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**CHASHMA SUGAR MILLS LIMITED**  
KING'S ARCADE, 20-A, MARKAZ F-7,  
ISLAMABAD - PAKISTAN  
TEL: 051-2650805-7



**CHASHMA SUGAR MILLS LIMITED**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE FIRST QUARTER ENDED  
DECEMBER 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

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

## CHASHMA SUGAR MILLS LIMITED

### DIRECTORS' REVIEW REPORT

The Directors of Chashma Sugar Mills Limited are pleased to present the un-audited condensed interim financial information of the Company for the three month period ended December 31, 2018 to the shareholders of the Company in compliance with Section 237 of the Companies Act, 2017 (the Act) and the rule book of the Pakistan Stock Exchange.

#### OPERATIONAL OPERATIONS

The sugarcane crushing season 2018-19 commenced on November 30, 2018. The mills have crushed 1,415,238 tons of sugarcane and have produced 148,015 tons of sugar till March 10, 2019.

#### 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. The Sugar prices have improved compared to the last quarter.

#### ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 8,763 MT of Ethanol in the first Quarter ended December 31, 2018.

#### FINANCIAL PERFORMANCE

The Company earned profit after taxation of Rs. 69.531 million (2017: Loss after taxation 228.381 million) during the first quarter ended December 31, 2018.

#### 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.

FOR AND ON BEHALF OF THE BOARD

  
(ISKANDER M. KHAN)  
Director

  
(AZIZ SARFARAZ KHAN)  
Chief Executive

Islamabad  
March 13, 2019

## چشمہ شوگر ملز لمیٹڈ ڈائریکٹرز کی جائزہ رپورٹ

چشمہ شوگر ملز لمیٹڈ کے ڈائریکٹرز کمپنی کی سہ ماہی رپورٹ 31 دسمبر 2018 کو تیسرے مہینے کے اختتام پر ہونے پر غیر آڈٹ شدہ کنڈنسڈ انٹیریم مالیاتی معلومات حصص داروں کو نئے کمپنیز ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور پاکستان سٹاک ایکسچینج کے قواعد کے مطابق مالیاتی گوشوارے پیش کرنے پر مسرت محسوس کرتے ہیں۔

### آپریٹل آپریشن

گنے کا کرٹنگ سیزن 19-2018-30 نومبر 2018 کو شروع ہوا اور 10 مارچ 2019 تک ملز نے 1,415,238 ٹن گنا کرش کیا اور 148,015 ٹن چینی پیدا کی۔

### چینی کی قیمت

حکومت پاکستان نے 1.1 ملین ٹن چینی برآمد کرنے کی اجازت دی ہے (پارشل سبسڈی کیساتھ) اور صوبائی حکومت کو ہدایت دی ہے کہ وہ سبسڈی ادا کریں۔ گزشتہ تین ماہ کے مقابلے میں چینی کی قیمتیں مستحکم ہوئی ہیں۔

### ہتھنول فیول پلانٹ۔ یونٹ II

ہتھنول فیول پلانٹ نے پہلی سہ ماہی 31 دسمبر 2018 تک 8,763 ٹن ہتھنول تیار کیا۔

### مالیاتی کارکردگی

پہلی سہ ماہی 31 دسمبر 2018 کے اختتام تک کمپنی کا ٹیکس کے بعد منافع 69,531 ملین روپے رہا (2017 میں بعد از ٹیکس نقصان 228,381 ملین روپے تھا)۔

### اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی کنڈنسڈ انٹیریم مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی حسابات میں اپنائی گئی تھیں۔

### اعتراف

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

منجانب بورڈ



عزیز سر فراز خان  
چیف ایگزیکٹو



اسکندر محمد خان  
ڈائریکٹر

اسلام آباد:

بتاریخ: 13 مارچ 2019

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2018

		Un-audited Note December 31, 2018 (Rupees in thousand)	Audited September 30, 2018
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	9,490,101	9,531,791
Long term investment	6	100,000	100,000
Long term security deposits - considered good		15,059	13,858
		9,605,160	9,645,649
<b>CURRENT ASSETS</b>			
Stores and spares		503,753	342,702
Stock-in-trade	7	1,847,693	2,242,638
Trade debts	8	175,838	219,126
Loans and advances	9	735,330	331,743
Trade deposits, prepayments and other receivables	10	691,588	812,028
Income tax refundable		23,199	33,057
Cash and bank balances		161,314	188,782
		4,138,715	4,170,076
<b>TOTAL ASSETS</b>		13,743,875	13,815,725
<b>SHARE CAPITAL AND RESERVES</b>			
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		1,313,851	1,172,533
		1,927,771	1,786,453
Surplus on revaluation of property, plant and equipment		3,946,593	4,019,029
<b>Shareholders' equity</b>		5,874,364	5,805,482
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	12	1,268,177	1,177,828
Loans from related parties - secured	13	426,066	458,825
Liabilities against assets subject to finance lease	14	25,961	34,102
Deferred liabilities	15	1,067,652	1,154,794
		2,787,856	2,825,549
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	1,759,122	712,298
Unclaimed dividend		7,823	7,990
Short term running finance	17	2,624,042	3,796,204
Current maturity of non-current liabilities	18	690,668	668,202
		5,081,655	5,184,694
		7,869,511	8,010,243
Contingencies and commitments	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		13,743,875	13,815,725

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2018

		Three month period ended December 31, December 31, 2018 2017 ----- Rupees in thousand -----	
Gross sales	20	2,530,978	1,528,323
Sales tax, other government levies and commissions	21	(230,380)	(111,276)
Sales - net		2,300,598	1,417,047
Cost of sales	22	(2,024,483)	(1,393,083)
<b>Gross profit</b>		276,115	23,964
Selling and distribution expenses	23	(56,240)	(45,260)
Administrative and general expenses	24	(105,044)	(86,713)
Other income	25	33,309	1,258
Other expenses		(59)	(279)
<b>Operating profit / (loss)</b>		148,081	(107,030)
Finance cost	26	(139,147)	(99,618)
<b>Profit / (loss) before taxation</b>		8,934	(206,648)
- Current		(27,845)	(21,732)
- Deferred		87,793	0
		59,948	(21,732)
<b>Profit / (loss) after taxation</b>		68,882	(228,380)
Earnings / (loss) per share-basic and diluted (Rs)		2.40	(7.96)

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2018

	Three month period ended	
	December 31, 2018	December 31, 2017
----- Rupees in thousand -----		
Profit / (loss) after taxation	68,882	(228,380)
Other comprehensive income / (loss)	0	0
<b>Total comprehensive income / (loss) for the period</b>	<b>68,882</b>	<b>(228,380)</b>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2018

	Three month period ended	
	December 31, 2018	December 31, 2017
(Rupees in thousand)		
<b>Cash flow from operating activities</b>		
Profit / (loss) before taxation	8,934	(206,648)
Adjustments for non-cash items:		
Depreciation	196,887	166,039
(Gain) / loss on sale of operating fixed assets	(1,651)	19
Finance cost	126,894	98,710
Provision for gratuity	650	0
	331,714	58,120
<b>Changes in working capital</b>		
Increase in stores and spares	(161,051)	(101,146)
Decrease / (increase) in stock-in-trade	394,945	(325,780)
Decrease / (increase) in trade debts	43,288	(48,262)
Increase in loans and advances	(403,587)	(187,985)
Increase in trade deposits, prepayments and other receivables	120,440	16,836
Increase in sales tax refundable	0	(225,305)
Increase in trade and other payables	1,046,824	1,379,298
	1,040,859	507,656
	1,372,573	565,776
Income taxes paid	(17,988)	(58,650)
<b>Net cash generated from operating activities</b>	1,354,585	507,126
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(157,015)	(63,129)
Sale proceeds of operating fixed assets	3,526	33
Increase in Long term security deposits	(1,201)	0
<b>Net cash used in investing activities</b>	(154,690)	(63,096)
<b>Cash flow from financing activities</b>		
Long term finances	115,349	(166,222)
Loan received from related party	(17,141)	0
Obligations under finance leases	(8,699)	723
Dividends paid	(167)	(62)
Finance cost paid	(163,706)	(131,416)
<b>Net cash used in financing activities</b>	(74,364)	(296,977)
<b>Net increase in cash and cash equivalents</b>	1,125,531	147,053
<b>Cash and cash equivalents - at beginning of the period</b>	(3,518,217)	(2,368,704)
<b>Cash and cash equivalents - at end of the period</b>	<b>(2,392,686)</b>	<b>(2,221,651)</b>
<b>Cash and cash equivalents comprised of:</b>		
Bank balances	161,314	46,314
Short term running finance	(2,554,000)	(2,267,965)
	17	17
	<b>(2,392,686)</b>	<b>(2,221,651)</b>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2018**

