



CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD
ENDED JUNE 30, 2017
(UN-AUDITED)**

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 Audit

Syed Naveed Ali

Auditors/Tax Consultants

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	National Bank of Pakistan
The Bank of Khyber	United Bank Limited
MCB Bank Limited	Habib Bank Limited
The Bank of Punjab	Faysal Bank Limited
Allied Bank Limited	Bank Al-Falah 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 nine months that ended on June 30, 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 2016-17 commenced on November 30, 2016 and continued till April 10, 2017. The mills have crushed 2,224,494 tons (2016: 1,689,633 tons) of sugarcane and have produced 203,686.50 tons (2016: 155,443 tons) of sugar at an average recovery of 9.16% (2016: 9.20%). The Khyber Pukhtoon Khawa Ministry of Food refused to issue export permission letter to KPK mills, denying our right to export and earn profitability at par with other provinces. However, the Company sold major share of its stocks locally and earned profits.

SUGAR PRICES

The country achieved the highest ever sugar production of around 7.0 million tons, this coupled with carry over stock created a surplus of 2.5 million tons over and above the domestic consumption. Despite this, the Ministry of Commerce opposed to allow the export of surplus sugar of 2.0 million tons without subsidy during high international prices from December 2016 to March 2017 to earn US\$ 1.12 Billion. As a result, the surplus stock pressurized the domestic market and at present, the sugar prices are lower than the cost of sugarcane.

ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 21,717.43 MT of Ethanol during the period from October 01, 2016 to July 24, 2017.

FINANCIAL PERFORMANCE

The Company has earned a profit of Rs. 185.637 million (2016: 211.108 million) during the past nine months any further increase in profits depends on the GOP decision to allow the export of surplus sugar.

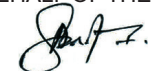
ACCOUNTING POLICIES

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

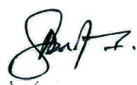
Mardan:
July 28, 2017

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2017

		Unaudited June 30, 2017 (Rupees in thousand)	Audited Sep. 30, 2016
ASSETS			
Non-current Assets			
Property, plant and equipment	4	7,791,048	8,169,406
Intangible assets		108	433
Security deposits		13,586	4,163
		7,804,742	8,174,002
Current Assets			
Stores and spares		260,578	295,498
Stock-in-trade		3,568,953	571,183
Trade debts	5	114,553	143,410
Loans and advances		401,556	280,408
Prepayments and other receivables	6	258,484	259,676
Tax refunds due from the Government		536,596	310,633
Bank balances		60,406	37,511
		5,201,126	1,898,319
TOTAL ASSETS		13,005,868	10,072,321
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital		286,920	286,920
General reserve		327,000	327,000
Unappropriated profit		887,825	696,075
Shareholders' Equity		1,501,745	1,309,995
Surplus on revaluation of property, plant and equipment		2,651,542	2,765,364
Non-current Liabilities			
Long term finances	7	1,735,904	2,237,608
Loans from related parties		388,825	312,143
Liabilities against assets subject to finance lease		42,131	31,600
Deferred taxation		743,193	789,159
		2,910,053	3,370,510
Current Liabilities			
Trade and other payables	8	1,126,916	809,603
Accrued mark-up		128,027	108,820
Short term borrowings		3,997,986	1,037,045
Current maturity of non-current liabilities	9	632,793	670,984
Taxation		56,806	0
		5,942,528	2,626,452
Total Liabilities		8,852,581	5,996,962
TOTAL EQUITY AND LIABILITIES		13,005,868	10,072,321
Contingencies and Commitments			
	10		

The annexed notes 1-13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED JUNE 30, 2017

