



CHASHMA SUGAR MILLS LIMITED

**QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 30 JUNE, 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. Babar Ali Khan
Mr. Abdul Qadar Khattak

BOARD AUDIT COMMITTEE

Ms. Najda Sarfaraz
Mr. Iskander M. Khan
Mr. Babar 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
The Bank of Punjab

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

CHASHMA SUGAR MILLS LIMITED
BRIEF REVIEW

The interim financial statements for nine months ended on June 30, 2011 are being presented 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 and lasted till 31 March, 2011. The Mills have crushed 1,353,553 tons (2009-10: 1,046,061 tons) of sugarcane and have produced 117,474 tons (2009-10: 88,086 tons) of sugar at an average recovery of 8.69 % (2009-10: 8.42 %).

FINANCIAL PERFORMANCE

Sugar prices remained depressed, the Company's profits reduced to Rs. 32.627 millions from Rs. 207.278 millions earned upto March 31, 2011. However, the sugar prices improved subsequently and the Company is hoping improvement in results during the last quarter of the current financial year.

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
26 July, 2011

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2011

	Un-audited 30 June, 2011	Audited 30 September, 2010
Assets		
Non-current assets		
Property, plant and equipment	2,201,983	2,335,101
Intangible assets	288	253
Security Deposits	3,709	3,684
	<u>2,205,980</u>	<u>2,339,038</u>
Current assets		
Stores and spares	182,476	144,615
Stock-in-trade	2,808,092	256,658
Trade debts - unsecured - considered good	583,271	79,534
Loans and advances	67,732	55,463
Deposits, prepayments and other receivables	1,664	1,854
Income tax refundable	14,863	9,770
Advance income tax and tax deducted at source	57,885	15,761
Investments	174,344	26,608
Bank balances	62,659	45,797
	<u>3,952,986</u>	<u>636,060</u>
	<u>6,158,966</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	(137,092)	(190,348)
	<u>476,828</u>	<u>423,572</u>
Surplus on revaluation of property, plant & equipment	711,404	760,723
Non-current liabilities		
Long term finances	390,000	556,664
Loans from related parties	502,500	502,500
	<u>892,500</u>	<u>1,059,164</u>
Current liabilities		
Current portion of long term finances	216,664	233,334
Short term borrowings	2,841,063	0
Trade and other payables	742,875	317,017
Accrued mark-up and interest	164,672	90,793
Sales tax and federal excise duty payable	1,771	26,831
Taxation	111,189	63,664
	<u>4,078,234</u>	<u>731,639</u>
Contingencies and Commitments	6	
	<u>6,158,966</u>	<u>2,975,098</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2011 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	April - June, 2011	April - June, 2010	Oct. - June, 2011	Oct. - June, 2010
	----- Rupees in thousand -----			
TURNOVER - Local	1,166,206	2,891,606	4,993,724	5,468,869
LESS:				
SALES TAX AND FEDERAL EXCISE DUTY	74,590	141,512	219,861	273,388
SALES - Net	1,091,616	2,750,094	4,773,863	5,195,481
COST OF SALES	1,079,467	2,610,777	4,284,723	4,594,273
GROSS PROFIT	12,149	139,317	489,140	601,208
DISTRIBUTION COST	6,589	4,208	32,569	12,054
ADMINISTRATIVE EXPENSES	25,368	17,684	75,863	58,642
OTHER OPERATING EXPENSES	1,975	17	20,102	76
	<u>33,932</u>	<u>21,909</u>	<u>128,534</u>	<u>70,772</u>
	(21,783)	117,408	360,606	530,436
OTHER OPERATING INCOME	4,313	1,058	24,005	3,943
OPERATING (LOSS) / PROFIT	(17,470)	118,466	384,611	534,379
FINANCE COST	151,110	85,889	309,183	242,116
(LOSS) / PROFIT - BEFORE TAXATION	(168,580)	32,577	75,428	292,263
TAXATION				
- Current	10,795	13,729	47,525	25,946
- Prior years'	(4,726)	0	(4,726)	0
	<u>6,069</u>	<u>13,729</u>	<u>42,799</u>	<u>25,946</u>
(LOSS) / PROFIT - AFTER TAXATION	(174,649)	18,848	32,629	266,317
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(174,649)</u>	<u>18,848</u>	<u>32,629</u>	<u>266,317</u>
	----- Rupees -----			
(LOSS) / EARNING PER SHARE	<u>(6.09)</u>	<u>0.66</u>	<u>1.14</u>	<u>9.28</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE, 2011 (UN-AUDITED)

	Nine months ended	
	30 June, 2011	30 June, 2010
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	75,428	292,263
Adjustments for non-cash charges and other items:		
Depreciation	164,328	176,147
Amortisation of intangible assets	265	485
Profit on Bank Deposits - Net	0	0
Gain on sale of vehicles	(27)	(740)
Finance cost	307,714	239,937
CASH FLOW FROM OPERATING ACTIVITIES	547,708	708,092
- Before working capital changes		
(Increase) / Decrease in current assets:		
Stores and spares	(37,861)	(1,952)
Stock-in-trade	(2,551,434)	(419,504)
Trade debts	(503,737)	16,312
Loans and advances	(12,269)	(9,390)
Deposits, prepayments and other receivables	190	25,563
Investments	(147,736)	0
Increase / (Decrease) in current liabilities:		
Trade and other payables	369,104	513,925
Sales tax and special excise duty payable	(25,060)	8,343
	(2,908,803)	133,297
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES - Before taxation	(2,361,095)	841,389
Taxes paid	(42,491)	(12,927)
Security deposits	(25)	0
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES - After taxation	(2,403,611)	828,462
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment acquired	(31,333)	(44,883)
Intangible assets acquired	(300)	0
Sales proceed of vehicles	150	1,455
NET CASH OUTFLOW FOR INVESTING ACTIVITIES	(31,483)	(43,428)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances repaid	(183,334)	(168,334)
Short term finances - net	2,841,063	(307,513)
Dividend - net	28,062	0
Finance cost paid	(233,835)	(252,458)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	2,451,956	(728,305)
NET INCREASE IN CASH EQUIVALENTS	16,862	56,729
CASH AND CASH EQUIVALENTS - At beginning of the period	45,797	20,971
CASH AND CASH EQUIVALENTS - At end of the period	62,659	77,700

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE, 2011 (UN-AUDITED)

	Share capital	General reserve	Accumulated (loss) / Profit	Total
	----- Rupees in thousand -----			
Balance as at 30 September, 2009	286,920	327,000	(547,208)	66,712
Total comprehensive income for the period				
Profit after taxation for the nine months ended 30 June, 2010	0	0	266,317	266,317
Incremental depreciation in respect of Surplus on Revaluation of Property, Plant & Equipment - net of deferred Taxation	0	0	54,799	54,799
Balance as at 30 June, 2010	286,920	327,000	(226,092)	387,828
Total comprehensive income for the period				
Profit after taxation for the three months ended 30 September, 2010	0	0	17,477	17,477
Incremental depreciation in respect of Surplus on Revaluation of Property, Plant & Equipment - net of deferred Taxation	0	0	18,267	18,267
Balance as at 30 September, 2010	286,920	327,000	(190,348)	423,572
Total comprehensive income for the period				
Profit after taxation for the nine months ended 30 June, 2010	0	0	32,629	32,629
Transaction with owners				
Final cash dividend paid for the year ended 30 September, 2010 at Re. 1 per share	0	0	(28,692)	(28,692)
Incremental depreciation in respect of Surplus on Revaluation of Property, Plant & Equipment - net of deferred Taxation	0	0	49,319	49,319
Balance as at 30 June, 2011	286,920	327,000	(137,092)	476,828

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

CHIEF EXECUTIVE

DIRECTOR

CHASHMA SUGAR MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE, 2011 (UN-AUDITED)

1. CORPORATE INFORMATION

Chashma Sugar Mills Limited (the Company) was incorporated on 05 May, 1988 as a Public Company and it commenced commercial production from 01 October, 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.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited; it has been prepared and is being presented to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 (Interim Financial Reporting). The figures for the nine months ended 30 June, 2011 have, however, prepared as required by the Code of Corporate Governance. 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 annual published financial statements of the Company for the year ended 30 September, 2010.

3. SIGNIFICANT 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 preparation of the annual published financial statements of the Company for the year ended 30 September, 2010.

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 June, 2011 (Rupees in thousand)	Audited 30 September, 2010
Operating fixed assets - tangible	2,157,891	2,313,897
Capital work-in-progress	44,092	2,463
Stores held for capital expenditure	0	18,741
	<u>2,201,983</u>	<u>2,335,101</u>

5. TAXATION

5.1 Provision made during the period represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Ordinance).

5.2 The Company, during the period, has filed a writ petition before the Peshawar High Court against selection of return of income relating to Tax Year 2009 for tax audit under section 177 of the Ordinance. The petition is pending adjudication.

6. CONTINGENCIES AND COMMITMENTS

6.1 No commitments were outstanding as at 30 June, 2011; (30 September, 2010 were for Rs.2.718 million).

6.2 Refer contents of note 5.2.

7. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 26 July, 2011.

8. CORRESPONDING FIGURES

- Corresponding figures have been re-arranged / restated, wherever necessary.

9. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.

CHIEF EXECUTIVE

DIRECTOR