



**CHASHMA SUGAR MILLS LIMITED**

**QUARTERLY FINANCIAL STATEMENTS  
(UN-AUDITED)  
AS ON 30 JUNE, 2013**

**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  
Mr. Sher Ali Jaffar Khan

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**  
**BRIEF REVIEW**

The interim financial statements for the nine months ended on 30 June, 2013 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, 2012 and continued till 28 March, 2013. The Mills crushed 1,326,905 tons (2012: 1,196,202 tons) of sugarcane to produce 121,771 tons (2012: 103,480 tons) of sugar.

**FINANCIAL PERFORMANCE**

During the past nine months, the Company has earned a profit of Rs. 30.273 million.

**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, 2013

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2013 (UN-AUDITED)

	Un-audited 30 June, 2013	Audited 30 September, 2012		Un-audited 30 June, 2013	Audited 30 September, 2012
	Note	Rupees in thousand		Note	Rupees in thousand
<b>Equity and Liabilities</b>			<b>Assets</b>		
Share Capital and Reserves			<b>Non-current Assets</b>		
Authorised capital	<u>500,000</u>	<u>500,000</u>	Property, plant and equipment	4	3,435,526
Issued, subscribed and paid-up capital	286,920	286,920	Intangible assets		25
General reserve	327,000	327,000	Security deposits		<u>3,934</u>
Accumulated loss	<u>(94,795)</u>	<u>(188,853)</u>			<u>3,439,485</u>
	519,125	425,067	<b>Current Assets</b>		
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	908,612	972,397	Stores and spares		146,199
<b>Non-current Liabilities</b>			Stock-in-trade		2,720,138
Long term financing	638,404	544,578	Trade debts		1,098,234
Loans from related parties	354,375	439,687	Loans and advances		107,165
Liabilities against assets subject to finance lease	8,498	9,304	Prepayments and other receivables		37,127
Deferred taxation	423,597	457,943	Investments		214,628
	1,424,874	1,451,512	Sales tax refundable		24,237
<b>Current Liabilities</b>			Income tax refundable, advance tax and tax deducted at source		89,835
Trade and other payables	764,928	819,694	Bank balances		39,492
Accrued mark-up	148,405	98,838			4,477,055
Short term borrowings	3,702,000	1,710,005			2,664,029
Current portion of:					
- long term financing	260,117	276,875			
- loans from related parties	102,767	42,813			
- liabilities against assets subject to finance lease	4,808	3,765			
Sales tax and federal excise duty payable	0	3,789			
Taxation	80,904	30,688			
	5,063,929	2,986,467			
<b>Contingencies and Commitments</b>					
	<u>7,916,540</u>	<u>5,835,443</u>		<u>7,916,540</u>	<u>5,835,443</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 (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2013

	For the 3rd Quarter		Cumulative	
	April - June 2013	April - June 2012	Oct. - June 2013	Oct. - June 2012
<b>Note</b>	----- Rupees in thousand -----			
Turnover				
- Local	601,967	353,101	3,322,655	5,538,680
- Export	<u>1,119,645</u>	<u>0</u>	<u>2,068,506</u>	<u>0</u>
	1,721,612	353,101	5,391,161	5,538,680
<b>Less : Sales Tax and Federal Excise Duty</b>	47,747	24,444	238,584	396,034
<b>Sales - net</b>	<u>1,673,865</u>	<u>328,657</u>	<u>5,152,577</u>	<u>5,142,646</u>
<b>Cost of Sales</b>	1,474,233	352,216	4,661,399	4,993,245
<b>Gross Profit / (loss)</b>	<u>199,632</u>	<u>(23,559)</u>	<u>491,178</u>	<u>149,401</u>
<b>Distribution Cost</b>	31,076	821	64,912	13,440
<b>Administrative Expenses</b>	29,423	26,159	117,651	93,424
<b>Other Operating Expenses</b>	751	793	2,463	1,036
<b>Other Operating Income</b>	<u>(5,079)</u>	<u>(12,015)</u>	<u>(56,790)</u>	<u>(43,640)</u>
	56,171	15,758	128,236	64,260
<b>Profit / (loss) from Operations</b>	<u>143,461</u>	<u>(39,317)</u>	<u>362,942</u>	<u>85,141</u>
<b>Finance Cost</b>	132,080	91,994	316,798	233,028
<b>Profit / (Loss) before Taxation</b>	<u>11,381</u>	<u>(131,311)</u>	<u>46,144</u>	<u>(147,887)</u>
<b>Taxation</b>				
Current	25,410	(21,999)	50,216	26,848
Deferred	(11,448)	(12,721)	(34,345)	(38,162)
	13,962	(34,720)	15,871	(11,314)
<b>(Loss) / Profit after Taxation</b>	<u>(2,581)</u>	<u>(96,591)</u>	<u>30,273</u>	<u>(136,573)</u>
<b>Other Comprehensive Income</b>	0	0	0	0
<b>Total Comprehensive (Loss) / Income</b>	<u>(2,581)</u>	<u>(96,591)</u>	<u>30,273</u>	<u>(136,573)</u>
	----- Rupees -----			
<b>(Loss) / Earnings per Share</b>	<u>(0.09)</u>	<u>(3.37)</u>	<u>1.06</u>	<u>(4.76)</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 (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE, 2013**

	Nine months ended	
	30 June, 2013	30 June, 2012
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit / (loss) for the period - before taxation	46,144	(147,887)
Adjustments for non-cash charges and other items:		
Depreciation on Property, Plant and Equipment	195,979	215,461
Gain on disposal of vehicles	(364)	(548)
Amortisation of intangible assets	75	75
Gain on redemption of investments	(1,698)	(22,061)
Fair value gain on re-measurement of investments	(10,949)	(14,948)
Finance cost	316,798	230,876
<b>Profit before working capital changes</b>	<b>545,985</b>	<b>260,968</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / Decrease in current assets:</b>		
Stores and spares	30,967	(8,093)
Stock-in-trade	(1,372,475)	(88,324)
Trade debts	(416,574)	2,749
Loans and advances	17,622	(18,504)
Deposits, prepayments and other receivables	(33,806)	650
Sales tax - net	(28,026)	(25,479)
<b>(Decrease) / Increase in Trade and other payables</b>	<b>(54,762)</b>	<b>347,061</b>
	<b>(1,857,054)</b>	<b>210,060</b>
<b>Cash (used in) / generated from operations</b>	<b>(1,311,069)</b>	<b>471,028</b>
Income tax paid	(31,230)	(73,415)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,342,299)</b>	<b>397,613</b>
<b>Cash flow from investing activities</b>		
Property, plant and equipment acquired	(465,800)	(202,384)
Insurance claim / sale proceeds of vehicles	2,039	900
Investments - net	173	(32,917)
<b>Net cash used in investing activities</b>	<b>(463,588)</b>	<b>(234,401)</b>
<b>Cash flow from financing activities</b>		
Long term finances - net	77,068	162,868
Loans from related parties repaid	(25,358)	0
Lease finances - net	237	6,034
Short term borrowings - net	1,991,995	(39,200)
Dividend paid	(5)	(28,121)
Finance cost paid	(267,231)	(276,531)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,776,706</b>	<b>(174,950)</b>
<b>(Decrease) in cash and cash equivalents</b>	<b>(29,181)</b>	<b>(11,738)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>68,673</b>	<b>65,127</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>39,492</b>	<b>53,389</b>

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 (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE, 2013**

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Total
	----- Rupees in thousand -----			
Balance as at 30 September, 2011	286,920	327,000	(35,687)	578,233
<b>Transactions with owners</b>				
Final cash dividend for the year ended 30 September, 2011 at the rate of Re.1 per share	0	0	(28,692)	(28,692)
<b>Total comprehensive loss for the period</b>				
Loss after taxation for the nine months ended 30 June, 2012	0	0	(136,573)	(136,573)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	70,872	70,872
Balance as at 30 June, 2012	286,920	327,000	(130,080)	483,840
<b>Total comprehensive loss for the period</b>				
Loss after taxation for the three months ended 30 September, 2012	0	0	(82,398)	(82,398)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	23,625	23,625
Balance as at 30 September, 2012	286,920	327,000	(188,853)	425,067
<b>Total comprehensive income for the period</b>				
Profit after taxation for the nine months ended 30 June, 2013	0	0	30,273	30,273
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	63,785	63,785
<b>Balance as at 30 June, 2013</b>	<b>286,920</b>	<b>327,000</b>	<b>(94,795)</b>	<b>519,125</b>

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 (UN-AUDITED)

FOR THE PERIOD ENDED 30 JUNE, 2013

### 1. CORPORATE INFORMATION

Chashma Sugar Mills Ltd. (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. The Company is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd.

### 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, 2013 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, 2012.

### 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, 2012.

### 4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 June, 2013 (Rupees in thousand)	Audited 30 Sept., 2012
Operating fixed assets - tangible	2,575,164	2,727,325
Capital work-in-progress	799,343	277,588
Stores held for capital expenditure	61,019	162,467
	3,435,526	3,167,380

### 5. TAXATION

5.1 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, 2012.

5.2 In view of available unused tax losses provisions made during the current period mainly represents minimum tax payable under section 113 and tax payable on export sales under section 154 of the Income Tax Ordinance, 2001.

### 6. CONTINGENCIES AND COMMITMENTS

- 6.1 Two commercial banks, on behalf of the Company, have issued guarantees aggregating Rs.40.904 million in favour of Trading Corporation of Pakistan (Pvt.) Ltd. to ensure due performance of the contracts for supply of 15,750 metric tons of sugar. These guarantees will expire on various dates by January 21, 2014.
- 6.2 The Company, during the period from July, 2008 to September, 2010, had paid special excise duty (the duty) on sugar at value higher than the value fixed by the Federal Board of Revenue vide SRO. No. 564(I)/2006 dated June 05, 2006. This resulted in excess payment of duty amounting Rs.35.825 million. The refund application was submitted to the Deputy Commissioner (DC), who had rejected the application. The Company had filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) against the impugned order. The CIRA, during the period, has upheld the order of the DC. Presently, the Company's appeal is pending before the Appellate Tribunal Inland Revenue, Peshawar Bench.
- 6.3 Commitments for irrevocable letters of credit outstanding as at 30 June, 2013 were for Rs.386.339 million (September 30, 2012: Rs.10.420 million).

### 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, 2013.

### 8. CORRESPONDING FIGURES

- Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 September, 2012 and corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period of the immediately preceding financial year, i.e. period ended 30 June, 2013. In addition, corresponding figures in the condensed interim profit and loss account also include balances of the three months period ended 30 June, 2013.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR