</u>
6.2.1	Additions during the period / year		
	Buildings on freehold land	50,722	59,470
	Plant and machinery	220,362	178,516
	Electric installations	28,048	25,525
	Leased vehicles	13,988	24,666
	Advances to contractors	<u>2,120</u>	<u>33,958</u>
		<u>315,240</u>	<u>322,135</u>
7	Long term investment		
	Whole Foods (Private) Limited (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. During the period, shares have been issued by WFL in respect of the advance for shares extended by the Company.		
8	Stock-in-trade		
	Finished goods		
	- sugar	5,705,000	1,653,935
	- molasses	867,721	391,264
	- ethanol	<u>184,627</u>	<u>189,656</u>
		6,757,348	2,234,855
	Work-in-process	<u>8,586</u>	<u>7,783</u>
		<u>6,765,934</u>	<u>2,242,638</u>
9	Trade debts		
	Considered good	450,160	219,126
	Considered doubtful	<u>1,638</u>	<u>1,528</u>
		451,798	220,654
	Provision for doubtful debts	<u>(1,638)</u>	<u>(1,528)</u>
		<u>450,160</u>	<u>219,126</u>
10	Loans and advances		
	Advances to:		
	Employees	<u>5,147</u>	<u>6,050</u>
	Suppliers and contractors	<u>253,024</u>	<u>241,941</u>
		258,171	247,991
	Due from related parties	80,967	107,854
	Letters of credit	<u>17,833</u>	<u>4,736</u>
		356,971	360,581
	Less: provision for doubtful advances	<u>(28,838)</u>	<u>(28,838)</u>
		<u>328,133</u>	<u>331,743</u>
10.1	This represents amounts due from the following related parties		
	Due from holding company:		
	The Premier Sugar Mills & Distillery Company Limited	27,822	72,270
	Due from subsidiary company:		
	Whole Foods (Private) Limited	53,145	35,584
		<u>80,967</u>	<u>107,854</u>

		Un-audited March 31, 2019 (Rupees in thousand)	Audited September 30, 2018 (Rupees in thousand)
11	Trade deposits, prepayments and other receivables		
	Deposits	7,957	5,500
	Prepayments	2,597	6,965
	Export subsidy receivable	337,173	339,893
	Insurance claim receivable	5,642	142
	Sales tax	216,442	430,804
	Others	<u>28,474</u>	<u>28,724</u>
		<u>598,285</u>	<u>812,028</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;		
		(Number of shares)	
	Holding company		
	The Premier Sugar Mills & Distillery Company Limited	13,751,000	13,751,000
	Associated companies		
	Aztrak Enterprises (Private) Limited	1,462,859	1,462,859
	Phipson & Co. Pakistan (Private) Limited	307,500	307,500
	Syntronics Limited	<u>3,590,475</u>	<u>3,590,475</u>
		<u>19,111,834</u>	<u>19,111,834</u>
13	Long term finances - secured		
	Bank Alfalah Limited	-	25,000
	Bank Al-Habib Limited	359,547	331,315
	Faysal Bank Limited	-	83,328
	Soneri Bank Limited	212,843	256,320
	The Bank of Punjab	148,093	193,019
	Dubai Islamic Bank Pakistan Limited	779,945	877,438
	MCB Bank Limited	<u>291,313</u>	<u>-</u>
	Total	1,791,741	1,766,420
	Accrued mark-up	<u>64,108</u>	<u>48,606</u>
		1,855,849	1,815,026
	Less: amount payable within next 12 months		
	Principal	(535,352)	(588,592)
	Accrued mark-up	<u>(64,108)</u>	<u>(48,606)</u>
	Amount due after March 31, 2020	<u>1,256,389</u>	<u>1,177,828</u>
13.1	These represent term and demand finance obtained by the Company from the aforesaid banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 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 aforesaid loan agreements.		

		Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
14. Loans from related parties - secured	Note		
Holding company			
The Premier Sugar Mills & Distillery Company Limited	14.1	236,671	279,500
Associated companies			
Premier Board Mills Limited	14.2	65,575	65,575
Arpak International Investments Limited	14.3	43,750	43,750
Azlake Enterprises (Private) Limited	14.4	80,000	70,000
Accrued mark-up		<u>7,984</u>	<u>6,320</u>
		433,980	465,145
Less: amount payable within next 12 months			
Principal		(49,428)	-
Accrued mark-up		<u>(7,984)</u>	<u>(6,320)</u>
Amount due after March 31, 2020		<u>376,568</u>	<u>458,825</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 commencing 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 Borad Mills Limited. The principal is repayable in 7 semi annual installments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.		
14.3	The Company obtained long term finance facility of Rs 43.75 million from associated company Arpak International Investments Limited. The principal is repayable in 7 semi annual installments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.		
14.4	The Company obtained long term finance facility of Rs 80 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. Liabilities against assets subject to finance lease			
Present value of finance lease payments		59,850	58,786
Less: Current portion shown under current liabilities		<u>(25,321)</u>	<u>(24,684)</u>
		<u>34,529</u>	<u>34,102</u>
Due within one year			
Minimum lease payments		30,741	28,759
Less: Financial charges not yet due		<u>(5,420)</u>	<u>(4,075)</u>
Present value of minimum lease payments		<u>25,321</u>	<u>24,684</u>
Due after one year but not later than five years			
Minimum lease payments		<u>39,431</u>	<u>37,577</u>
Less: Financial charges not yet due		<u>(4,902)</u>	<u>(3,475)</u>
Present value of minimum lease payments		<u>34,529</u>	<u>34,102</u>
		<u>59,850</u>	<u>58,786</u>
16. Deferred liabilities			
Deferred taxation		1,032,213	1,147,169
Provision for gratuity		<u>7,904</u>	<u>7,625</u>
		<u>1,040,117</u>	<u>1,154,794</u>

		Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
17. Trade and other payables			
Creditors		1,941,897	219,447
Due to associated companies	17.1	66,878	22,336
Accrued liabilities		52,678	91,001
Retention money		17,977	15,962
Security deposits		974	774
Advances from customers		352,583	297,803
Income tax deducted at source		10,645	17,761
Payable to workers welfare institutions		25,029	16,570
Payable to employees		23,275	22,543
Payable to provident fund		3,038	2,201
Others		<u>8,634</u>	<u>5,900</u>
		<u>2,503,608</u>	<u>712,298</u>
17.1	This represents amounts due to the following associated companies:		
The Frontier Sugar Mills & Distillery Limited		81	81
Syntronics Limited		2,720	4,685
Syntron Limited		48,100	-
Azlake Enterprises (Private) Limited		<u>15,977</u>	<u>17,570</u>
		<u>66,878</u>	<u>22,336</u>
18. Short term running finance			
Secured	18.1	6,544,974	3,706,999
Accrued mark-up		<u>103,196</u>	<u>89,205</u>
		<u>6,648,170</u>	<u>3,796,204</u>
18.1	These represent cash finance and export re-finance facilities which are repayable in six months to one year period. The rate of mark-up ranges from KIBOR + 1% per annum to KIBOR + 1.25% 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.		
19. Current maturity of non-current liabilities			
Long term finances - secured	13	599,460	637,198
Loans from related parties - secured	14	57,412	6,320
Liabilities against assets subject to finance lease	15	<u>25,321</u>	<u>24,684</u>
		<u>682,193</u>	<u>668,202</u>
20. Contingencies and commitments			
20.1 Contingencies			
There has been no significant change in the status of contingencies as disclosed in note 26 to the financial statements of the Company for the year ended September 30, 2018.			
The Company has following commitments in respect of:			
- foreign letters of credit for purchase of property, plant and equipment		154,623	68,041
- capital expenditure other than for letters of credit		<u>17,815</u>	<u>30,240</u>
		<u>172,438</u>	<u>98,281</u>
20.2 Commitments			
21 Gross sales			
		Three month period ended	Six month period ended
		March 31, 2019	March 31, 2018
		March 31, 2019	March 31, 2018
		(Rupees in thousand)	
Local		2,207,209	2,281,446
Export		<u>568,650</u>	<u>491,445</u>
		<u>2,775,859</u>	<u>2,772,891</u>
		<u>5,306,837</u>	<u>4,301,214</u>

22. Sales tax, other government levies and commissions

		Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
Indirect taxes	222,562	214,769	412,049
Commissions	5,358	50,006	51,114
	<u>227,920</u>	<u>264,775</u>	<u>458,300</u>