	Quarter Ended		Nine Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
----- Rupees in thousand -----				
Sales				
-Local	4,098,364	4,766,926	8,608,080	10,471,989
-Export	512,023	442,528	967,004	1,003,174
	4,610,387	5,209,454	9,575,084	11,475,163
Less : Sales tax	425,495	356,749	883,502	791,337
Sales-net	4,184,892	4,852,705	8,691,582	10,683,826
Cost of sales	3,776,572	4,468,637	7,716,011	9,636,696
Gross profit	408,320	384,068	975,571	1,047,130
Distribution cost	47,505	62,352	140,672	192,209
Administrative expenses	84,746	90,407	242,443	216,720
Other income	1,061	(580)	(10,000)	(9,773)
Other expenses	5,535	5,423	20,485	12,574
	138,847	157,602	393,600	411,730
Profit from operations	269,473	226,466	581,971	635,400
Finance cost	157,031	125,639	376,242	400,341
Profit before taxation	112,442	100,827	205,729	235,059
Taxation				
-Current	44,652	44,768	44,652	49,948
-Deferred	(14,936)	(17,403)	(19,184)	(25,997)
	29,716	27,365	25,468	23,951
Profit after taxation	82,726	73,462	180,261	211,108
Other comprehensive income	0	0	0	0
Total comprehensive income	82,726	73,462	180,261	211,108
----- Rupees -----				
Earnings per share	2.88	2.56	6.28	7.36

The annexed notes 1-13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

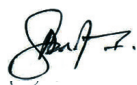
CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017

	JUNE 30, 2017	JUNE 30, 2016
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in thousand)	
Profit for the period - before taxation	205,729	235,059
Adjustments for non-cash charges and other items:		
Depreciation	547,396	375,588
Gain on disposal of vehicles - net	(784)	(1,054)
Amortisation of intangible assets	325	412
Finance cost	376,242	400,341
Profit before working capital changes	1,128,908	1,010,346
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets:		
Stores and spares	34,920	(16,427)
Stock-in-trade	(2,997,770)	1,283,330
Trade debts	28,857	(463,894)
Loans and advances	(121,148)	(57,801)
Prepayments and other receivables	1,192	23,101
Sales tax refundable - net	(214,983)	(104,965)
Increase in trade and other payables	314,382	552,499
	(2,954,550)	1,215,843
Cash (used in) / generated from operations	(1,825,642)	2,226,189
Income tax paid	1,174	(33,408)
Security deposits paid	(9,423)	(5)
Net cash (used in) / generated from operating activities	(1,833,891)	2,192,776
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment acquired	(173,259)	(334,379)
Sale proceeds / insurance claim of disposal of vehicles	5,004	4,389
Net cash used in investing activities	(168,255)	(329,990)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - net	(418,547)	689,131
Loans from related parties	(48,175)	0
Lease finances - net	14,040	18,657
Short term borrowings - net	2,960,941	(2,056,876)
Dividend paid	(126,183)	(70,417)
Finance cost paid	(357,035)	(436,013)
Net cash generated from / (used in) financing activities	2,025,041	(1,855,518)
Net increase in cash and cash equivalents	22,895	7,268
Cash and cash equivalents - at beginning of the period	37,511	79,943
Cash and cash equivalents - at end of the period	60,406	87,211

The annexed notes 1-13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

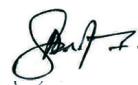
CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017

	Share capital	General reserve	(Accumulated loss) / Unappropriated profit	Total
----- Rupees in thousand -----				
Balance as at September 30, 2015	286,920	327,000	320,253	934,173
Total comprehensive income for the period				
Profit after taxation for the nine months ended June 30, 2016	0	0	211,108	211,108
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	110,945	110,945
Transaction with owners:				
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended September 30, 2015	0	0	(71,730)	(71,730)
Balance as at June 30, 2016	286,920	327,000	570,576	1,184,496
Balance as at September 30, 2016	286,920	327,000	696,075	1,309,995
Total comprehensive income for the period				
Profit after taxation for the nine months ended June 30, 2017	0	0	180,261	180,261
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	140,603	140,603
Transaction with owners:				
Cash dividend at the rate of Rs4.50 per ordinary share for the year ended September 30, 2016	0	0	(129,114)	(129,114)
Balance as at June 30, 2017	286,920	327,000	887,825	1,501,745

The annexed notes 1-13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

CHASHMA SUGAR MILLS LIMITED
SELECTED NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 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 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does 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, 2016.

