



CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
MARCH 31, 2018**

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

Head of Internal Auditors

Mr. Zaheer Mir

External Auditors

M/s. A.F.Ferguson & 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

DIRECTORS' REVIEW REPORT

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the half year ended March 31, 2018. This condensed financial information is presented to the shareholders of the Company in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting", the Code of Corporate Governance, under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. The enclosed financial information is un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

OPERATIONAL PERFORMANCE

The sugarcane crushing season 2017-18 commenced on November 30, 2017 and continued till April 12, 2018. The mills have crushed 2,040,734 tons (2017: 2,224,494 tons) of sugarcane and have produced 193,323 tons (2017: 203,686.50 tons) of sugar at an average recovery of 9.47% (2017: 9.16%). The Industry has produced 7.8 M tons of sugar i.e. 2.80 Million tons surplus of local consumption. The Government allowed export of 1.50 million tons, whereas, the remaining surplus sugar stock stored in the Godowns is causing heavy financial cost to the industry. Despite several appeals to the PM to allow export of surplus sugar, the Government is indecisive due the Political reason.

SUGAR PRICES

Surplus sugar stocks have forced the mills in the depressed selling of sugar below the cost of production.

ETHANOL FUEL PLANT AT UNIT II

The Ethanol Fuel Plant produced 17,897 MT of Ethanol during the period from October 01, 2017 to March 31, 2018.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these quarterly financial statements are the same as applied in the preparation of the preceding annual financial statements of the Company, except as stated in Note 3.2 and Note 3.3 of the condensed interim financial information.

ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD

Mardan:
June 26, 2018

- Sd -
(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

استھنول فیول پلانٹ۔ یونٹ II

استھنول فیول پلانٹ نے 01 اکتوبر 2017 سے 31 مارچ 2018 کی مدت کے دوران تک 17,897 ٹن استھنول تیار کیا۔

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، ماسوائے ان پالیسیوں کے جو کہ نوٹ 3.2 اور 3.3 میں بیان کی گئی ہیں۔

اعتراف

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

منجانب بورڈ

- Sd -
عزیز مسر فراز خان

چیف ایگزیکٹو

مردان

بتاریخ: 26 جون 2018

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 31 مارچ 2018 کو ختم ہونے والی سش ماہی کی اختتامی مدت پر غیر آڈٹ شدہ کنڈسڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈسڈ مالیاتی معلومات حصص داروں کو انٹرنیشنل اکاؤنٹنگ کے قواعد نمبر 34، انٹرم فائنیشنل رپورٹنگ، کوڈ آف کارپوریٹ گورننس، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور پاکستان اسٹاک ایکسچینج کے قواعد 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

گئے کارکننگ سیزن 2017-18، 30 نومبر 2017 کو شروع ہوا اور 12 اپریل 2018 تک جاری رہا۔ ملز نے 2,040,734 ٹن (2017 میں 2,224,494 ٹن) گنا کرش کیا اور 9.47 فیصد اوسط (2017: 9.16 فیصد) کے حساب سے چینی کی پیداوار 193,323 ٹن (2017 میں 203,686.50 ٹن) کر رہی۔ ملک نے تقریباً سات اعشاریہ آٹھ (7.8) ٹن چینی کی پیداوار کی جس میں دو اعشاریہ آٹھ 2.8 ملین ٹن گھریلو کھپت سے اضافی ہے۔ حکومت نے 1.50 ملین ٹن کی برآمد کی اجازت دی ہے جبکہ بقیہ اضافی چینی کو گوداموں میں ذخیرہ کرنے پر انڈسٹری کو بھاری مالی لاگت برداشت کرنا پڑ رہی ہے۔ اضافی چینی کی برآمد کی اجازت دینے کے لیے وزیراعظم سے کئی درخواستوں کے باوجود کی مگر حکومت سیاسی وجوہات کی وجہ سے اس پر فیصلہ نہ کر سکی۔

چینی کی قیمت

چینی کے اضافی اسٹاک نے ملز کو چینی کو اس کی پیداواری لاگت سے کم قیمت پر بیچنے پر مجبور کیا۔



A.F. FERGUSON & CO.

