



CHASHMA SUGAR MILLS LIMITED

**QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 30 JUNE, 2015**

CHASHMA SUGAR MILLS LIMITED
COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan
Chairman / Chief Executive
Begum Laila Sarfaraz
Mr. Abbas Sarfaraz Khan
Ms. Zarmine Sarfaraz
Ms. Najda Sarafaraz
Mr. Iskander M. Khan
Mr. Baber Ali Khan
Mr. Abdul Qadar Khattak
Mr. Sher Ali Jafar Khan

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Auditors

M/s. Hameed Chaudhri & Co., Chartered Accountants

Cost Auditors

M/s. Munawar Associates Chartered Accountants

Tax Consultants

M/s. Hameed Chaudhri & Co., Chartered Accountants

Legal Advisor

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

Share Registrar

Hameed Majeed Associates (Pvt) Limited, Lahore

Bankers

Bank Al-Habib Limited
The Bank of Khyber
MCB Bank Limited
The Bank of Punjab
Bank Al-Falah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
National Bank of Pakistan
Habib Bank Limited
United Bank Limited

CHASHMA SUGAR MILLS LIMITED
BRIEF REVIEW

The interim financial statements for the nine months that ended on 30th June, 2015 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 2014-15 commenced on 04 December, 2014 and continued till 07 April, 2015. The Mills crushed 1,588,226 tons of sugarcane to produce 145,502 tons of sugar at an average recovery of 9.15%. The increase in sugar recovery is due to the efforts of the Management towards the development of quality/variety sugarcane in the area.

ETHANOL FUEL PLANT

The Ethanol Plant commenced production on 01 May, 2015 and produced 3,734 M. Tons up to 27 July 2015. The installation of Bio Gas Plant and Waste Water Treatment Plant is in progress.

FINANCIAL PERFORMANCE

During the past nine months, the Company has earned profit of Rs. 259.907 million due to the stable sugar prices.

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.

ON BEHALF OF THE BOARD



(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
29 July, 2015

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2015 (UN-AUDITED)

		Unaudited June 30, 2015	Audited Sep. 30, 2014
(Rupees in thousand)			
ASSETS			
Non-current Assets			
Property, plant and equipment	4	6,567,649	6,368,487
Intangible assets		1,121	233
Security deposits		4,128	4,128
		6,572,898	6,372,848
Current Assets			
Stores and spares		283,604	294,389
Stock-in-trade		3,650,259	1,703,189
Trade debts	5	207,098	177,856
Loans and advances		286,104	185,188
Prepayments and other receivables	6	282,762	152,088
Tax refunds due from the Government		357,183	295,576
Bank balances		280,921	122,290
		5,347,931	2,930,576
TOTAL ASSETS		11,920,829	9,303,424
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
Unappropriated profit / (accumulated loss)		363,160	(18,206)
Shareholders' Equity		977,080	595,714
Surplus on revaluation of property, plant and equipment		1,705,964	1,827,423
Non-current Liabilities			
Long term finances	7	1,866,583	2,027,408
Loans from related parties		437,000	437,000
Liabilities against assets subject to finance lease		12,924	17,054
Deferred taxation		699,029	742,210
		3,015,536	3,223,672
Current Liabilities			
Trade and other payables	8	380,415	367,373
Accrued mark-up		226,913	203,522
Short term borrowings		5,261,507	2,930,723
Current maturity of non-current liabilities	9	353,414	154,997
		6,222,249	3,656,615
Total Liabilities		9,237,785	6,880,287
TOTAL EQUITY AND LIABILITIES		11,920,829	9,303,424
Contingencies and Commitments	10		

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, 2015

	Quarter ended		Nine months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(Rupees in thousand)				
Sales				
-Local	3,097,781	312,949	4,602,320	1,700,643
-Export	427,469	294,598	1,191,962	3,022,572
	3,525,250	607,547	5,794,282	4,723,215
Less : Sales tax	74,779	10,625	83,244	27,073
Sales-net	3,450,471	596,922	5,711,038	4,696,142
Cost of sales	3,103,000	390,351	5,221,200	4,486,859
Gross profit	347,471	206,571	489,838	209,283
Distribution cost	7,820	8,138	28,815	54,428
Administrative expenses	49,287	39,653	143,628	131,084
Other income	(34,417)	(975)	(206,374)	(68,410)
Other expenses	(861)	921	123	1,030
	21,829	47,737	(33,808)	118,132
Profit from operations	325,642	158,834	523,646	91,151
Finance cost	126,378	129,446	306,920	243,166
Profit / (loss) before taxation	199,264	29,388	216,726	(152,015)
Taxation				
-Current	0	5,322	0	45,034
-Deferred	7,109	(22,829)	(43,181)	(68,485)
	7,109	(17,507)	(43,181)	(23,451)
Profit / (loss) after Taxation	192,155	46,895	259,907	(128,564)
Other comprehensive income	0	0	0	0
Total comprehensive income / (loss)	192,155	46,895	259,907	(128,564)
(Rupees)				
Earnings / (loss) per share	6.70	1.63	9.06	(4.48)

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, 2015

	Nine months ended	
	JUNE 30, 2015	JUNE 30, 2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the period - before taxation	216,726	(152,015)
Adjustments for non-cash charges and other items:		
Depreciation	265,813	294,069
Gain on disposal of vehicles - net	(421)	(223)
Amortisation of intangible assets	412	87
Finance cost	306,920	243,166
Profit before working capital changes	789,450	385,084
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets:		
Stores and spares	10,785	178,768
Stock-in-trade	(1,947,070)	(1,423,166)
Trade debts	(29,242)	(284,871)
Loans and advances	(100,916)	(205,533)
Prepayments and other receivables	(130,674)	(60,287)
Sales tax refundable - net	(13,731)	(140,900)
Increase in trade and other payables	13,042	181,589
	(2,197,806)	(1,754,400)
Cash used in operations	(1,408,356)	(1,369,316)
Income tax paid	(47,876)	(85,593)
Security deposits paid	0	(100)
Net cash used in operating activities	(1,456,232)	(1,455,009)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment acquired	(464,979)	(1,245,928)
Intangible assets acquired	(1,300)	(350)
Sale proceeds / insurance claim of disposal of vehicles	425	2,837
Net cash used in investing activities	(465,854)	(1,243,441)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - net	37,892	987,204
Lease finances - net	(4,430)	13,313
Short term borrowings - net	2,330,784	2,046,294
Dividend paid	0	(1)
Finance cost paid	(283,529)	(171,299)
Net cash generated from financing activities	2,080,717	2,875,511
Net increase in cash and cash equivalents	158,631	177,061
Cash and cash equivalents - at beginning of the period	122,290	27,124
Cash and cash equivalents - at end of the period	280,921	204,185

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, 2015

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Total
	----- Rupees in thousand -----			
Balance as at September 30, 2013	286,920	327,000	(69,526)	544,394
Total comprehensive loss for the period				
Loss after taxation for the nine months ended June 30, 2014	0	0	(128,564)	(128,564)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	132,943	132,943
Balance as at June 30, 2014	286,920	327,000	(65,147)	548,773
Balance as at September 30, 2014	286,920	327,000	(18,206)	595,714
Total comprehensive profit for the period				
Profit after taxation for the nine months ended June 30, 2015	0	0	259,907	259,907
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	121,459	121,459
Balance as at June 30, 2015	286,920	327,000	363,160	977,080

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, 2015

1. CORPORATE INFORMATION

Chashma Sugar Mills Ltd. (the Company) was incorporated on May 05, 1988 as a Public Company and it commenced commercial production from October 01, 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 unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the nine months ended June 30, 2015 have, however, been 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 audited annual financial statements of the Company for the year ended September 30, 2014.

3. 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 the preparation of preceding published financial statements of the Company for the year ended September 30, 2014.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited Period ended June 30, 2015 (Rupees in thousand)	Audited Year ended September 30, 2014
Operating fixed assets - tangible	3,509,887	3,765,102
Capital work-in-progress	3,055,850	2,601,473
Stores held for capital expenditure	1,912	1,912
	<u>6,567,649</u>	<u>6,368,487</u>
4.1 Operating fixed assets - tangible		
Opening book value	3,765,102	
Additions during the period:		
- office equipment	3,482	
- furniture and fixtures	2,303	
- vehicles:		
owned	468	
leased	4,349	
	10,602	
Book value of vehicles disposed-off during the period	(4)	
Depreciation charge for the period	(265,813)	
Closing book value	<u>3,509,887</u>	

5. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.22.300 million, (September 30, 2014 Rs.32.300 million), to secure this debt, the Company has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment. The debtor, during the current period, has paid amounts aggregating Rs.10 million to the Company.

6. PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited Period ended June 30, 2015	Audited Year ended September 30, 2014
	(Rupees in thousand)	
Prepayments	2,314	2,454
Sugar export subsidy receivable	6.1 277,584	146,889
Others	2,864	2,745
	<u>282,762</u>	<u>152,088</u>

6.1 This represents subsidy receivable from the Ministry of Commerce, Government of Pakistan against export of sugar at the rates of Rs.1.75 per Kg and at the rate of Re. 1 per Kg upto the financial year ended September 30, 2014. The rate of subsidy has been enhanced to Rs.10 per Kg during the current period.

7. LONG TERM FINANCES - Secured

From banking companies

Bank Alfalah Limited: (BAL)

- Term finance - III 200,000 250,000

Bank Al-Habib Limited: (BAH)

- Fixed loan	113,204	113,204
- Long term finance [(LTFF) - SBP]	364,810	364,810
	<u>478,014</u>	<u>478,014</u>

Faysal Bank Limited: (FBL)

- Term finance 499,964 499,964

Soneri Bank Limited: (SBL)

- Term finance	141,139	130,674
- LTFF (ERF)	345,580	240,595
	<u>486,719</u>	<u>371,269</u>

The Bank of Khyber: (BoK)

- Demand finance 96,455 124,013

The Bank of Punjab: (BoP)

- Demand finance	92,472	92,472
- LTFF	356,644	356,644
	<u>449,116</u>	<u>449,116</u>

2,210,268 2,172,376

Less: current maturity grouped under current liabilities 343,685 144,968

	<u>1,866,583</u>	<u>2,027,408</u>
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8. TRADE AND OTHER PAYABLES

		Un-audited Period ended June 30, 2015 (Rupees in thousand)	Audited Year ended September 30, 2014
Creditors	Note	183,243	252,101
Due to related parties	8.1	4,319	28,005
Accrued expenses		45,540	35,124
Retention money		12,121	21,616
Security deposits - interest free repayable on demand		778	743
Advance payments		116,435	4,498
Income tax deducted at source		2,921	814
Workers' (profit) participation fund		3,439	3,439
Workers' welfare fund		0	11,633
Unclaimed dividends		3,274	3,274
Due to employees		8,345	6,126
		380,415	367,373

8.1 This represents amounts due to:

The Holding Company

- The Premier Sugar Mills & Distillery Company Ltd. **3,649** 846

Associated Companies

- Phipson & Co. Pakistan (Pvt.) Ltd. **0** 185

- Syntronics Ltd. **0** 26,897

- The Frontier Sugar Mills & Distillery Ltd. **670** 77

4,319 28,005

9. CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long term finances **7** **343,685** 144,968

Liabilities against assets subject to finance lease **9,729** 10,029

353,414 154,997

10. CONTINGENCIES AND COMMITMENTS

10.1 There has been no significant changes in the status of matters as reported in notes 25.2 and 25.3 to the audited financial statements of the Company for the year ended September 30, 2014.

10.2 Refer contents of taxation notes.

11. TAXATION

11.1 There has been no significant change in the status of taxation matters as reported in note 24 to the preceding published financial statements of the Company for the year ended September 30, 2014.

11.2 Provision made during the current period aggregating Rs.45.216 million represents tax due under section 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Income Tax Ordinance, 2001 (the Ordinance). The required provision for the current period has been fully adjusted against preceding year's tax credit for investment in plant & machinery available under 65B of the Ordinance.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on July 29, 2015 by the Board of Directors of the Company.

13. GENERAL

13.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

13.2 Figures in this condensed interim financial information have been rounded-off to the nearest thousand Rupees.


CHIEF EXECUTIVE


DIRECTOR