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, 2016.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited Period ended June 30, 2017 (Rupees in thousand)	Audited Year ended September 30, 2016
Operating fixed assets - tangible	7,750,856	8,130,966
Capital work-in-progress	39,161	37,410
Stores held for capital expenditure	1,031	1,030
	<u>7,791,048</u>	<u>8,169,406</u>

4.1 Operating fixed assets - tangible

	Unaudited Period ended June 30, 2017 (Rupees in thousand)	Audited Year ended September 30, 2016
Opening book value	8,130,966	
Additions during the period:		
- building	21,583	
- freehold land	31,235	
- plant and machinery	50,822	
- electric installations	9,952	
- office equipment	15,370	
- furniture and fixtures	4,596	
- vehicles:		
owned	3,592	
leased	34,357	
	171,507	
Book value of vehicles disposed-off during the period	(4,221)	
Depreciation charge for the period	(547,396)	
Closing book value	<u>7,750,856</u>	

5. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.2.350 million (September 30, 2016 Rs. 19.450 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. 17.100 million to the Company.

6. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments	3,285	4,491
Sugar export subsidy receivable	255,184	254,935
Others	15	250
	<u>258,484</u>	<u>259,676</u>

		Unaudited Period ended June 30, 2017 (Rupees in thousand)	Audited Year ended September 30, 2016
7. LONG TERM FINANCES - Secured			
From banking companies	Note		
Bank Alfalah Ltd. - Term finance		100,000	150,000
Bank Al-Habib Limited: (BAH)			
- Fixed loan		67,923	79,243
- Long term finance [(LTFF) - SBP]		0	320,057
- Term finance		273,931	0
		341,854	399,300
Faysal Bank Ltd. - Term finance		249,982	416,637
Soneri Bank Limited: (SBL)			
- Term finance		98,797	112,911
- LTFF (ERF)		280,985	325,165
		379,782	438,076
The Bank of Khyber - Demand finance		0	13,779
The Bank of Punjab: (BoP)			
- Demand finance		55,483	73,978
- LTFF		244,734	298,612
		300,217	372,590
Syndicated Islamic finance facility		974,931	974,931
		2,346,766	2,765,313
Less: current maturity grouped under current liabilities		610,862	527,705
		1,735,904	2,237,608
8. TRADE AND OTHER PAYABLES			
Creditors		160,587	169,052
Due to related parties	8.1	8,156	24,160
Accrued expenses		110,092	63,148
Retention money		16,129	21,077
Security deposits - interest free repayable on demand		1,080	1,378
Advance payments from customers		797,620	489,411
Income tax deducted at source		1,147	2,182
Workers' (profit) participation fund	8.2	10,286	23,214
Zakat Payable on Dividend		187	0
Unclaimed dividends		7,285	4,541
Due to employees		14,347	11,440
		1,126,916	809,603

		Unaudited Period ended June 30, 2017 (Rupees in thousand)	Audited Year ended September 30, 2016
8.1 This represents amounts due to the following Associated Companies:			
- Azlak Enterprises (Pvt.) Ltd.	Note	208,7156	401,608
- Syntron Ltd.		0	8,200
- Syntronics Ltd.		0	2,349
- Phipson & Co Pakistan (Pvt.) Ltd.		0	3
		8,156	24,160
8.2 Workers' (profit) participation fund			
Opening balance		23,214	10,490
Add: interest on funds utilised in the Company's business		0	1,967
		23,214	12,457
Add: allocation for the year		10,286	10,757
Less: payments made during the year		23,214	
Closing balance		10,286	23,214
9. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	7	610,862	527,705
Loans from related parties		0	124,857
Liabilities against assets subject to finance lease		21,931	18,422
		632,793	670,984
10. CONTINGENCIES AND COMMITMENTS			
10.1 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, 2016.			
10.2 Refer contents of taxation notes.			
11. TAXATION			
11.1 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, 2016.			
11.2 Provision for current taxation mainly represents minimum tax under section 113 and tax on export proceeds under section 154 of the Income Tax Ordinance, 2001. The required provision for the current period has been partially adjusted against current and preceding years' tax credits for investment in plant & machinery available under section 65B of the Ordinance.			
12. DATE OF AUTHORISATION FOR ISSUE			
This condensed interim financial information was authorised for issue on July 28, 2017 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