	Share capital	General reserve	Unappropriated profits	Total	Surplus on revaluation of property, plant and equipment	Total
----- Rupees in thousand -----						
Balance as at September 30, 2017	286,920	327,000	846,585	1,460,505	2,604,674	4,065,179
Total comprehensive loss for the three month period ended December 31, 2017	0	0	(228,380)	(228,380)	0	(228,380)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the three month - net of deferred taxation	0	0	42,181	42,181	(42,181)	0
Balance as at December 31, 2017	<u>286,920</u>	<u>327,000</u>	<u>660,386</u>	<u>1,274,306</u>	<u>2,562,493</u>	<u>3,836,799</u>
Balance as at September 30, 2018	286,920	327,000	1,172,533	1,786,453	4,019,029	5,805,482
Total comprehensive income for the three month period ended December 31, 2018	0	0	68,882	68,882	0	68,882
Income for the period	0	0	68,882	68,882	0	68,882
Other comprehensive income / (loss) for the period	0	0	0	0	0	0
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the three months - net of deferred taxation	0	0	72,436	72,436	(72,436)	0
Balance as at December 31, 2018	<u>286,920</u>	<u>327,000</u>	<u>1,313,851</u>	<u>1,927,771</u>	<u>3,946,593</u>	<u>5,874,364</u>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CHASHMA SUGAR MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED DECEMBER 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 (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 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 three month period ended December 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:

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

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

The disclosures in this condensed interim financial statements 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.

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.

	Note	Un-audited December 31, 2018 (Rupees in thousand)	Audited September 30, 2018
<b>5. Property, plant and equipment</b>			
Operating fixed assets	5.1	8,862,591	9,058,808
Capital work-in-progress	5.2	627,510	472,983
		<u>9,490,101</u>	<u>9,531,791</u>
<b>5.1 Operating fixed assets - at net book value</b>			
Net book value at the beginning of the period / year		9,058,808	7,567,595
Add: Revaluation surplus during the period / year		0	2,079,452
Add: Additions during the period / year	5.1.1	2,544	85,448
Less: Disposals during the period / year		(1,874)	(5,709)
Depreciation charged for the period / year		(196,887)	(667,978)
		(198,761)	(673,687)
Net book value at the end of the period / year		<u>8,862,591</u>	<u>9,058,808</u>
<b>5.1.1 Additions during the period / year</b>			
Freehold land		0	35,185
Building and roads		0	3,650
Electric Installations		0	100
Office equipment		537	5,498
Furniture and Fixtures		1,055	5,363
Owned vehicles		897	3,908
Leased vehicles		55	31,744
		<u>2,544</u>	<u>85,448</u>
<b>5.2 Capital work-in-progress</b>			
At the beginning of the period / year		472,983	221,137
Add: Additions during the period / year	5.2.1	154,527	322,135
Less: Capitalized / adjusted during the period / year		0	(70,289)
Balance at the end of the period / year		<u>627,510</u>	<u>472,983</u>

	Note	Un-audited December 31, 2018 (Rupees in thousand)	Audited September 30, 2018
<b>5.2.1 Additions during the period / year</b>			
Buildings on freehold land		37,391	59,470
Plant and machinery		96,632	178,516
Electric installations		17,670	25,525
Leased vehicles		714	24,666
Advances to contractors		2,120	33,958
		<u>154,527</u>	<u>322,135</u>
<b>6.</b>	It represents investment in Whole Foods (Private) Limited, a Subsidiary Company.		
<b>7. Stock-in-trade</b>			
Finished goods			
- sugar		1,450,160	1,653,935
- molasses		183,890	391,264
- ethanol		141,205	189,656
		<u>1,775,255</u>	<u>2,234,855</u>
Work-in-process		72,438	7,783
		<u>1,847,693</u>	<u>2,242,638</u>
<b>7.1</b>	Stocks include items costing Rs. 1,616,950 thousand (2018: Rs. Nil) stated at their net realizable values aggregating Rs. 1,450,159 thousand (2018: Rs Nil). The amount charged to the profit or loss account in respect of stocks written down to their net realisable values is Rs. 166,791 thousand (2018: Rs. Nil).		
<b>8. Trade debts</b>			
Considered good		175,838	219,126
Considered doubtful		1,528	1,528
		<u>177,366</u>	<u>220,654</u>
Provision for doubtful debts		(1,528)	(1,528)
		<u>175,838</u>	<u>219,126</u>
<b>9. Loans and advances</b>			
Advances to:			
Employees		5,226	6,050
Suppliers and contractors		639,325	241,941
		644,551	247,991
Due from associated companies	9.1	96,726	107,854
Letters of credit		22,891	4,736
		<u>764,168</u>	<u>360,581</u>
Less: provision for doubtful advances		(28,838)	(28,838)
		<u>735,330</u>	<u>331,743</u>
<b>9.1</b>	This represents amounts due from the associated companies:		
Due from holding company:			
The Premier Sugar Mills and Distillery Company Limited		44,673	72,270
Due from subsidiary company:			
Whole Foods (Private) Limited		52,053	35,584
		<u>96,726</u>	<u>107,854</u>

10. Trade deposits, prepayments and other receivables	Note	Un-audited	Audited
		December 31, 2018	September 30, 2018
		(Rupees in thousand)	
Deposits		5,500	5,500
Prepayments		13,826	6,966
Export subsidy receivable		339,893	339,893
Insurance claim receivable		933	142
Sales tax		302,712	430,803
Others		28,724	28,724
		691,588	812,028

#### 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		
Azlake 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

Bank Alfalah Limited	25,000	25,000
Bank Al-Habib Limited	383,757	331,315
Faysal Bank Limited	0	83,328
Soneri Bank Limited	236,199	256,320
The Bank of Punjab	165,555	193,019
Dubai Islamic Bank Pakistan Limited	779,945	877,438
MCB Bank Limited	291,313	0
Total	1,881,769	1,766,420
Accrued mark-up	34,823	48,606
	1,916,592	1,815,026
Less: amount payable within next 12 months		
Principal	(613,592)	(588,592)
Accrued mark-up	(34,823)	(48,606)
Amount due after December 31, 2019	12.2 1,268,177	1,177,828

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 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	Note	Un-audited	Audited
		December 31, 2018	September 30, 2018
		(Rupees in thousand)	
Holding company			
The Premier Sugar Mills & Distillery Co. Ltd	13.1	252,359	279,500
Associated companies			
Premier Board Mills Ltd	13.2	65,575	65,575
Arpak International Investments Ltd	13.3	43,750	43,750
Azlake Enterprises (Private) Limited	13.4	80,000	70,000
Accrued mark-up		2,454	6,320
		444,138	465,145
Less: amount payable within next 12 months			
Principal		(15,618)	0
Accrued mark-up		(2,454)	(6,320)
Amount due after December 31, 2019		426,066	458,825

13.1 The Company has outstanding long term finance facility of Rs 252.359 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 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 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.

13.4 The Company has outstanding long term finance facility of Rs 80 million to an 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.