23. Segment operating results for the six month period ended March 31, 2019 (Un-audited)

	Sugar Division		Ethanol Division		Total	
	Three month period ended March 31, 2019	Six month period ended March 31, 2019	Three month period ended March 31, 2019	Six month period ended March 31, 2019	Three month period ended March 31, 2019	Six month period ended March 31, 2019
Sales	2,041,729	3,724,071	734,130	1,571,866	2,775,859	5,306,937
- External customers	2,041,729	3,724,071	734,130	1,571,866	2,775,859	5,306,937
- Intersegment	-	-	-	-	-	-
Less: sales tax and commission	(200,159)	(385,437)	(27,762)	(92,863)	(227,921)	(468,300)
Sales - net	2,041,537	3,744,469	706,368	1,479,003	2,754,905	5,223,472
Segment expenses:						
Cost of sales	(1,580,404)	(3,370,057)	(539,453)	(1,136,023)	(2,098,927)	(4,506,080)
Internal transfer	(1,580,404)	(3,370,057)	(539,453)	(1,136,023)	(2,098,927)	(4,506,080)
Gross profit	461,133	374,412	166,915	342,980	327,212	287,392
Selling and distribution expenses	(10,534)	(27,382)	(42,502)	(81,894)	(53,036)	(109,276)
Administrative and general expenses	(109,019)	(222,154)	(6,500)	(21,409)	(115,519)	(223,549)
Profit from operations	341,580	124,976	118,913	240,677	256,067	94,623
Other income	12,324	27,887	(1,142)	10,012	11,182	44,991
Other expenses	(8,618)	(16,677)	-	-	(8,618)	(16,677)
Finance cost	3,706	30,073	-	16,604	3,706	46,677
Segment results	372,286	164,086	117,765	267,293	254,378	129,616
Profit before tax	372,286	164,086	117,765	267,293	254,378	129,616
Taxation	-	-	-	-	-	-
Profit after taxation	372,286	164,086	117,765	267,293	254,378	129,616

23.1 Segment assets and liabilities

	Un-audited March 31, 2019	Audited September 30, 2018
	(Rupees in thousand)	
	Assets	Liabilities
Sugar	14,511,445	7,996,305
Ethanol	3,969,172	5,819,420
Total for reportable segment	18,480,617	13,815,725
Others	36,987	-
Entity's total assets / liabilities	<u>18,517,604</u>	<u>13,815,725</u>

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 March 31, 2019	March 31, 2018	Six month period ended March 31, 2019	March 31, 2018
	(Rupees in thousand)			
Holding Company				
The Premier Sugar Mills & Distillery Company Limited				
Purchase of molasses	3,944	34,715	22,617	34,715
Sale of store items	4,155	1,732	4,645	1,732
Sale of bagasse	2,990	727	4,199	727
Purchase of store items	-	-	-	57
Mark-up charged	7,366	5,289	14,871	10,585
Expenses paid by Holding Company	7,879	3,878	7,939	7,654
Expenses paid on behalf of Holding Company	15,830	-	43,000	9
Office Rent	4,950	-	9,900	-
Associated undertakings				
Services	6,865	5,108	13,157	10,207
Expenses paid by associated companies	-	1,250	251	1,857
Purchase of goods	48,086	6,880	122,499	76,543
Expenses paid on behalf of associated companies	-	1,312	-	1,312
Post employment benefit				
Expense charged in respect of retirement benefit plan	650	6,702	1,300	6,702
Key management personnel*				
Salaries and other benefits	21,528	14,001	31,419	20,990

*Comparative figures have been restated to reflect changes in the definition of "Executive" as per Companies Act, 2017.

25. General

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

26. Corresponding figures

Further corresponding figures have been re-arranged and re-classified to align the classification/presentation with audited financial statements for the year ended September 30, 2018 and for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on previously reported financial position, financial performance and cash flows of the Company.

<u>Reclassified from</u>	<u>Reclassified to</u>	(Rupees in thousand)
Selling and distribution expenses	Sales tax, other government levies and commissions	51,114

27. Date of authorisation for issue

These condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on May 27, 2019.

- 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, 2019**

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited September 30, 2018
(Rupees in thousand)			
NON CURRENT ASSETS			
Property, plant and equipment	6	9,461,936	9,558,755
Long term security deposits - considered good		15,084	13,858
		<u>9,477,020</u>	<u>9,572,613</u>
CURRENT ASSETS			
Stores and spares		346,353	342,702
Stock-in-trade	7	6,765,934	2,242,638
Trade debts	8	450,160	219,126
Loans and advances	9	299,770	296,159
Trade deposits, prepayments and other receivables	10	613,314	828,206
Income tax refundable		38,164	33,717
Cash and bank balances		534,236	279,605
		<u>9,047,931</u>	<u>4,242,153</u>
TOTAL ASSETS		<u>18,524,951</u>	<u>13,814,766</u>
SHARE CAPITAL AND RESERVES			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital	11	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		1,432,092	1,171,063
		2,046,012	1,784,983
Surplus on revaluation of property, plant and equipment		3,872,145	4,019,029
Shareholders' equity		<u>5,918,157</u>	<u>5,804,012</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	12	1,256,389	1,177,828
Loans from related parties - secured	13	376,568	458,825
Liabilities against assets subject to finance lease	14	34,529	34,102
Deferred liabilities	15	1,040,117	1,154,794
		2,707,603	2,825,549
CURRENT LIABILITIES			
Trade and other payables	16	2,517,970	712,809
Unclaimed dividend		7,820	7,990
Unpaid dividend		43,038	0
Short term running finance	17	6,648,170	3,796,204
Current maturity of non-current liabilities	18	682,193	668,202
		9,899,191	5,185,205
		12,606,794	8,010,754
Contingencies and commitments	19		
TOTAL EQUITY AND LIABILITIES		<u>18,524,951</u>	<u>13,814,766</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, 2019

	Note	Three month period ended		Six month period ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- Rupees in thousand -----					
Gross sales	20	2,775,859	2,772,891	5,306,837	4,301,214
Sales tax, other government levies and commissions	21	(227,920)	(264,775)	(458,300)	(376,051)
Sales - net		<u>2,547,939</u>	<u>2,508,116</u>	<u>4,848,537</u>	<u>3,925,163</u>
Cost of sales		(2,089,887)	(1,936,465)	(4,114,370)	(3,329,548)
Gross profit		<u>458,051</u>	<u>571,652</u>	<u>734,166</u>	<u>595,615</u>
Selling and distribution expenses		(53,036)	(86,897)	(109,276)	(132,157)
Administrative and general expenses		(121,604)	(133,509)	(229,092)	(220,634)
Other income		11,182	46,479	44,491	47,737
Other expenses		(8,618)	(6,454)	(8,677)	(6,733)
Operating profit		<u>285,975</u>	<u>391,270</u>	<u>431,612</u>	<u>283,828</u>
Finance cost		(193,921)	(108,559)	(333,071)	(208,177)
Profit before taxation		<u>92,054</u>	<u>282,711</u>	<u>98,541</u>	<u>75,651</u>
Taxation					
- Current		(27,906)	(35,742)	(55,751)	(35,742)
- Prior year		(564)		(564)	
- Deferred		27,163	14,423	114,957	36,155
		(1,307)	(21,319)	58,642	413
Profit after taxation		<u>90,747</u>	<u>261,392</u>	<u>157,183</u>	<u>76,064</u>
Earnings per share - basic and diluted (Rs)		<u>3.16</u>	<u>9.11</u>	<u>5.48</u>	<u>2.65</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, 2019

	Three month period ended		Six month period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees in thousand -----			
Profit for the period	90,747	261,392	157,183	76,064
Other comprehensive income / (loss)				
Items that will not be classified to profit or loss:				
Premeasurement loss arising on actuarial valuation	-	(537)	-	(537)
Total comprehensive income for the period	<u>90,747</u>	<u>260,855</u>	<u>157,183</u>	<u>75,527</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, 2019

	Note	Six month period ended	
		March 31, 2019	March 31, 2018
		(Rupees in thousand)	
Cash flow from operating activities			
Profit for the period - before taxation		98,541	75,651
Adjustments for non-cash items:			
Depreciation		397,974	333,246
(Gain) / loss on sale of operating fixed assets		(2,244)	27
Profit on bank deposits		(2,545)	(2,159)
Finance cost		314,948	208,177
Provision for doubtful debts		110	1,528
Provision for doubtful advances		-	26,400
Provision for gratuity		1,301	6,603
		<u>808,085</u>	<u>649,473</u>
Changes in working capital			
(Increase)/Decrease in			
Stores and spares		(3,651)	17,673
Stock-in-trade		(4,523,296)	(5,247,617)
Trade debts		(231,144)	(22,193)
Loans and advances		(3,611)	52,175
Trade deposits, prepayments and other receivables		214,892	(337,115)
Increase in trade and other payables		<u>1,805,161</u>	<u>2,890,557</u>
		<u>(2,741,649)</u>	<u>(2,646,520)</u>
		<u>(1,933,564)</u>	<u>(1,997,047)</u>
Income taxes paid		(60,762)	(99,365)
Gratuity paid		<u>(1,022)</u>	<u>(439)</u>
Net cash used in operating activities		<u>(1,995,348)</u>	<u>(2,096,851)</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(330,564)	(164,522)
Sale proceeds of operating fixed assets		5,901	145
Increase in long term security deposits		(1,226)	-
Profit on bank deposits		<u>2,545</u>	<u>2,159</u>
Net cash used in investing activities		<u>(323,344)</u>	<u>(162,218)</u>
Cash flow from financing activities			
Long term finances received / (repaid)		25,321	(243,603)
Loan received from related party		6,907	-
Obligations under finance leases repaid		(12,924)	(20,646)
Dividends paid		(170)	(41,498)
Finance cost paid		<u>(283,787)</u>	<u>(206,667)</u>
Net cash used in financing activities		<u>(264,653)</u>	<u>(512,414)</u>
Net increase in cash and cash equivalents		<u>(2,583,344)</u>	<u>(2,771,483)</u>
Cash and cash equivalents - at beginning of the period		<u>(3,427,394)</u>	<u>(2,368,704)</u>
Cash and cash equivalents - at end of the period		<u><u>(6,010,738)</u></u>	<u><u>(5,140,187)</u></u>
Cash and cash equivalents comprised of:			
Bank balances		534,236	271,501
Short term running finance	17	(6,544,974)	(5,411,688)
		<u>(6,010,738)</u>	<u>(5,140,187)</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, 2019

	Share capital	General reserve	Unappropriated profits	Total	Surplus on revaluation of property, plant and equipment	Total
Rupees in thousand						
Balance as at October 1, 2017	286,920	327,000	846,585	1,460,505	2,604,674	4,065,179
Total comprehensive income for the six month period ended March 31, 2018						
Income for the period	-	-	76,064	76,064	-	76,064
Other comprehensive income for the period	-	-	(537)	(537)	-	(537)
			75,527	75,527	-	75,527
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	84,362	84,362	(84,362)	-
Cash dividend at rate of Rs. 1.50 per ordinary share for the year ended September 30, 2017	-	-	(43,038)	(43,038)	-	(43,038)
Balance as at March 31, 2018	286,920	327,000	963,436	1,577,356	2,592,623	4,169,979
Total comprehensive income for the six month period ended September 30, 2018						
Income for the period	-	-	116,089	116,089	-	116,089
Other comprehensive income for the period	-	-	(56)	(56)	1,518,000	1,517,944
			116,033	116,033	1,518,000	1,634,033
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	91,594	91,594	(91,594)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	-	72,311	72,311
Balance as at September 30, 2018	286,920	327,000	1,171,063	1,784,983	4,019,029	5,804,012
Total comprehensive income for six month period ended March 31, 2019						
Income for the period	-	-	157,183	157,183	-	157,183
Other comprehensive income for the period	-	-	-	-	-	-
			157,183	157,183	-	157,183
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	(146,884)	-
Cash dividend at rate of Rs 1.50 per ordinary share for the year ended September 30, 2018	-	-	(43,038)	(43,038)	-	(43,038)
Balance as at March 31, 2019	286,920	327,000	1,432,092	2,046,012	3,872,145	5,918,157

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, 2019

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public Group, under the Companies Ordinance, 1984 (which is repealed on the promulgation 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, other allied compound, intermediates and by products. The Company is a subsidiary of Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

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

2. Statement of compliance

These consolidated condensed interim financial statements for six month period ended March 31, 2019 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 consolidated condensed interim financial statements does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2018.

3. Changes in accounting standards, interpretations and pronouncements

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

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service.

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in foreign currency. IFRIC 22 is notified to be effective by IASB for annual periods beginning on or after January 1, 2018. IFRIC 22 addresses foreign currency transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 permits retrospective or prospective approach for adoption. The Company has applied the interpretation prospectively to all assets, expenses and income in the scope of the interpretation initially recognized on or after January 1, 2018.

The changes laid down by these standards do not have any 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 January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

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, 2018.

