



CHASHMA SUGAR MILLS LIMITED

**QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 30 JUNE, 2012**

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

WEBSITE www.chashmasugarmills.com

CHASHMA SUGAR MILLS LIMITED
BRIEF REVIEW

The interim financial statements for the nine months ended on 30 June, 2012 are being presented to the shareholders in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting", under 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 30 November, 2011 and continued till 13 March, 2012. The Mills crushed 1,196,202 tons (2011: 1,353,553 tons) of sugarcane to produce 103,480 tons (2011: 117,322 tons) of sugar at an average recovery of 8.65 % (2011: 8.59 %).

FINANCIAL PERFORMANCE

During the past nine months, the Company suffered loss of Rs. 136.573 million due to the low sugar prices as the suggestions made by the PSMA to the GOP to allow the export of surplus sugar and creation of buffer stock through TCP was delayed, whereas, TCP's decision to release the buffer sugar stock in the local market has further depressed the sugar market.

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 July, 2012

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2012

	Un-audited 30 June, 2012	Audited 30 September, 2011
	(Rupees in thousand)	
Assets		
Non-current assets		
Property, plant and equipment	4 3,085,664	3,099,093
Intangible assets	125	200
Security Deposits	3,709	3,709
	<u>3,089,498</u>	<u>3,103,002</u>
Current assets		
Stores and spares	177,459	169,366
Stock-in-trade	2,057,615	1,969,291
Trade debts	35,983	38,732
Loans and advances	93,714	75,210
Deposits, prepayments and other receivables	1,274	1,924
Income tax refundable, advance tax and tax deducted at source	118,904	45,489
Sales tax and federal excise duty refundable	9,463	0
Investments	248,966	179,040
Bank balances	53,389	65,127
	<u>2,796,767</u>	<u>2,544,179</u>
	<u>5,886,265</u>	<u>5,647,181</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	(130,080)	(35,687)
	<u>483,840</u>	<u>578,233</u>
Surplus on revaluation of property, plant & equipment	996,021	1,066,894
Non-current liabilities		
Long term financing	518,282	340,000
Loans from related parties	502,500	502,500
Liabilities against assets subject to finance lease	10,323	6,207
Deferred taxation	470,664	508,825
	<u>1,501,769</u>	<u>1,357,532</u>
Current liabilities		
Current portion of:		
- long term financing	231,250	246,664
- liabilities against assets subject to finance lease	3,619	1,702
Short term borrowings	1,865,900	1,905,100
Trade and other payables	617,630	269,997
Accrued mark-up	79,794	125,448
Sales tax and federal excise duty payable	0	16,017
Taxation	106,442	79,594
	<u>2,904,635</u>	<u>2,644,522</u>
Contingencies and Commitments	6	
	<u>5,886,265</u>	<u>5,647,181</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, 2012 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	April - June. 2012	April - June. 2011	Oct. - June. 2012	Oct. - June. 2011
	----- Rupees in thousand -----			
TURNOVER - Local	353,101	1,166,206	5,538,680	4,993,724
LESS:				
SALES TAX AND FEDERAL EXCISE DUTY	24,444	74,590	396,034	219,861
SALES - Net	328,657	1,091,616	5,142,646	4,773,863
COST OF SALES	352,216	1,079,467	4,993,245	4,284,723
GROSS (LOSS) / PROFIT	(23,559)	12,149	149,401	489,140
DISTRIBUTION COST	821	6,589	13,440	32,569
ADMINISTRATIVE EXPENSES	26,159	25,368	93,424	75,863
OTHER OPERATING EXPENSES	793	1,975	1,036	20,102
	<u>27,773</u>	<u>33,932</u>	<u>107,900</u>	<u>128,534</u>
	(51,332)	(21,783)	41,501	360,606
OTHER OPERATING INCOME	12,015	4,313	43,640	24,005
OPERATING (LOSS) / PROFIT	(39,317)	(17,470)	85,141	384,611
FINANCE COST	91,994	151,110	233,028	309,183
(LOSS) / PROFIT - BEFORE TAXATION	(131,311)	(168,580)	(147,887)	75,428
TAXATION				
- Current	(21,999)	10,795	26,848	47,525
- Prior years'	0	(4,726)	0	(4,726)
- Deferred	(12,721)	0	(38,162)	0
	<u>(34,720)</u>	<u>6,069</u>	<u>(11,314)</u>	<u>42,799</u>
(LOSS) / PROFIT - AFTER TAXATION	(96,591)	(174,649)	(136,573)	32,629
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(96,591)</u>	<u>(174,649)</u>	<u>(136,573)</u>	<u>32,629</u>
	----- Rupees -----			
(LOSS) / EARNING PER SHARE	<u>(3.37)</u>	<u>(6.09)</u>	<u>(4.76)</u>	<u>1.14</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, 2012 (UN-AUDITED)

	Nine months ended	
	30 June, 2012	30 June, 2011
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit for the period - before taxation	(147,887)	75,428
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	215,461	164,328
Amortisation of intangible assets	75	265
Fair value gain on remeasurement of investment	(14,948)	0
Gain on redemption of investments	(22,061)	0
Gain on sale of vehicles	(548)	(27)
Finance cost	230,876	307,714
	260,968	547,708
Profit before working capital changes		
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets:		
Stores and spares	(8,093)	(37,861)
Stock-in-trade	(88,324)	(2,551,434)
Trade debts	2,749	(503,737)
Loans and advances	(18,504)	(12,269)
Deposits, prepayments and other receivables	650	190
Increase / (Decrease) in current liabilities:		
Trade and other payables	347,061	369,104
Sales tax and special excise duty - net	(25,479)	(25,060)
	210,060	(2,761,067)
Cash generated from / (used in) operations	471,028	(2,213,359)
Taxes paid	(73,415)	(42,491)
Security deposits	0	(25)
	397,613	(2,255,875)
Net cash generated from / (used in) operating activities		
Cash flow from investing activities		
Property, plant and equipment acquired	(202,384)	(31,333)
Intangible assets acquired	0	(300)
Insurance claim received against loss of a vehicles (2011: sales proceeds of vehicles)	900	150
Investments - net	(32,917)	0
Net cash used in investing activities	(234,401)	(31,483)
Cash flow from financing activities		
Long term finances - net	162,868	(183,334)
Short term finances - net	(39,200)	2,841,063
Lease finances - net	6,034	0
Dividend - net	(28,121)	28,062
Finance cost paid	(276,531)	(233,835)
Net cash (used in) / generated from investing activities	(174,950)	2,451,956
Net (decrease) / increase in cash and cash equivalents	(11,738)	164,598
Cash and cash equivalents - at the beginning of the period	65,127	45,797
Cash and cash equivalents - at the end of the period	53,389	210,395

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, 2012 (UN-AUDITED)

	Share capital	General reserve	Accumu- lated (loss) / Profit	Total
	----- Rupees in thousand -----			
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, 2011	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
Total comprehensive income for the period				
Profit after taxation for the three months ended 30 September, 2011	0	0	107,981	107,981
Incremental depreciation in respect of Surplus on Revaluation of Property, Plant & Equipment - net of deferred Taxation	0	0	(6,576)	(6,576)
Balance as at 30 September, 2011	286,920	327,000	(35,687)	578,233
Total comprehensive loss for the period				
Loss after taxation for the nine months ended 30 June, 2012	0	0	(136,573)	(136,573)
Transaction with owners				
Final cash dividend paid for the year ended 30 September, 2011 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	70,872	70,872
Balance as at 30 June, 2012	286,920	327,000	(130,080)	483,840

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, 2012 (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, 2012 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, 2011.

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, 2011.

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 June, 2012 (Rupees in thousand)	Audited 30 September, 2011
Operating fixed assets - tangible	2,797,988	2,157,891
Capital work-in-progress	189,603	44,092
Stores held for capital expenditure	98,073	0
	<u>3,085,664</u>	<u>2,201,983</u>

5. TAXATION

5.1 In view of available unused tax losses provisions made during the current and preceding periods represent minimum tax payable under section 113 of the Income Tax Ordinance, 2001

5.2 There has been no significant change in the status of taxation matters as reported in note 17 to the audited financial statements of the Company for the year ended 30 September, 2011.

6. CONTINGENCIES AND COMMITMENTS

6.1 Commitments against irrevocable letters of credit outstanding as at 30 June, 2012 NIL; (30 September, 2011 were NIL).

6.2 The Bank of Khyber (BoK), on behalf of the Company, has issued guarantees aggregating Rs. 58.594 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of contracts for the supply of 25,400 metric tons of sugar. These guarantees will expire on various dates by February, 2013. BoK has extended these guarantees by capping cash finance limit available to the Company.

7. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 27 July, 2012.

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