



CHASHMA SUGAR MILLS LIMITED

**QUARTERLY ACCOUNTS
(UN-AUDITED)
AS ON DECEMBER 31, 2011**

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

SHARES REGISTRAR Messrs Hameed Majeed Associates, (PVT.) Limited,
H.M House 7-Bank Square, Lahore.

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
The Bank of Punjab
Faysal 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 (Khyber Pakhtoonkhawa)
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, 2011 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 29 November, 2011, both mills have crushed 709,293 tons up to 23rd January, 2012 of sugarcane and have produced 60,385 tons of sugar at an average recovery of 8.55%. The Provincial Government has increased the support price of sugarcane from 125/- to Rs.150/40kg. Because of bumper sugarcane crop there is rush of supply, due to this, the sugarcane is getting stale and this is hampering the increase in sugar recovery. The sugar prices are not competitive because of delay by the GOP decision for the export of surplus sugar. The Company suffered losses due to high cost of sugarcane, low recovery and depressed price of sugar.

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, 2012

CHASHMA SUGAR MILLS LIMITED

BALANCE SHEET AS AT 31 DECEMBER, 2011 (UN-AUDITED)

	Un-audited 31 Dec, 2011	Audited 30 Sept., 2011	
Assets	(Rupees in thousand)		Note
Non-current assets			
Property, plant and equipment	3,028,462	3,099,093	
Intangible assets	175	200	
Security Deposits	3,709	3,709	
	3,032,346	3,103,002	
Current assets			
Stores and spares	196,923	169,366	
Stock-in-trade	614,733	1,969,291	
Trade debts	623,020	38,732	
Loans and advances	92,404	75,210	
Prepayments and other receivables	329	1,924	
Investments	828,004	179,040	
Income tax refundable, advance tax and tax deducted at source	67,865	45,489	
Bank balances	263,113	65,127	
	2,686,391	2,544,179	
	5,718,737	5,647,181	
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	(169,212)	(35,687)	
Shareholders' equity	444,708	578,233	
Surplus on revaluation of property, plant & equipment	1,043,269	1,066,894	
Non-current liabilities			
Long term financing	490,000	340,000	
Loans from related parties	502,500	502,500	
Liabilities against assets subject to finance lease	7,249	6,207	
Deferred Taxation	476,102	508,825	
	1,475,851	1,357,532	
Current liabilities			
Trade and other payables	1,746,589	269,997	
Accrued mark-up	88,824	125,448	
Short term borrowings	502,883	1,905,100	
Current portion of non-current liabilities	202,141	248,366	
Sales tax and federal excise duty payable	134,877	16,017	
Taxation	79,595	79,594	3
	2,754,909	2,644,522	
Contingencies and commitments			
	5,718,737	5,647,181	

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE IST QUARTER ENDED 31 DECEMBER, 2011 (UN-AUDITED)

	Oct. - Dec. 2011	Oct. - Dec. 2010	
	(Rupees in thousand)		
Sales - net	2,794,469	1,013,293	
Cost of sales	2,864,271	920,847	
Gross (Loss) / Profit	(69,802)	92,446	
Administrative expenses	26,903	21,872	
Distribution cost	6,486	1,855	
Other operating expenses	26	27	
	33,415	23,754	
	(103,217)	68,692	
Other operating income	3,512	7,185	
	(99,705)	75,877	
Finance cost	90,168	47,256	
(Loss) / Profit before taxation	(189,873)	28,621	
Taxation:			
- current	0	10,133	
- deferred	(32,724)	0	
	(32,724)	10,133	
(Loss) / Profit after taxation	(157,149)	18,488	
OTHER COMPREHENSIVE INCOME	0	0	
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(157,149)	18,488	
	----- Rupees -----		
(Loss) / Earnings per share	(5.48)	0.64	

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

CASH FLOW STATEMENT

FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2011 (UN-AUDITED)

	31 Dec, 2011	31 Dec, 2010
Cash flow from operating activities	(Rupees in thousand)	
(Loss) / Profit for the period - before taxation	(189,873)	28,621
Adjustments for non-cash charges and other items:		
Depreciation	71,479	54,688
Amortisation on intangible assets	25	72
Profit on bank deposits - net	(476)	6,591
Gain on redemption of investments	(653)	0
Fair value gain on re-measurement of investments	(1,692)	0
Finance cost	89,203	47,037
(Loss) / profit before working capital changes	(31,987)	137,009
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(27,557)	(30,080)
Stock-in-trade	1,354,558	(199,030)
Trade debts	(584,288)	(169,114)
Loans and advances	(17,194)	(4,453)
Prepayments and other receivables	1,595	635
Investments	0	(252,414)
Increase / (decrease) in current liabilities:		
Trade and other payables	1,476,593	508,609
Sales tax and excise duty payable	118,860	(8,355)
	<u>2,322,567</u>	<u>(154,202)</u>
Cash generated from / (used in) operations	2,290,580	(17,193)
Taxes paid	(22,376)	(11,987)
Net Cash generated from / (used in) operations	2,268,204	(29,180)
Cash flow from investing activities		
Purchase of Property, plant and equipment	(848)	(6,600)
Purchase of Intangible Assets	0	(100)
Investments made	(646,620)	0
Profit on bank deposits received	476	(6,591)
Net cash used in investing activities	(646,992)	(13,291)
Cash flow from financing activities		
Long term finances - net	103,336	(66,667)
Lease finances - net	1,482	0
Short term borrowings - net	(1,402,217)	177,126
Finance cost paid	(125,827)	(65,338)
Net cash (used in) / generated from financing activities	(1,423,226)	45,121
Net increase in cash and cash equivalents	197,986	2,650
Cash and cash equivalents - at the beginning of the period	65,127	45,797
Cash and cash equivalents - at the end of the period	263,113	48,447

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2011 (UN-AUDITED)

	Share capital	General reserve	Accumulated loss	Total
	----- Rupees in thousand -----			
Balance as at 30 September, 2010	286,920	327,000	(190,348)	423,572
Total Comprehensive income for the year	0	0	140,610	140,610
Transaction with owners:				
Final cash dividend for the year ended 30 September, 2010 at the rate of Re. 1 per share			(28,692)	(28,692)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year	0	0	42,743	42,743
Balance as at 30 September, 2011	<u>286,920</u>	<u>327,000</u>	<u>(35,687)</u>	<u>578,233</u>
Total Comprehensive loss for the period	0	0	(157,149)	(157,149)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period	0	0	23,624	23,624
Balance as at 31 December, 2011	<u>286,920</u>	<u>327,000</u>	<u>(169,212)</u>	<u>444,708</u>

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, 2011 (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 financial statements of the Company.

3. TAXATION

Provision for minimum tax u/s 113 of the Income Tax Ordinance, 2001 has not been made in these quarterly financial statements due to Gross loss. The status of pending tax cases as stated in notes 17.2 to 17.7 published in annual financial statements for the year ended 30 September, 2011 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, 2012.

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