#### 14. Liabilities against assets subject to finance lease

Present value of finance lease payments	50,142	58,786
Less: Current portion shown under current liabilities	(24,181)	(24,684)
	25,961	34,102
Minimum lease payments		
<b>Due within one year</b>		
Minimum lease payments	28,097	28,759
Less: Financial charges not yet due	(3,916)	(4,075)
Present value of minimum lease payments	24,181	24,684
<b>Due after one year but not later than five years</b>		
Minimum lease payments	28,937	37,577
Less: Financial charges not yet due	(2,976)	(3,475)
Present value of minimum lease payments	25,961	34,102
	50,142	58,786



15. Deferred liabilities	Note	Un-Audited December 31, 2018 (Rupees in thousand)	Audited September 30, 2018
Deferred taxation		1,059,377	1,147,169
Provision for gratuity		8,275	7,625
		<u>1,067,652</u>	<u>1,154,794</u>
<b>16. Trade and other payables</b>			
Creditors		1,331,648	205,904
Due to Associated Companies	16.1	97,041	22,336
Accrued expenses		84,721	90,931
Retention money		17,452	15,962
Security deposits - interest free repayable on demand		974	774
Advances from customers		147,531	297,803
Income tax deducted at source		24,652	17,761
Payable to workers welfare institutions		16,570	16,570
Payable to employees		23,611	22,543
Payable to provident fund		2,467	2,201
Others		12,455	19,513
		<u>1,759,122</u>	<u>712,298</u>
16.1 This represents amounts due to the following Associated Companies:			
The Frontier Sugar Mills & Distillery Limited		81	81
Syntronics Limited		4,685	4,685
Syntron Limited		74,413	0
Aztlak Enterprises (Private) Limited		17,862	17,570
		<u>97,041</u>	<u>22,336</u>
<b>17. Short term running finance</b>			
Secured	17.1	2,554,000	3,706,999
Accrued mark-up		70,042	89,205
		<u>2,624,042</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.			
<b>18. Current maturity of non-current liabilities</b>			
Long term finances - secured	12.	648,415	637,198
Loans from related parties - secured	13.	18,072	6,320
Liabilities against assets subject to finance lease	14.	24,181	24,684
		<u>690,668</u>	<u>668,202</u>
<b>19. Contingencies and commitments</b>			
19.1 Contingencies			
19.1.1 There has been no significant change in the status of contingencies as disclosed in note 26 to the audited financial statements of the Company for the year ended September 30, 2018.			

19.2 Commitments	Un-Audited December 31, 2018 (Rupees in thousand)	Audited September 30, 2018
The Company has following commitments in respect of:		
- foreign letters of credit for purchase of plant and machinery	128,093	68,041
- capital expenditure other than for letters of credit	24,772	30,240
	<u>152,865</u>	<u>98,281</u>
<b>20. Gross sales</b>	Three month period ended	
Local	1,699,261	861,333
Export	831,717	666,990
	<u>2,530,978</u>	<u>1,528,323</u>
<b>21. Sales tax, other government levies and commissions</b>		
Indirect taxes	189,487	110,168
Commissions	40,893	1,108
	<u>230,380</u>	<u>111,276</u>
<b>22. Cost of sales</b>		
Raw material consumed	1,198,020	1,354,053
Chemicals and stores consumed	36,062	30,203
Salaries, wages and benefits	98,695	90,927
Power and fuel	14,750	9,409
Repair and maintenance	81,826	66,699
Insurance	9,811	7,671
Depreciation	190,374	159,901
	<u>1,629,538</u>	<u>1,718,863</u>
Adjustment of work-in-process:		
Opening	7,783	7,948
Closing	(72,438)	(78,640)
	<u>(64,655)</u>	<u>(70,692)</u>
Cost of goods manufactured	1,564,883	1,648,171
Adjustment of finished goods:		
Opening stock	2,234,855	1,345,586
Closing stock	(1,775,255)	(1,600,674)
	<u>459,600</u>	<u>(255,088)</u>
	<u>2,024,483</u>	<u>1,393,083</u>
<b>23. Selling and distribution expenses</b>		
Salaries, wages and benefits	2,547	2,099
Loading and stacking	2,266	1,643
Export development surcharge	1,689	1,401
Freight and other expenses on export	49,738	40,117
	<u>56,240</u>	<u>45,260</u>