5. Seasonality of operations

Due to seasonal nature of sugar segment, operating results 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, 2019 (Rupees in thousand)	Audited September 30, 2018
6. Property, plant and equipment			
Operating fixed assets	6.1	9,185,500	9,085,772
Capital work-in-progress	6.2	276,436	472,983
		<u>9,461,936</u>	<u>9,558,755</u>
6.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		9,085,772	7,567,595
Add: Revaluation surplus during the period / year		-	2,079,452
Add: Additions during the period / year	6.1.1	501,360	112,412
Less: Disposals during the period / year		(3,657)	(5,709)
Depreciation charged for the period / year		(397,974)	(667,978)
		(401,631)	(673,687)
Net book value at the end of the period / year		<u>9,185,500</u>	<u>9,085,772</u>

	Note	Un-audited March 31, 2019 (Rupees in thousand)	Audited September 30, 2018
6.1.1 Additions during the period / year			
Freehold land		-	62,149
Plant and machinery		389,239	-
Building and roads		45,443	3,650
Electric Installations		56,955	100
Office equipment		2,936	5,498
Furniture and Fixtures		2,184	5,363
Owned vehicles		1,371	3,908
Leased vehicles		3,233	31,744
		<u>501,360</u>	<u>112,412</u>
6.2 Capital work-in-progress			
At the beginning of the period / year		472,983	221,137
Add: Additions during the period / year	6.2.1	332,671	322,135
Less: Capitalized / adjusted during the period / year		(529,218)	(70,289)
Balance at the end of the period / year		<u>276,436</u>	<u>472,983</u>
6.2.1 Additions during the period / year			
Buildings on freehold land		68,261	59,470
Plant and machinery		220,362	178,516
Electric installations		28,048	25,525
Leased vehicles		13,988	24,666
Advances to contractors		2,012	33,958
		<u>332,671</u>	<u>322,135</u>
7. Stock-in-trade			
Finished goods			
- sugar		5,705,000	1,653,935
- molasses		867,721	391,264
- ethanol		184,627	189,656
		<u>6,757,348</u>	<u>2,234,855</u>
Work-in-process		8,586	7,783
		<u>6,765,934</u>	<u>2,242,638</u>
8. Trade debts			
Considered good		450,160	219,126
Considered doubtful		(1,638)	1,528
		<u>448,522</u>	<u>220,654</u>
Provision for doubtful debts		1,638	(1,528)
		<u>450,160</u>	<u>219,126</u>
9. Loans and advances			
Advances to:			
Employees		5,147	6,050
Suppliers and contractors		276,449	241,941
		<u>281,596</u>	<u>247,991</u>
Due from the Holding Company	9.1	27,822	72,270
Letters of credit		19,190	4,736
		<u>328,608</u>	<u>324,997</u>
Less: provision for doubtful advances		(28,838)	(28,838)
		<u>299,770</u>	<u>296,159</u>
9.1	This represents amounts due from The Premier Sugar Mills & Distillery Company Limited		

10. Trade deposits, prepayments and other receivables	Un-audited March 31, 2019	Audited September 30, 2018
	(Rupees in thousand)	
Deposits	-	5,500
Prepayments	7,986	6,965
Export subsidy receivable	2,597	339,893
Insurance claim receivable	337,173	142
Guarantee issued	5,642	15,000
Sales tax	15,000	430,804
Others	216,442	29,902
	<u>28,474</u>	<u>828,206</u>
	<u>613,314</u>	<u>828,206</u>

11. 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;

(Number of shares)

Holding company		
Premier Sugar Mills & Distillery Co. Ltd.	13,751,000	13,751,000
Associated companies		
Azrak Enterprises (Pvt.) Ltd.	1,462,859	1,462,859
Phipson & Co. Pakistan (Pvt.) Ltd.	307,500	307,500
Syntronics Ltd.	3,590,475	3,590,475
	<u>19,111,834</u>	<u>19,111,834</u>

12. Long term finances - secured

Bank Alfalah Limited	-	25,000
Bank Al-Habib Limited	359,547	331,316
Faysal Bank Limited	-	83,327
Sonari Bank Limited	212,843	256,320
The Bank of Punjab	148,093	193,019
Dubai Islamic Bank Pakistan Limited	779,945	877,438
MCB Bank Limited	291,313	-
Total	<u>1,791,741</u>	<u>1,766,420</u>
Accrued mark-up	64,108	48,606
	<u>1,855,849</u>	<u>1,815,026</u>
Less: amount payable within next 12 months		
Principal	(535,352)	(588,592)
Accrued mark-up	(64,108)	(48,606)
Amount due after March 31, 2020	<u>1,256,389</u>	<u>1,177,828</u>

12.1 These represent term and demand finance obtained by the Company from the aforesaid banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 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.

