



CHASHMA SUGAR MILLS LIMITED

**QUARTERLY ACCOUNTS
(UN-AUDITED)
AS ON DECEMBER 31, 2010**

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN/CHIEF EXECUTIVE Khan Aziz Sarfaraz Khan

DIRECTORS

Begum Laila Sarfaraz
Mr. Abbas Sarfaraz Khan
Ms. Zarmine Sarfaraz
Ms. Najda Sarfaraz
Mr. Iskander M. Khan
Mr. Baber Ali Khan
Mr. Abdul Qadar Khattak

BOARD AUDIT COMMITTEE

Ms. Najda Sarfaraz
Mr. Iskander M. Khan
Mr. Baber Ali Khan

COMPANY SECRETARY

Mr. Mujahid Bashir

CHIEF FINANCIAL OFFICER

Mr. Rizwan Ullah Khan

AUDITORS

Messrs Hameed Chaudhri & Co.
Chartered Accountants

COST AUDITORS

Messrs Munawar Associates
Chartered Accountants

TAX CONSULTANTS

Messrs Hameed Chaudhri & Co.
Chartered Accountants

LEGAL ADVISORS

Mr. Tariq Mahmood Khokhar
Barrister -at-Law, Advocate

BANKERS

National Bank of Pakistan
Habib Bank Limited
MCB Bank Limited
The Bank of Khyber
Bank Al-Falah Limited
Bank AL-Habib Limited
Silk Bank Limited

REGISTERED OFFICE

Nowshera Road, Mardan

HEAD OFFICE

King's Arcade, 20-A, Markaz F-7,
Islamabad
Phone : 051-2650805-7
Fax : 051-2651285-6

FACTORY

Dera Ismail Khan
Phone : 0966-750090, 750091
Fax : 0966-750092

CHASHMA SUGAR MILLS LIMITED

DIRECTORS' REVIEW REPORT

The Directors are pleased to present the 1st quarterly financial statements for the period ended 31 December, 2010 to the shareholders of the Company in compliance with the Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Stock Exchanges in Pakistan.

OPERATIONAL PERFORMANCE

The sugarcane crushing season commenced on 26 November, 2010, both mills have crushed 197,140 tons up to December 31, 2010 (December 31, 2009: 241,688 tons) of sugarcane and have produced 14,625 tons (December 31, 2009 17,324 tons) of sugar at an average recovery of 8.00 % (December 31, 2009 7.66 %). We started sugarcane procurement campaign with the support price of Rs.125/40kg; as the Growers were expecting higher prices, they delayed the harvesting. Because of this, the factory operated intermittently till 7th December 2010. Meanwhile the middlemen installed illegal weighbridges and started sugarcane purchase for onward sale at higher rates to the surrounding factories. These factors forced us to increase the sugarcane price over and above the support price, as sugarcane constitutes 80% of cost; this has increased the cost of sugar production massively. This coupled with a severe competition between the sugar mills for the sugarcane procurement is going to further increase the cost of sugar production. Furthermore, Provincial Government's lack of interest to implement the notified support price of sugarcane has encouraged the middlemen to purchase standing crops from the farmers across the country. We are regularly informing the Government to control the above being the major cause of increase in the sugar production cost, silence of the government would ultimately increase sugar prices for our poor masses.

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.

ACKNOWLEDGEMENT

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

Mardan
27 January, 2011

CHASHMA SUGAR MILLS LIMITED

BALANCE SHEET AS AT 31 DECEMBER, 2010 (UN-AUDITED)

	Un-audited 31 Dec, 2010	Audited 30 September, 2010
Assets	Note	(Rupees in thousand)
Non-current assets		
Property, plant and equipment	2,287,013	2,335,101
Intangible assets	281	253
Deposits	3,684	3,684
	<u>2,290,978</u>	<u>2,339,038</u>
Current assets		
Stores and spares	174,695	144,615
Stock-in-trade	455,688	256,658
Trade debts - unsecured - considered good	248,648	79,534
Loans and advances	59,916	55,463
Deposits, prepayments and other receivables	1,219	1,854
Investments	279,022	26,608
Income tax refundable	9,770	9,770
Advance income tax and tax deducted at source	27,748	15,761
Bank balances	48,447	45,797
	<u>1,305,153</u>	<u>636,060</u>
	<u>3,596,131</u>	<u>2,975,098</u>
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
Accumulated loss	(155,420)	(190,348)
Shareholders' equity	<u>458,500</u>	<u>423,572</u>
Surplus on revaluation of property, plant & equipment	744,283	760,723
Non-current liabilities		
Long term finances	489,997	556,664
Loans from related parties	502,500	502,500
	<u>992,497</u>	<u>1,059,164</u>
Current liabilities		
Current portion of long term finances	233,334	233,334
Short term finances	177,126	0
Trade and other payables	825,626	317,017
Accrued mark-up and interest	72,492	90,793
Sales tax and excise duty payable	18,476	26,831
Taxation	73,797	63,664
	<u>1,400,851</u>	<u>731,639</u>
Contingencies and commitments	<u>3,596,131</u>	<u>2,975,098</u>

The annexed notes form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE IST QUARTER ENDED 31 DECEMBER, 2010 (UN-AUDITED)

	Oct. - Dec. 2010	Oct. - Dec. 2009
	Rupees in thousand	
Sales - net	1,013,293	1,062,773
Cost of sales	920,847	707,712
Gross Profit	<u>92,446</u>	<u>355,061</u>
Administrative expenses	21,872	18,992
Distribution cost	1,855	1,481
Other operating expenses	27	41
	<u>23,754</u>	<u>20,514</u>
	<u>68,692</u>	<u>334,547</u>
Other operating income	7,185	1,694
	<u>75,877</u>	<u>336,241</u>
Finance cost	47,256	68,619
Profit before taxation	<u>28,621</u>	<u>267,622</u>
Taxation:		
- current	10,133	5,314
Profit after taxation	<u>18,488</u>	<u>262,308</u>
OTHER COMPREHENSIVE INCOME	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>18,488</u>	<u>262,308</u>
	Rupees	
Earnings per share	<u>0.64</u>	<u>9.14</u>

The annexed notes form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

CASH FLOW STATEMENT

FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2010 (UN-AUDITED)

	31 Dec, 2010	31 Dec, 2009
Cash flow from operating activities		
Profit for the period - before taxation	28,621	267,622
Adjustments for non-cash charges and other items:		
Depreciation	54,688	58,028
Amortisation on intangible assets	72	23
Profit on bank deposits - net	6,591	(1,694)
Gain on sale of Vehicles	0	(717)
Finance cost	47,037	68,619
Cash inflow from operating activities	137,009	391,881
- before working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(30,080)	(23,941)
Stock-in-trade	(199,030)	(200,439)
Trade debts	(169,114)	20,755
Loans and advances	(4,453)	(12,840)
Deposits, prepayments and other receivables	635	23,948
Investments	(252,414)	0
Increase / (decrease) in current liabilities:		
Trade and other payables	508,609	316,704
Sales tax and excise duty payable	(8,355)	(7,302)
	(154,202)	116,885
Cash (Outflow) / Inflow from operating activities - before taxation	(17,193)	508,766
Taxes paid	(11,987)	(1,286)
Net Cash (Outflow) / Inflow from operating activities - after taxation	(29,180)	507,480
Cash flow from investing activities		
Property, plant and equipment acquired	(6,600)	(1,178)
Sale proceeds of vehicles	0	1,454
Intangible Assets acquired	(100)	0
Profit on bank deposits	(6,591)	1,694
Net cash (outflow) / inflow from investing activities	(13,291)	1,970
Cash flow from financing activities		
Long term finances	(66,667)	(51,667)
Short term finances - net	177,126	(317,150)
Finance cost paid	(65,338)	(120,664)
Net cash inflow / (outflow) from financing activities	45,121	(489,481)
Net increase in cash and cash equivalents	2,650	19,969
Cash and cash equivalents - at the beginning of the period	45,797	20,971
Cash and cash equivalents - at the end of the period	48,447	40,940

The annexed notes form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2010 (UN-AUDITED)

	Share capital	General reserve	Accumu- lated loss	Total
----- Rupees in thousand -----				
Balance as at 30 September, 2009	286,920	327,000	(547,208)	66,712
Profit for the year ended 30 September, 2010	0	0	283,794	283,794
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year	0	0	73,066	73,066
Balance as at 30 September, 2010	286,920	327,000	(190,348)	423,572
Profit for the period ended 31 December, 2010	0	0	18,488	18,488
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period	0	0	16,440	16,440
Balance as at 31 December, 2010	286,920	327,000	(155,420)	458,500

The annexed notes form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2010 (UN-AUDITED)

1. COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

These accounts are prepared in accordance with International Accounting Standard No.34 "Interim Financial Reporting" wherever applicable and are being presented to the shareholders in compliance with section 245 of the Companies Ordinance, 1984.

2. ACCOUNTING POLICIES

The accounting policies adopted are the same as applied in the preparation of the preceding annual published accounts of the Company.

3. TAXATION

The status of pending tax cases as stated in notes 14.1 to 14.7 published in annual financial statements for the year ended 30 September, 2010 has not changed yet.

4. DATE OF AUTHORISATION FOR ISSUE

This financial information was authorised for issue by the Board of Directors of the Company in its meeting held on 27 January, 2011.

5. GENERAL

- Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged nor re-classified.

CHIEF EXECUTIVE

DIRECTOR