24. Administrative and general expenses	Three month period ended	
	December 31, 2018	December 31, 2017
	(Rupees in thousand)	
Salaries, wages and benefits	63,185	59,043
Travelling and conveyance	6,005	7,234
Vehicles running and maintenance	3,218	2,167
Rent, rates and taxes	5,569	760
Communication	2,319	1,651
Printing and stationery	2,259	3,284
Insurance	2,359	409
Repair and maintenance	5,361	3,789
Fees and subscription	781	832
Depreciation	6,513	6,138
Legal and professional charges	985	1,188
Others	6,490	218
	<u>105,044</u>	<u>86,713</u>
<b>25. Other income</b>		
Income from financial assets		
Return on bank deposits	428	349
Exchange gain (net)	17,305	0
	<u>17,733</u>	<u>349</u>
Income from other than financial assets		
Sale of press mud - net of sales tax	504	564
Sale of scrape - net of sales tax	12,804	0
Sale of fusel oil - net of sales tax	441	238
Gain on disposal of operating fixed assets	1,651	0
Export subsidy	0	0
Seed sales expenses	176	107
Insurance claim	0	0
	<u>15,576</u>	<u>909</u>
	<u>33,309</u>	<u>1,258</u>
<b>26. Finance cost</b>		
Mark-up on:		
Long term finances	45,010	43,212
Loans from related parties	11,715	7,367
Short term borrowings	68,847	46,913
	<u>125,572</u>	<u>97,492</u>
Lease finance charges	1,322	1,218
Interest on workers' profit participation	0	0
Bank charges	12,253	908
	<u>139,147</u>	<u>99,618</u>

## 27. Segment operating results for the three month period ended December 31, 2018 (Un-audited)

	Sugar Division		Ethanol Division		Total	
	Three month period ended December 31, 2018	Three month period ended December 31, 2017	Three month period ended December 31, 2018	Three month period ended December 31, 2017	Three month period ended December 31, 2018	Three month period ended December 31, 2017
	Rupees in thousand					
<b>Sales</b>						
-Local	1,693,242	755,757	173,988	105,576	1,867,230	861,333
-Export	0	11,563	663,748	655,427	663,748	666,990
-By product	167,969	111,127		0	167,969	111,127
	<u>1,861,211</u>	<u>878,447</u>	<u>837,736</u>	<u>761,003</u>	<u>2,698,947</u>	<u>1,639,450</u>
Less : sales tax and commissions	(165,279)	(95,936)	(65,101)	(15,340)	(230,380)	(111,276)
Sales - net	1,695,932	782,511	772,635	745,663	2,468,567	1,528,174
Less :Intersegment sales	(167,969)	(111,127)	0	0	(167,969)	(111,127)
	<u>1,527,963</u>	<u>671,384</u>	<u>772,635</u>	<u>745,663</u>	<u>2,300,598</u>	<u>1,417,047</u>
<b>Segment expenses:</b>						
Cost of sales						
Cost of Sales	(1,809,653)	(911,101)	(382,799)	(593,109)	(2,192,452)	(1,504,210)
less: Intersegment cost	0	0	167,969	111,127	167,969	111,127
	<u>(1,809,653)</u>	<u>(911,101)</u>	<u>(214,830)</u>	<u>(481,982)</u>	<u>(2,024,483)</u>	<u>(1,393,083)</u>
Gross (loss) / profit	(281,690)	(239,717)	557,805	263,681	276,115	23,964
Selling and distribution expenses	(16,848)	(5,704)	(39,392)	(39,556)	(56,240)	(45,260)
Administrative and general expenses	(93,135)	(75,752)	(11,909)	(10,961)	(105,044)	(86,713)
	<u>(109,983)</u>	<u>(81,456)</u>	<u>(51,301)</u>	<u>(50,517)</u>	<u>(161,284)</u>	<u>(131,973)</u>
(Loss) / profit from operations	(391,673)	(321,173)	506,504	213,164	114,831	(108,009)
Other income	15,563	1,001	17,746	257	33,309	1,258
Other expenses	(59)	(279)	0	0	(59)	(279)
	<u>15,504</u>	<u>722</u>	<u>17,746</u>	<u>257</u>	<u>33,250</u>	<u>979</u>
Segment results	<u>(376,169)</u>	<u>(320,451)</u>	<u>524,250</u>	<u>213,421</u>	<u>148,081</u>	<u>(107,030)</u>
Finance cost					(139,147)	(99,618)
Profit / (loss) before tax					8,934	(206,648)
Taxation					59,948	(21,732)
Profit / (loss) for the period					<u>68,882</u>	<u>(228,380)</u>

## 27.1 Segment assets and liabilities

	Un-audited		Audited	
	December 31, 2018		September 30, 2018	
	(Rupees in thousand)			
	Assets	Liabilities	Assets	Liabilities
Sugar	6,704,832	2,868,615	7,996,305	3,088,678
Ethanol	7,039,043	3,437,534	5,819,420	3,265,854
Total for reportable segment	13,743,875	6,306,149	13,815,725	6,354,532
Others	0	1,563,362		1,655,711
Entity's total assets / liabilities	<u>13,743,875</u>	<u>7,869,511</u>	<u>13,815,725</u>	<u>8,010,243</u>

28.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2018: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Premier Sugar Mills & Distillery Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 29.

**28. Transactions with related parties**

28.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2018: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Premier Sugar Mills & Distillery Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 29 of financial statements.

	Three month period ended (Rupees in thousand)	
	December 31, 2018	December 31, 2017
<b>The Premier Sugar Mills and Distillery Company Limited</b>		
Purchase of molasses	18,673	0
Sale of store items	490	0
Sale of bagasse	1,209	0
Mark-up charged	7,505	5,296
Expenses paid on behalf of the Company	60	3,778
Expenses paid by the Company	0	9
Rent received	29	0
Rent paid	4,950	0
<b>Syntron Limited</b>		
Purchase of store items	74,413	69,662
<b>Azlake Enterprises (Private) Limited</b>		
Service	6,292	0
Mark-up charged	1,175	0
<b>The Frontier Sugar Mills &amp; Distillery Limited</b>		
Expenses paid by the Company	0	17
<b>Provident fund</b>		
Contribution to provident fund	3,450	2,831

28.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

Sr No	Company Name	Basis of Association	Aggregate % of Shareholding
1	The Premier Sugar Mills and Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Associated Company	0.00%
3	Azlake Enterprises (Private) Limited	Associated Company	5.10%
4	Arpak International Investments Limited	Associated Company	0.00%
5	Phipson & Company Pakistan (Private) Limited	Associated Company	1.07%
6	Syntronics Limited	Associated Company	12.51%
7	The Frontier Sugar Mills & Distillery Limited	Associated Company	0.00%
8	Syntron Limited	Associated Company	0.00%
9	Whole Foods (Private) Limited	Subsidiary Company	100.00%

**29. Remuneration of Chief Executive, Directors and Executives**

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	Three month period ended December 31, 2018	December 31, 2017	Three month period ended December 31, 2018	December 31, 2017	Three month period ended December 31, 2018	December 31, 2017 *
	(Rupees in thousand)					
Managerial remuneration	300	300	0	0	5,244	3,743
Housing and utilities	0	0	0	0	3,496	2,495
Company's contribution to provident	0	0	0	0	304	236
Medical	224	0	288	74	35	141
	<u>524</u>	<u>300</u>	<u>288</u>	<u>74</u>	<u>9,079</u>	<u>6,615</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>13</u>	<u>9</u>

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

29.1 In addition to above, the Chief Executive and Executives were provided with the Company maintained cars for official and personal use. All the Executives based at factory compounds are also provided with free housing with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound.

**30. General**

30.1 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.

30.2 Figures in this condensed interim financial information have been rounded-off to the nearest thousand Rupees.

**31. 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 March 13, 2019.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER