



CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED
DECEMBER 31, 2017**

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan	Chief Executive
Mr. Abbas Sarfaraz Khan	Chairman
Begum Laila Sarfaraz	
Ms. Zarmine Sarfaraz	
Ms. Najda Sarfaraz	
Mr. Iskander M. Khan	
Mr. Baber Ali Khan	
Mr. Abdul Qadar Khattak	
Mr. Sher Ali Jafar Khan	

Audit Committee

Mr. Sher Ali Jafar Khan	Chairman
Mr. Iskander M. Khan	Member
Ms. Najda Sarfaraz	Member
Mr. Baber Ali Khan	Member
Mr. Mujahid Bashir	Secretary

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

External Auditors

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

Cost Auditors

M/s. Zahid Jamil & 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	Faysal Bank Limited
The Bank of Khyber	National Bank of Pakistan
MCB Bank Limited	Soneri Bank Limited
The Bank of Punjab	Askari Bank Limited
Bank Al-Falah Limited	United Bank Limited
Dubai Islamic Bank (Pakistan) Limited	Meezan Bank Limited
Al-Baraka Bank (Pakistan) Limited	Habib Bank Limited

Registered Office

Nowshera Road, Mardan, KPK

Phone: 0937-862051-52 Fax: 0937-862989

CHASHMA SUGAR MILLS LIMITED

BRIEF REVIEW

The Directors of Chashma Sugar Mills Limited are pleased to present the un-audited condensed interim financial information of the Company for the three months ended December 31, 2017 to the shareholders of the Company in compliance with Section 237 of the newly promulgated Companies Act, 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange.

OPERATIONAL OPERATIONS

The sugarcane crushing season 2017-18 commenced on November 30, 2017 and the mills have crushed 738,438 tons of sugarcane, produced 62,350 tons of sugar having an average recovery of 8.60 % up to January 23, 2018. The Provincial Government of Punjab and Khyber Pakhtunkhwa (KPK) fixed sugarcane price @ Rs. 180/- per maund.

SUGAR PRICES

The Federal Government allowed export of 1.50 million tons of sugar for the crushing season 2017-18 with subsidy of Rs. 10,770/- per tons of sugar to be equally shared with the provinces. The Khyber Pakhtunkhwa Government though has notified the same price of sugarcane but has refused to pay their share of subsidy on export of sugar for onward payments to Growers. Presently, prices of sugar do not cover the cost of production.

ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 9,311 MT of Ethanol in the first Quarter ended December 31, 2017.

FINANCIAL PERFORMANCE

The Company suffered loss after taxation of Rs. 228.381 million (2016: 17.828 million) due to the depressed sugar prices.

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



(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
January 29, 2018

مختصر جائزہ

چشمہ شوگر ملز لمیٹڈ کے 31 دسمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کی اختتامی مدت پر کمپنی کے ڈائریکٹرز غیر آڈٹ شدہ کنڈنڈ عبوری مالیاتی معلومات حصص داروں کو نئے کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور پاکستان سٹاک ایکسچینج کے قواعد کے مطابق، پیش کرنے پر مسرت محسوس کرتے ہیں۔

کاروباری نتائج

گئے کارکنگ سیزن کا آغاز 30 نومبر 2017 کو شروع ہوا۔ 23 جنوری 2018 تک ملز نے 738,438 ٹن گنے کو کرش کیا اور 8.60 فیصد اوسط کے حساب سے 62,350 ٹن چینی پیدا کی۔ پنجاب اور خیبر پختونخواہ کی صوبائی حکومتوں نے گنے کی قیمت 180 روپے فی من مقرر کی ہے۔

چینی کی قیمت

وفاقی حکومت نے کرکنگ سیزن 2017-18 کے لیے 10,700 روپے فی ٹن کی سبسڈی کے ساتھ 1.5 ملین ٹن چینی کی درآمد کی اجازت دی ہے جو کہ تمام صوبوں میں مساوی تقسیم کی جائے گی۔ خیبر پختونخواہ حکومت نے گنے کی مطلع کی گئی قیمت کو برقرار رکھا لیکن کاشتکاروں کو ادائیگی کیلئے درآمد کرنے پر رعایت (سبسڈی) کا اپنا حصہ ادا کرنے سے انکار کر دیا۔ اس وقت چینی کی قیمتیں پیداوار کی لاگت سے کم ہیں۔

ہتھنول ایندھن پلانٹ پونٹ II

ہتھنول ایندھن پلانٹ نے 31 دسمبر 2017 کو ختم ہونے والی سہ ماہی میں 9,311 ٹن ہتھنول تیار کیا۔

مالیاتی کارکردگی

کمپنی کو ٹیکس ادا کرنے کے بعد 228.381 ملین روپے نقصان برداشت کرنا پڑا (2016): 6.726 (6.726 ملین روپے) جس کی وجہ چینی کی قیمت میں کمی تھی۔

اکاؤنٹنگ کی پالیسیاں

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

اعتراف

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

منجانب بورڈ



جناب عزیز سرفراز خان

مردان

بتاریخ: 29 جنوری 2018

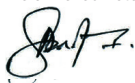
چیف ایگزیکٹو آفیسر

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

		Un-audited Dec 31, 2017 (Rupees in thousand)	Audited Sep 30, 2017
Assets			
Non-current Assets			
Property, plant and equipment	4	7,686,615	7,789,577
Security deposits		13,918	13,918
		7,700,533	7,803,495
Current Assets			
Stores and spares		446,485	345,339
Stock-in-trade		1,679,314	1,353,534
Trade debts	5	233,634	185,372
Loans and advances		458,922	270,937
Trade deposits, prepayments and other receivables	6	265,915	282,751
Tax refunds due from the Government		559,071	300,657
Bank balances		46,314	83,703
		3,689,655	2,822,293
Total Assets		11,390,188	10,625,788
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
50,000,000 (2017: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital			
28,692,000 (2017: 28,692,000) ordinary shares of Rs.10 each		286,920	286,920
General reserve		327,000	327,000
Unappropriated profit		660,386	846,585
Shareholders' Equity		1,274,306	1,460,505
Surplus on Revaluation of Property, Plant and Equipment		2,562,493	2,604,674
Non-current Liabilities			
Long term finances	7	1,387,776	1,640,638
Loans from related parties		388,825	388,825
Liabilities against assets subject to finance lease		40,105	40,105
Deferred taxation		705,029	723,106
		2,521,735	2,792,674
Current Liabilities			
Trade and other payables	8	1,856,617	477,382
Accrued mark-up		84,149	116,855
Short term borrowings		2,267,965	2,452,407
Current maturity of non-current liabilities	9	730,965	643,602
Provision of taxation	10	91,958	77,689
		5,031,654	3,767,935
TOTAL LIABILITIES		7,553,389	6,560,609
TOTAL EQUITY & LIABILITIES		11,390,188	10,625,788
Contingencies and Commitments	11		

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017

	Dec 31, 2017	Dec 31, 2016
Turnover		
Local	861,333	1,611,391
Export	666,990	418,872
	1,528,323	2,030,263
Less : Sales tax and federal Excise duty	110,168	167,183
Sales - net	1,418,155	1,863,080
Cost of sales	1,393,083	1,651,678
Gross profit	25,072	211,402
Distribution cost	46,368	55,834
Administrative expenses	86,713	75,574
Other expenses	279	10,027
Other income	(1,258)	(2,873)
	132,102	138,562
(Loss) / profit from operations	(107,030)	72,840
Finance cost	99,618	92,951
Loss before taxation	(206,648)	(20,111)
Taxation	21,732	(2,283)
Loss after taxation	(228,380)	(17,828)
Other comprehensive income/(loss)	0	0
Total comprehensive loss	(228,380)	(17,828)
	----- Rupees -----	
Loss per share	(7.96)	(0.62)

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



CHIEF EXECUTIVE



DIRECTOR



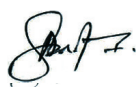
CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017

	Dec 31, 2017	Dec 31, 2016	
(Rupees in thousand)			
Cash flow from operating activities			
Loss for the period - before taxation	(206,648)	(20,111)	
Adjustments for non-cash charges and other items:			
Depreciation	166,039	180,509	
Loss / (gain) on sale of operating fixed assets	19	(586)	
Finance cost	98,710	92,155	
Profit before working capital changes	58,120	251,967	
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares	(101,146)	(20,129)	
Stock-in-trade	(325,780)	(1,166,367)	
Trade debts	(48,262)	95,478	
Loans and advances	(187,985)	(117,275)	
Trade deposits, prepayments and other receivables	16,836	(279)	
Advance sales tax and sales tax refundable	(225,305)	(58,374)	
Increase in trade and other payables	1,379,298	136,897	
	507,656	(1,130,049)	
Cash generated from / (used in) operations	565,776	(878,082)	
Income tax paid	(58,650)	(5,804)	
Security deposits	0	(9,287)	
Net cash generated from / (used in) operating activities	507,126	(893,173)	
Cash flow from investing activities			
Purchase of property, plant and equipment	(63,129)	(51,744)	
Sale proceeds of operating fixed assets	33	4,300	
Net cash used in investing activities	(63,096)	(47,444)	
Cash flow from financing activities			
Long term finances - net	(166,222)	(182,798)	
Lease finances - availed	723	11,296	
Short term borrowings - net	(184,442)	1,215,632	
Dividend Paid	(62)	0	
Finance cost paid	(131,416)	(120,315)	
Net cash (used in) / generated from financing activities	(481,419)	923,815	
Net decrease in cash and cash equivalents	(37,389)	(16,802)	
Cash and cash equivalents - at beginning of the period	83,703	37,511	
Cash and cash equivalents - at end of the period	46,314	20,709	

The annexed notes form an integral part of these financial statements



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017

	Share capital	General reserve	Unappropriated profit / (accumulated loss)	Total
----- Rupees in thousand -----				
Balance as at September 30, 2016	286,920	327,000	696,075	1,309,995
Total comprehensive loss for the quarter ended December 31, 2016	0	0	(17,828)	(17,828)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	46,867	46,867
Balance as at December 31, 2016	286,920	327,000	725,114	1,339,034
Balance as at September 30, 2017	286,920	327,000	846,585	1,460,505
Total comprehensive loss for the quarter ended December 31, 2017	0	0	(228,380)	(228,380)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period -net of deferred taxation	0	0	42,181	42,181
Balance as at December 31, 2017	286,920	327,000	660,386	1,274,306

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017

1. CORPORATE INFORMATION

Chashma Sugar Mills Ltd. (the Company) was incorporated on May 05, 1988 as a Public Company and it commenced commercial production from October 01, 1992. The Company is principally engaged in manufacture and sale of white sugar. Its shares are quoted on all the Stock Exchanges in Pakistan. The Head Office of the Company is situated at King's Arcade, 20-A Markaz F-7, Islamabad and the Mills are located at Dera Ismail Khan. The Company is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to the members in accordance with section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. As per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended September 30, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding published financial statements of the Company for the year ended September 30, 2017.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited	Audited
	Period ended	Year ended
	Dec 31,	Sep 30,
	2017	2017
Note	(Rupees in thousand)	
Operating fixed assets - tangible	4.1 7,417,085	7,567,595
Capital work-in-progress	269,530	221,137
Stores held for capital expenditure	0	845
	7,686,615	7,789,577

4.1 Operating fixed assets - tangible

	Unaudited	Audited
	Period ended	Year ended
	Dec 31,	Sep 30,
	2017	2017
	(Rupees in thousand)	
Opening book value	7,567,595	
Additions during the period:		
- electric installations	101	
- office equipment	480	
- furniture and fixtures	574	
- vehicles:		
owned	1,874	
leased	12,552	
	15,581	
Book value of vehicles disposed-off during the period		(52)
Depreciation charge for the period		(166,039)
Closing book value	7,417,085	

5. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.2.350 million (September 30, 2017 Rs. 2.350 million); to secure this debt, the Company has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment. The debtor, during current period, has paid amounts aggregating Rs. Nil (2017: Rs. 17.100 million) to the Company.

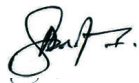


6. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Prepayments	5,230	5,230
Sugar export subsidy receivable	254,935	254,935
Insurance claim receivable against loss of finished sugar inventory	0	16,836
Trade Deposits	5,500	5,500
Others	250	250
	265,915	282,751

7. LONG TERM FINANCES - Secured

From banking companies		
Bank Alfalah Ltd. (BAL) - Term finance	75,000	100,000
Bank Al-Habib Limited: (BAH)		
- Fixed loan	56,602	56,602
- Term finance	237,450	247,095
	294,052	303,697
Faysal Bank Ltd. (FBL) - Term finance	166,655	249,982

	Unaudited Period ended Dec 31, 2017	Audited Year ended Sep 30, 2017
Note	(Rupees in thousand)	
Soneri Bank Limited: (SBL)		
- Term finance	84,683	84,683
- Term finance - I	246,427	266,548
	331,110	351,231
The Bank of Punjab: (BoP)		
- Demand finance	46,236	55,483
- LTFF	0	195,083
- Term finance	208,350	32,148
	254,586	282,714
Syndicated Islamic finance facility	974,931	974,931
	2,096,334	2,262,555
Less: current maturity grouped under current liabilities	708,558	621,917
	1,387,776	1,640,638
8. TRADE AND OTHER PAYABLES		
Creditors	1,373,421	178,997
Due to related parties	8.1 105,742	34,798
Accrued expenses	104,326	81,537
Retention money	14,751	14,735
Security deposits - interest free repayable on demand	864	769
Advance payments from customers	220,082	135,166
Income tax deducted at source	3,481	301
Workers' (profit) participation fund	8.2 6,615	6,615
Unclaimed dividends	7,100	7,162
Due to employees	20,048	17,115
Others	187	187
	1,856,617	477,382
8.1 This represents amounts due to the following Associated Companies:		
- Azlak Enterprises (Pvt.) Ltd.	20,186	14,497
- Syntron Ltd.	68,514	3,276
- Syntronics Ltd.	16,956	16,956
- The Frontier Sugar Mills Ltd.	86	69
	105,742	34,798

	Unaudited Period ended Dec 31, 2017	Audited Year ended Sep 30, 2017
Note	(Rupees in thousand)	
8.2 Workers' (profit) participation fund		
Opening balance	6,615	23,214
Add: allocation for the period / year	0	6,615
Less: payments made during the period / year	0	23,214
Closing balance	6,615	6,615
9. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long term finances	7 708,558	621,917
Liabilities against assets subject to finance lease	22,407	21,685
	730,965	643,602
10. TAXATION		
10.1 There has been no significant change in the status of taxation matters as reported in note 32 to the preceding published financial statements of the Company for the year ended September 30, 2017.		
10.2 Provision for current taxation mainly represents minimum tax under section 113 Minimum tax on the income of certain persons) and section 154 (Tax on export proceeds) of the Income Tax Ordinance, 2001. The required provision for the current period has been partially adjusted against current years' tax credits for investment in plant & machinery available under section 65B of the Ordinance.		
11. CONTINGENCIES AND COMMITMENTS		
11.1 There has been no significant changes in the status of matters as reported in notes 24 to the audited financial statements of the Company for the year ended September 30, 2017.		
11.2 Refer contents of taxation notes.		
12. DATE OF AUTHORISATION FOR ISSUE		
This condensed interim financial information was authorised for issue on January 29, 2018 by the Board of Directors of the Company.		
13. GENERAL		
13.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.		
13.2 Figures in this condensed interim financial information have been rounded-off to the nearest thousand Rupees.		
 CHIEF EXECUTIVE		
 DIRECTOR		
 CHIEF FINANCIAL OFFICER		