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Chashma Sugar Mills Limited (the Company) as at March 31, 2018 and the related 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 and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for three month periods ended March 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended March 31, 2018.

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 information 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 information as of and for the six months period ended March 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Other Matter

The financial statements of the Company for the year ended September 30, 2017 and the financial information of the Company for the six months period ended March 31, 2017 were audited / reviewed by another auditor who expressed an unmodified opinion on those financial statements on January 4, 2018 and May 27, 2017 respectively.

- Sd -
CHARTERED ACCOUNTANTS
ISLAMABAD: June 26, 2018
Engagement Partner: JehanZeb Amin

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

Note	Un-audited March 31, 2018	Audited September 30, 2017 (Restated)	Audited September 30, 2016 (Restated)
----- Rupees in thousand -----			
NON CURRENT ASSETS			
Property, plant and equipment	6 7,641,563	7,789,577	8,169,406
Intangible assets	-	-	433
Long term security deposits	13,918	13,918	4,163
	<u>7,655,481</u>	<u>7,803,495</u>	<u>8,174,002</u>
CURRENT ASSETS			
Stores and spares	327,666	345,339	295,498
Stock-in-trade	7 6,601,151	1,353,534	571,183
Trade debts	8 206,037	185,372	143,410
Loans and advances	9 192,362	270,937	280,408
Trade deposits, prepayments and other receivables	10 868,641	531,526	259,676
Income tax refundable	37,817	-	310,633
Cash and bank balances	269,501	83,703	37,511
	<u>8,503,175</u>	<u>2,770,411</u>	<u>1,898,319</u>
TOTAL ASSETS	<u>16,158,656</u>	<u>10,573,906</u>	<u>10,072,321</u>
SHARE CAPITAL AND RESERVES			
Authorised capital	500,000	500,000	500,000
Issued, subscribed and paid-up capital	11 286,920	286,920	286,920
Capital reserve			
General reserve	327,000	327,000	327,000
Revenue reserve			
Unappropriated profits	963,848	846,585	696,075
	<u>1,577,768</u>	<u>1,460,505</u>	<u>1,309,995</u>
Surplus on revaluation of property, plant and equipment	2,520,312	2,604,674	2,765,364
Shareholders' equity	<u>4,098,080</u>	<u>4,065,179</u>	<u>4,075,359</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	12 1,293,485	1,640,638	2,237,608
Loans from related parties - secured	13 388,825	388,825	312,143
Liabilities against assets subject to finance lease - secured	14 38,394	40,105	31,600
Deferred liabilities	15 693,653	723,106	789,159
	<u>2,414,357</u>	<u>2,792,674</u>	<u>3,370,510</u>
CURRENT LIABILITIES			
Trade and other payables	16 3,358,365	470,220	805,062
Unclaimed dividends	8,702	7,162	4,541
Accrued mark-up	118,365	116,855	108,820
Short term running finance - secured	17 5,411,688	2,452,407	1,037,045
Current maturity of non-current liabilities	749,099	643,602	670,984
Provision for taxation	-	25,807	-
	<u>9,646,219</u>	<u>3,716,053</u>	<u>2,626,452</u>
TOTAL LIABILITIES	<u>12,060,576</u>	<u>6,508,727</u>	<u>5,996,962</u>
Contingencies and commitments	18		
TOTAL EQUITY AND LIABILITIES	<u>16,158,656</u>	<u>10,573,906</u>	<u>10,072,321</u>

The annexed notes 1-23 form an integral part of this condensed interim financial information.

- 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, 2018

		Three month period ended		Six month period ended	
	Note	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
----- Rupees in thousand -----					
Sales - net	19	2,558,122	2,643,610	3,976,277	4,506,690
Cost of sales		(1,936,465)	(2,287,761)	(3,329,548)	(3,939,439)
Gross profit		621,657	355,849	646,729	567,251
Distribution cost		(136,903)	(37,333)	(183,271)	(93,167)
Administrative expenses		(133,509)	(82,123)	(220,222)	(157,697)
Other income		46,479	8,188	47,737	11,061
Other expenses		(6,454)	(4,923)	(6,733)	(14,950)
Profit from operations		391,270	239,658	284,240	312,498
Finance cost		(108,559)	(126,260)	(208,177)	(219,211)
Profit before taxation		282,711	113,398	76,063	93,287
Taxation					
- Current		(35,742)	-	(35,742)	-
- Deferred		14,423	1,965	36,155	4,248
		(21,319)	1,965	413	4,248
Profit after taxation		261,392	115,363	76,476	97,535
Earnings per share-basic and diluted (Rupees)					
		9.11	4.02	2.67	3.40

The annexed notes 1-23 form an integral part of this condensed interim financial information.

- 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, 2018

	Three month period ended		Six month period ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees in thousand -----			
Profit for the period	261,392	115,363	76,476	97,535
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	260,855	115,363	75,939	97,535

The annexed notes 1-23 form an integral part of this condensed interim financial information.

- 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, 2018

	Six month period ended March 31, 2018 March 31, 2017 (Rupees in thousand)	
Cash flow from operating activities		
Profit for the period - before taxation	76,063	93,287
Adjustment for non cash charges and other items:		
Depreciation	333,246	362,748
Loss / (gain) on sale of operating fixed assets - net	27	(783)
Amortisation of intangible assets	-	216
Profit on deposit accounts	(2,159)	(2,635)
Finance cost	208,177	219,211
Provision for doubtful debts	1,528	-
Provision for doubtful advances	26,400	-
Provision for gratuity	6,603	-
	<u>649,885</u>	<u>672,044</u>
Changes in working capital		
Decrease / (increase) in stores and spares	17,673	12,855
Decrease / (increase) in stock-in-trade	(5,247,617)	(5,868,163)
Decrease / (increase) in trade debts	(22,193)	108,597
Decrease / (increase) in loans and advances	52,175	(57,987)
Decrease / (increase) in prepayments and other receivables	(337,115)	(132,934)
Increase / (decrease) in trade and other payables	<u>2,888,145</u>	<u>2,789,290</u>
	(2,648,932)	(3,148,342)
	(1,999,047)	(2,476,298)
Income taxes paid	(99,365)	(6,477)
Gratuity paid	(439)	-
Net cash used in operating activities	(2,098,851)	(2,482,775)
Cash flow from investing activities		
Purchase of property, plant and equipment	(164,522)	(177,175)
Sale proceeds of operating fixed assets	145	5,004
Long term security deposits - net	-	(9,287)
Profit on bank deposits received	<u>2,159</u>	<u>2,635</u>
Net cash used in investing activities	(162,218)	(178,823)
Cash flow from financing activities		
Long term finances repaid	(243,603)	(252,976)
Loans from related parties paid	-	(48,175)
Lease finances - net	(20,646)	13,146
Dividend paid	(41,498)	(125,424)
Finance cost paid	<u>(206,667)</u>	<u>(202,267)</u>
Net cash used in from financing activities	(512,414)	(615,696)
Net decrease in cash and cash equivalents	(2,773,483)	(3,277,294)
Cash and cash equivalents - at beginning of the period	(2,368,704)	(999,534)
Cash and cash equivalents - at end of the period	<u>(5,142,187)</u>	<u>(4,276,828)</u>
Cash and cash equivalents comprised of:		
Bank balances	269,501	139,668
Short term running finance	(5,411,688)	(4,416,496)
	<u>(5,142,187)</u>	<u>(4,276,828)</u>

The annexed notes 1-23 form an integral part of this condensed interim financial information.