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

13. Loans from related parties - secured		Un-audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
	Note		
Holding company			
The Premier Sugar Mills & Distillery Co. Ltd.	13.1	236,671	279,500
Associated companies			
Premier Board Mills Ltd.	13.2	65,575	65,575
Arpak International Investments Ltd.	13.3	43,750	43,750
Azrak Enterprises (Private) Limited	13.4	80,000	70,000
Accrued mark-up		<u>7,984</u>	<u>6,320</u>
		<u>433,980</u>	<u>465,145</u>
Less: amount payable within next 12 months			
Principal		(49,428)	-
Accrued mark-up		<u>(7,984)</u>	<u>(6,320)</u>
Amount due after March 31, 2020		<u>376,568</u>	<u>458,825</u>
13.1	The Company has outstanding long term finance facility of Rs 236.671 million from holding company. The principal is repayable in 7 semi annual instalments commencing 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.		
13.2	The Company has outstanding long term finance facility of Rs 65.575 million to an associated company Premier Board Mills Limited. The principal is repayable in 7 semi annual instalments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.		
13.3	The Company has outstanding long term finance facility of Rs 43.75 million from an associated company Arpak International Investments Limited. The principal is repayable in 7 semi annual instalments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.		
13.4	The Company has outstanding long term finance facility of Rs 80 million to an associated company Azrak Enterprises (Private) Limited. The principal is repayable in 8 semi annual instalments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company.		
14. Liabilities against assets subject to finance lease			
Present value of finance lease payments		59,850	58,786
Less: Current portion shown under current liabilities		(25,321)	(24,684)
Minimum lease payments		<u>34,529</u>	<u>34,102</u>
Due within one year			
Minimum lease payments		30,741	28,759
Less: Financial charges not yet due		(5,420)	(4,075)
Present value of minimum lease payments		<u>25,321</u>	<u>24,684</u>
Due after one year but not later than five years			
Minimum lease payments		39,431	37,577
Less: Financial charges not yet due		(4,902)	(3,475)
Present value of minimum lease payments		<u>34,529</u>	<u>34,102</u>
		<u>59,850</u>	<u>58,786</u>

15. Deferred liabilities	Note	Un-Audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
Deferred taxation		1,032,213	1,147,169
Provision for gratuity		<u>7,904</u>	<u>7,625</u>
		<u>1,040,117</u>	<u>1,154,794</u>
16. Trade and other payables			
Creditors		1,952,475	219,447
Due to Associated Companies	16.1	66,878	22,336
Accrued expenses		53,189	91,512
Retention money		18,840	15,962
Security deposits		974	774
Advances from customers		352,583	297,803
Income tax deducted at source		13,055	17,761
Payable to workers welfare institutions		25,029	16,570
Payable to employees		23,275	22,543
Payable to provident fund		3,038	2,201
Others		8,634	5,900
		<u>2,517,970¹</u>	<u>712,809</u>
16.1 This represents amounts due to the following Associated Companies:			
The Frontier Sugar Mills & Distillery Limited		81	81
Syntronics Limited		2,720	4,685
Syntron Limited		48,100	0
Aztrak Enterprises (Private) Limited		<u>15,977</u>	<u>17,570</u>
		<u>66,878</u>	<u>22,336</u>
17. Short term running finance			
Secured	17.1	6,544,974	3,706,999
Accrued mark-up		<u>103,196</u>	<u>89,205</u>
		<u>6,648,170</u>	<u>3,796,204</u>
17.1 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 + 1.25% per annum and are secured against pledge of sugar stock with margin ranging from 10% to 15%, lien on export contracts / LCs and import documents.			
17.2 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 these financing agreements have been classified as per the repayment schedule applicable in respect of the aforesaid financing agreements.			
18. Current maturity of non-current liabilities			
Long term finances - secured	12	599,460	637,198
Loans from related parties - secured	13	57,412	6,320
Liabilities against assets subject to finance lease	14	<u>25,321</u>	<u>24,684</u>
		<u>682,193</u>	<u>668,202</u>
19. Contingencies and commitments			
19.1 Contingencies			
19.1.1 There has been no significant change in the status of contingencies as disclosed in note 25 to the audited consolidated financial statements of the Company for the year ended September 30, 2018.			

19.1.2 Commitments				
The Company has following commitments in respect of:				
- foreign letters of credit for purchase of plant and machinery		154,623		68,041
- capital expenditure other than for letters of credit		<u>17,815</u>		<u>30,240</u>
		<u>172,438</u>		<u>98,281</u>
20. Gross sales				
		Three month period ended	Six month period ended	
		March 31, 2019	March 31, 2018	March 31, 2018
		(Rupees in thousand)		
Local		2,207,209	2,281,446	4,074,439
Export		568,650	491,445	1,232,398
		<u>2,775,859</u>	<u>2,772,891</u>	<u>5,306,837</u>
				<u>4,301,214</u>
21. Sales tax, other government levies and commissions				
Indirect taxes		222,562	214,769	412,049
Commissions		5,358	50,006	46,251
		<u>227,920</u>	<u>264,775</u>	<u>458,300</u>
				<u>376,051</u>

22.1 Segment assets and liabilities

	Un-audited March 31, 2019		Audited September 30, 2018	
	(Rupees in thousand)			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	14,511,445	7,410,911	7,995,346	3,089,189
Ethanol	3,969,172	3,605,127	5,819,420	3,265,854
Total for reportable segment	18,480,617	11,016,038	13,814,766	6,355,043
Others	44,334	1,590,756	-	1,655,711
Entity's total assets / liabilities	18,524,951	12,606,794	13,814,766	8,010,754

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	-----Rupees in thousand-----			
<u>Holding Company</u>				
Premier Sugar Mills and Distillery Company Limited				
Purchase of molasses	3,944	34,715	22,617	34,715
Sale of store items	4,155	1,732	4,645	1,732
Sale of bagasse	2,990	727	4,199	727
Purchase of store items	-	-	-	57
Mark-up charged	7,366	5,289	14,871	10,585
Expenses paid by Holding Company	7,879	3,878	7,939	7,654
Expenses paid on behalf of Holding Company	15,830	-	43,000	9
Dividend	20,626	20,627	20,626	20,627
Office Rent	4,950	-	9,900	-
<u>Associated undertakings</u>				
Services	6,865	5,108	13,157	10,207
Expenses paid by associated companies	-	1,250	251	1,857
Purchase of goods	48,086	6,880	122,499	76,543
Expenses paid on behalf of associated companies	-	1,312	-	1,312
Post employment benefit				
Expense charged in respect of retirement benefit plan	650	6,702	1,300	6,702
Key management personnel*				
Salaries and other benefits	21,528	14,001	31,419	20,990

*Comparatives figures have been restated to reflect changes in the definition of "Executive" as per Companies Act, 2017.

24. General

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

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.

22. Segment operating results for the six month period ended March 31, 2019 (Un-audited)

	Sugar Division		Ethanol Division		Total	
	Three month period ended March 31, 2019	Six month period ended March 31, 2018	Three month period ended March 31, 2019	Six month period ended March 31, 2018	Three month period ended March 31, 2019	Six month period ended March 31, 2018
Sales	2,041,729	2,259,569	3,734,971	3,026,889	734,130	513,322
- External	2,041,729	2,259,569	3,734,971	3,026,889	734,130	513,322
- Internal	206,966	204,506	374,935	315,633	-	-
Less : sales tax and commission	(200,158)	(248,660)	(365,437)	(344,596)	(16,115)	(92,863)
Sales - net	2,048,537	2,215,415	3,744,469	2,997,926	706,368	497,207
Segment expenses:						
Cost of sales	(1,560,404)	(1,800,432)	(3,370,057)	(2,711,533)	(529,483)	(1,360,033)
Cost of sales less: Internal transfer	(1,560,404)	(1,800,432)	(3,370,057)	(2,711,533)	(529,483)	(1,360,033)
Gross profit / (loss)	488,132	414,984	374,411	286,393	(30,081)	156,688
Selling and distribution expenses	(10,534)	(45,546)	(27,382)	(51,250)	(42,502)	(41,351)
Administrative and general expenses	(112,104)	(122,844)	(207,683)	(199,008)	(9,500)	(10,665)
Profit from operations	365,494	246,593	139,346	36,135	(82,083)	104,652
Other income	12,324	36,467	27,887	37,488	(1,142)	10,012
Other expenses	(8,618)	(6,454)	(8,677)	(6,733)	-	-
Segment results	369,200	276,606	158,556	66,870	(83,225)	114,664
Finance cost						
Profit before tax						
Taxation						
Profit after taxation						

<u>Reclassified from</u>	<u>Reclassified to</u>	(Rupees in thousand)
Selling and distribution expenses	Sales tax, other government levies and commissions	51,114

26. Date of authorisation for issue

These Condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on May 27, 2019.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director