- 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, 2018

	Share capital	General reserve	Unappropriated profits	Total	Surplus on revaluation of property, plant and equipment	Total
Rupees in thousand						
Balance as at October 1, 2016 (as previously reported)	286,920	327,000	696,075	1,309,995	-	1,309,995
Effect of retrospective restatement due to change in accounting policy (note 3.2)	-	-	-	-	-	-
Balance as at October 1, 2016 - restated	286,920	327,000	696,075	1,309,995	2,765,364	2,765,364
Total comprehensive income for the six month period ended March 31, 2017						
Income for the period	-	-	97,535	97,535	-	97,535
Other comprehensive income for the period	-	-	97,535	97,535	-	97,535
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	93,736	93,736	(93,736)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	-	26,782	26,782
Cash dividend at rate of Rs. 4.50 per ordinary share for the year ended September 30, 2016	-	-	(129,114)	(129,114)	-	(129,114)
Balance as at March 31, 2017 - restated	286,920	327,000	758,232	1,372,152	2,698,410	4,070,562
Total comprehensive income for the six month period ended September 30, 2017						
Income for the period	-	-	(5,383)	(5,383)	-	(5,383)
Other comprehensive income for the period	-	-	(5,383)	(5,383)	-	(5,383)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	93,736	93,736	(93,736)	-
Balance as at September 30, 2017	286,920	327,000	846,585	1,460,505	2,604,674	4,065,179
Total comprehensive income for six month period ended March 31, 2018						
Income for the period	-	-	76,476	76,476	-	76,476
Other comprehensive income for the period	-	-	(537)	(537)	-	(537)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	75,939	75,939	-	75,939
Cash dividend at rate of Rs 1.50 per ordinary share for the year ended September 30, 2017	-	-	84,362	84,362	(84,362)	-
Balance as at March 31, 2018	286,920	327,000	963,848	1,577,768	2,520,312	4,098,080

The annexed notes 1-23 form an integral part of this condensed interim financial information.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

CHASHMA SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2018

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 and commenced its business from July 9, 1988. The shares of the Company are 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.

2. Statement of compliance

These condensed interim financial statements for six month period ended March 31, 2018 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, 2017.

3. Significant accounting policies, critical accounting estimates and judgments

- The accounting policies, significant judgements made in application of accounting policies, key sources of estimations, the methods of computations adopted and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited financial statements for the year ended September 30, 2017, except as otherwise stated in notes.
- In accordance with the requirements of newly enacted Companies Act, 2017, the surplus on revaluation of property, plant and equipment is now presented as part of shareholders' equity. This change in accounting policy has resulted in reclassification of surplus on revaluation of property, plant and equipment - net of tax to shareholders' equity in the statement of financial position by restating the corresponding figures which resulted in increase in shareholders' equity by Rs 2,765 million as at October 1, 2016. There is no corresponding effect on the reported financial performance and cash flows of the Company.
- The Company operates an unfunded gratuity scheme covering eligible employees under their employment contract. During the period ended March 31, 2018, the liability for gratuity is recognized on the basis of actuarial valuation conducted as at March 31, 2018, using Projected Unit Credit Method. Previously, the gratuity expense was recognised on the basis of payments to employees. The comparative figures have not been restated for change in accounting policy due to insignificant impact. Accordingly, Rs 5,576 thousand at September 30, 2017 has been accounted for as expense in the statement of profit or loss for the six month period ended March 31, 2018.

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, 2017.

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.

		Un-audited March 31, 2018	Audited September 30, 2017
	Note	(Rupees in thousand)	
6. Property, plant and equipment			
Operating fixed assets - tangible	6.1	7,262,209	7,567,595
Capital work-in-progress	6.2	379,354	221,137
Stores held for capital expenditure		-	845
		<u>7,641,563</u>	<u>7,789,577</u>
6.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		7,567,595	8,130,966
Add: Additions during the period / year	6.1.1	28,032	173,794
Less: Disposals during the period / year		(172)	(5,313)
Depreciation charged for the period / year		(333,246)	(731,852)
		<u>(333,418)</u>	<u>(737,165)</u>
Net book value at the end of the period / year		<u>7,262,209</u>	<u>7,567,595</u>
6.1.1 Additions during the period / year			
Freehold land		-	31,235
Building and roads		-	21,583
Plant and machinery		-	50,932
Generators		100	-
Electric Installations		2,637	9,952
Office equipment		-	17,154
Furniture and Fixtures		1,874	5,921
Owned vehicles		2,539	785
Leased vehicles		20,882	36,232
		<u>28,032</u>	<u>173,794</u>
6.2 Capital work-in-progress			
At the beginning of the period / year		221,137	37,410
Add: Additions during the period / year	6.2.1	184,988	328,786
Less: Capitalized during the period/ year		(20,494)	(145,059)
Other adjustments		(6,277)	-
Balance at the end of the period / year		<u>379,354</u>	<u>221,137</u>
6.2.1 Additions during the period / year			
Buildings on freehold land		21,622	56,404
Plant and machinery		99,630	202,650
Electric installations		17,489	20,866
Leased vehicles		11,085	41,446
Advances to contractors		35,162	7,420
		<u>184,988</u>	<u>328,786</u>

		Un-audited March 31, 2018	Audited September 30, 2017
		(Rupees in thousand)	
7. Stock-in-trade	Note		
Finished goods			
- sugar		5,516,108	692,212
- molasses		875,776	384,832
- spirit	7.1	152,808	268,542
		6,544,692	1,345,586
Work-in-process		56,459	7,948
		6,601,151	1,353,534

7.1 Stocks include items costing Rs Nil (2017: Rs 127.51 million) stated at their net realizable values aggregating Rs Nil (2017: Rs 112.41 million). The amount charged to the profit and loss account in respect of stocks written down to their net realisable values is Rs Nil (2017: Rs 15.10 million).

		Un-audited March 31, 2018	Audited September 30, 2017
		(Rupees in thousand)	
8. Trade debts - Unsecured, considered good			
Considered good		206,037	185,372
Considered doubtful		1,528	-
		207,565	185,372
Provision for doubtful debts		(1,528)	-
		206,037	185,372

9. Loans and advances

These are net of provision for an amount of Rs 28.8 million (2017: Rs 2.4 million) in respect of long outstanding advances due from cane growers. Further, loans and advances include balances due from related parties as follows :

	Un-audited March 31, 2018	Audited September 30, 2017
	(Rupees in thousand)	
Premier Sugar Mills and Distillery Company Limited	33,108	50,251
Whole Foods (Private) Limited	5,482	-
	38,590	50,251

10. Trade deposits, prepayments and other receivables

Trade deposits	5,500	5,500
Prepayments	763	5,230
Sugar export subsidy receivable	283,418	254,935
Insurance claim receivable	142	16,836
Sales tax advance	578,568	248,775
Others	250	250
	868,641	531,526

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;

	Un-audited March 31, 2018	Audited September 30, 2017
	Number of shares	
Holding company		
Premier Sugar Mills & Distillery Co.	13,751,000	13,751,000
Associated companies		
Aztrak 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
	19,111,834	19,111,834

12. Long term finances - secured

		Un-audited March 31, 2018	Audited September 30, 2017
		(Rupees in thousand)	
Bank Alfalah Limited		75,000	100,000
Bank Al-Habib Limited		261,861	303,697
Faysal Bank Limited		166,655	249,982
Soneri Bank Limited		302,559	351,231
The Bank of Punjab		237,946	282,714
Syndicated Islamic finance facility		974,931	974,931
		2,018,952	2,262,555

Less: amount payable within next 12 months 12.2 (725,467) (621,917)

Amount due after March 31, 2019 12.1 1,293,485 1,640,638

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 + 1.3% 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 This includes installments due on March 31, 2018 for an aggregate amount of Rs 30.9 million which have been paid subsequently on April 2, 2018.

12.3 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, 2018	Audited September 30, 2017
		(Rupees in thousand)	
Holding company			
Premier Sugar Mills & Distillery Co. Limited	13.1	279,500	279,500
Associated companies			
Premier Board Mills Limited	13.2	65,575	65,575
Arpak International Investments Limited	13.3	43,750	43,750
		388,825	388,825

13.1 The Company obtained an aggregate long term finance facility of Rs 279.5 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.

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 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.

13.3 The Company obtained 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 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. Liabilities against assets subject to finance lease - secured

		Un-audited March 31, 2018	Audited September 30, 2017
		(Rupees in thousand)	
Present value of finance lease payments		62,026	61,790
Less: Current portion shown under current liabilities		(23,632)	(21,685)
Minimum lease payments		38,394	40,105

		Un-audited March 31, 2018	Audited September 30, 2017
	Note	(Rupees in thousand)	
Due within one year			
Minimum lease payments		27,749	25,781
Less: Financial charges not yet due		(4,117)	(4,096)
Present value of minimum lease payments		23,632	21,685
Due after one year but not later than five years			
Minimum lease payments		42,036	44,126
Less: Financial charges not yet due		(3,642)	(4,021)
Present value of minimum lease payments		38,394	40,105
		62,026	61,790
15. Deferred liabilities			
Deferred taxation		686,951	723,106
Provision for gratuity		6,702	-
		693,653	723,106
16. Trade and other payables			
Creditors		2,241,127	178,997
Due to related parties	16.1	69,112	34,798
Accrued expenses		102,988	81,537
Retention money		14,534	14,735
Security deposits - interest free repayable on demand		1,184	769
Advances from customers		891,050	135,166
Income tax deducted at source		6,222	301
Payable to workers welfare institutions		11,960	6,615
Payable to employees		20,027	17,115
Others		161	187
		3,358,365	470,220
16.1 This represents amounts due to the following related parties:			
Associated Companies			
Frontier Sugar Mills Limited		86	69
Phipson & Co. Pakistan (Private) Limited		-	-
Syntronics Limited		5,926	16,956
Syntron Limited		37,805	3,276
Azlak Enterprises (Private) Limited		25,295	14,497
		69,112	34,798
17. Short term running finance			
Secured	17.1	5,374,000	2,451,000
Un-secured		37,688	1,407
		5,411,688	2,452,407
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 white crystalline sugar with margin ranging from 10% to 15%. During the six month period ended March 31, 2018, Company availed running facilities amounting to Rs 2,800 million.			
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. Contingencies and commitments			
18.1 Contingencies			
18.1.1 There has been no significant change in the status of contingencies as disclosed in note 24 to the audited financial statements of the Company for the year ended September 30, 2017 except for the following:			

18.1.2 As per notification issued by the Cane Commissioner, sugar cane is required to be purchased at the specified rate of Rs 180 per mound. However based on the varied industry practice for purchase prices and oral agreement with cane growers, the Company purchased sugar cane at the rate of Rs 150 per mound. The differential between the aforementioned rates in respect of the Company's purchases amount to Rs 1,448 million. In this respect, a representation has been made by Pakistan Sugar Mills Association (PSMA) to the Honorable Chief Secretary, Khyber Pakhtunkhwa (KPK) vide letter no. PG-09-57 dated November 29, 2017 whereby he has been apprised that Provincial Governments of Punjab and Sindh have unofficially allowed the sugar cane price of Rs 150 per mound, accordingly sugar cane price should be constrained to Rs 150 per mound in KPK as well. However no reply to the aforementioned representation has been received from the Chief Secretary, Government of KPK. Considering the representation made by PSMA, the industry norms, past practice and oral agreement with cane growers, the management believes that no liability is likely to be established on the differential as referred above.

18.1.3 The Assistant Commissioner Inland Revenue (ACIR) alleged that Company has not withheld tax from payments made under various account heads of cost of goods sold and purchase of property plant and equipment during the tax year 2006. Further the ACIR ordered the Company to pay alleged demand of Rs 9 million representing principal amount and default surcharge for the aforesaid tax year. The Company filed appeal before the Commissioner Inland Revenue (Appeals) (CIR (A)) whereby partial relief was granted. The Company preferred an appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR passed the order in favor of Company. The department filed reference before the Honorable Peshawar High Court challenging the decision of ATIR and the case was remanded back by the High Court to the ATIR. The Company has now preferred appeal before Honorable Supreme Court. The management and its advisors believe that the case is likely to be decided in the favor of the Company.

18.1.4 The ACIR alleged that the Company has not withheld sales tax on input invoices during the tax period February 2013 to March 2014 under sub rule 2 of Rule 2 of Special Procedure Rules, 2007 and ordered the Company to pay alleged demand of Rs 30 million for the aforesaid tax periods. The Company preferred appeal before CIR (A) and CIR(A) upheld the orders of ACIR. The Company preferred appeal against the aforesaid appellate order before the ATIR which was accepted in favor of the Company. The department filed tax reference before the Peshawar High Court against the Order of ATIR which is pending for adjudication. The management and its advisors believe that the case is likely to be decided in the favor of the Company.

18.1.5 The ACIR alleged that Company has claimed inadmissible input tax adjustment in respect of invoices during the period 2013 to 2014 and ordered the Company to pay alleged demand of Rs 28.063 million for the aforesaid tax periods. The Company preferred appeal before CIR (A) who upheld the orders of ACIR with partial relief to the Company. The Company preferred an appeal before the ATIR. The appeal was accepted by ATIR. However, the department filed reference before the Peshawar High Court, which is pending for adjudication. The Company and its advisors foresee a favorable decision from higher appellate forums.

No provision is carried in the financial statements in respect of the matters identified in paragraphs 18.1.1 to 18.1.5 as management is of the strong view that ultimate decision in respect of related matters would be resulting in favorable outcome to the Company and chances of any obligation arising from above are remote.

18.2 Commitments	Unaudited March 31, 2018	Audited September 30, 2017
	(Rupees in thousand)	
Commitments in respect of:		
- foreign letters of credit for purchase of plant and machinery	150,000	17,604
- capital expenditure other than for letters of credit	-	2,318
	150,000	19,922

19. Sales - net	Three month period ended		Six month period ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in thousand)			
Local	2,281,446	2,898,325	3,142,779	4,509,716
Export	491,445	36,109	1,158,435	454,981
Gross Sales	2,772,891	2,934,434	4,301,214	4,964,697
Less: Sales tax and other government levies	(214,769)	(290,824)	(324,937)	(458,007)
Sales - net	2,558,122	2,643,610	3,976,277	4,506,690

20.1 Segment assets and liabilities

	Un-audited March 31, 2018 (Rupees in thousand)		Audited September 30, 2017 (Rupees in thousand)	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	11,101,046	7,838,726	7,265,861	581,645
Ethanol	5,057,610	3,063,299	2,979,556	2,279,998
Total for reportable segment	16,158,656	10,902,025	10,245,417	2,861,643
Others	-	1,158,551	328,489	3,647,084
Entity's total assets / liabilities	16,158,656	12,060,576	10,573,906	6,508,727

21. Transactions with related parties

21.1 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, 2018		Six month period ended March 31, 2017	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
-----Rupees in thousand-----				
<u>Holding Company</u>				
Premier Sugar Mills and Distillery Company Limited				
Purchase of molasses	34,715	-	34,715	2,976
Sale of store items	1,732	-	1,732	1,600
Sale of bagasse	727	-	727	-
Purchase of store items	-	-	57	185
Mark-up charged	5,289	5,171	10,585	10,431
Expenses paid by Holding Company	3,878	3,663	7,654	9,601
Expenses paid on behalf of Holding Company	-	79	9	79
Dividends paid	20,627	61,880	20,627	61,880
<u>Associated undertakings</u>				
Services	5,108	4,081	10,207	8,149
Expenses paid by associated companies	1,250	652	1,857	7,407
Purchase of goods	6,880	63,698	76,543	95,657
Expenses paid on behalf of associated companies	1,312	-	1,312	-
Dividends paid	8,041	24,124	8,041	24,124
Post employment benefit				
Expense charged in respect of retirement benefit plan	6,702	848	6,702	2,359
Key management personnel				
Salaries and other benefits	16,739	16,005	32,543	30,598

22. Corresponding figures

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

<u>Reclassified from</u>	<u>Reclassified to</u>	<u>Rupees in thousands</u>
Income tax refundable	Trade deposits, prepayments and other receivables	248,775
	Provision for taxation	51,882
Trade and other payables	Unclaimed dividends	7,162

23. Date of Authorisation for Issue

This condensed interim financial information was authorised for circulation to the shareholders by the Board of Directors of the Company on June 26, 2018.

- Sd -
Rizwan Ullah Khan
Chief Financial Officer

- Sd -
Aziz Sarfaraz Khan
Chief Executive

- Sd -
Iskander M. Khan
Director

20. Segment operating results for the six month period ended March 31, 2018

	Sugar Division			Ethanol Division			Total		
	Three month period ended March 31, 2018	Six month period ended March 31, 2017	Three month period ended March 31, 2018	Six month period ended March 31, 2017	Three month period ended March 31, 2018	Six month period ended March 31, 2017	Three month period ended March 31, 2018	Six month period ended March 31, 2017	Three month period ended March 31, 2017
-----Rupees in thousand-----									
Sales									
-Local	2,170,537	2,876,055	2,926,294	4,457,494	110,909	22,270	216,465	52,232	2,281,446
-Export	89,032	-	100,595	-	402,413	36,109	1,057,840	454,981	491,445
-By product	204,506	-	315,633	-	-	-	-	-	204,506
Less : sales tax	2,464,075	2,876,055	3,342,522	4,457,494	513,322	56,379	1,274,325	507,213	2,977,397
Sales - net	(196,654)	(289,873)	(293,482)	(452,703)	(16,115)	(951)	(31,455)	(5,304)	(214,789)
Less : Intersegment sales	2,265,427	2,586,182	3,049,040	4,004,781	497,207	57,428	1,242,870	501,909	2,762,628
	(204,506)	-	(315,633)	-	-	-	-	-	(204,506)
	2,060,915	2,586,182	2,733,407	4,004,781	497,207	57,428	1,242,870	501,909	2,558,122
Segment expenses:									
Cost of sales									
Cost of Sales	(1,800,432)	(2,263,541)	(2,711,533)	(3,693,803)	(340,539)	(24,220)	(933,648)	(245,636)	(2,140,971)
less: Intersegment cost	-	-	-	-	204,506	-	315,633	-	204,506
Gross profit / (loss)	(1,800,432)	(2,263,541)	(2,711,533)	(3,693,803)	(136,033)	(24,220)	(618,015)	(245,636)	(1,936,465)
Administrative expenses	260,483	322,641	21,874	310,978	361,174	33,208	624,855	256,273	621,657
Distribution and selling cost	(122,844)	(74,107)	(198,596)	(143,008)	(10,665)	(8,016)	(21,626)	(14,689)	(133,509)
Profit from operations	(44,436)	(15,165)	(51,250)	(22,690)	(92,465)	(22,168)	(132,021)	(70,477)	(136,903)
Other income	(167,282)	(89,272)	(249,846)	(166,698)	(103,130)	(30,184)	(153,647)	(85,166)	(270,412)
Finance cost	93,201	233,369	(227,972)	145,280	256,044	3,024	471,208	171,107	351,245
Profit before tax	36,467	7,664	37,468	9,712	10,012	524	10,269	1,349	46,479
Taxation	(6,454)	(4,756)	(6,733)	(14,950)	-	(167)	-	-	(6,454)
Profit for the period	30,013	2,908	30,735	(5,238)	10,012	357	10,269	1,349	40,025
	123,214	236,277	(197,237)	140,042	268,056	3,381	481,477	172,456	391,270
									(108,559)
									282,711
									(21,319)
									261,392