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CHASHMA SUGAR MILLS LIMITED
KING'S ARCADE, 20-A, MARKAZ F-7,
ISLAMABAD - PAKISTAN
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CHASHMA SUGAR MILLS LIMITED

QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 30 JUNE, 2009

CHASHMA SUGAR MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN/CHIEF EXECUTIVE Khan Aziz Sarfaraz Khan

DIRECTORS

Begum Laila Sarfaraz
Abbas Sarfaraz Khan
Ms. Zarmine Sarfaraz
Ms. Najda Sarfaraz
Iskander M. Khan
Baber Ali Khan
Abdul Qadar Khattak

BOARD AUDIT COMMITTEE

Ms. Najda Sarfaraz
Iskander M. Khan
Baber Ali Khan

**COMPANY SECRETARY/
CHIEF FINANCIAL OFFICER**

Mujahid Bashir

AUDITORS

Messrs Hameed Chaudhri & Co.
Chartered Accountants

COST AUDITORS

Messrs Munawar Associates
Chartered Accountants

TAX CONSULTANTS

Messrs Hameed Chaudhri & Co.
Chartered Accountants

LEGAL ADVISORS

Tariq Mahmood Khokhar
Advocate

BANKERS

National Bank of Pakistan
Habib Bank Limited
MCB Bank Limited
The Bank of Khyber
Saudi Pak Commercial Bank Ltd.
Bank Al-Falah Limited
Bank AL-Habib Limited

REGISTERED OFFICE

Nowshera Road, Mardan

HEAD OFFICE

King's Arcade, 20-A, Markaz F-7,
Islamabad
Phone: 2650805-7
Fax : 2651285-6

FACTORY

Dera Ismail Khan
Phone: 750090, 750091
Fax : 750092

CHASHMA SUGAR MILLS LIMITED
BRIEF REVIEW

The Board of Director is pleased to present a brief review of the operational and financial performance of the Company for the nine months ended on June 30, 2009.

OPERATIONAL PERFORMANCE

The sugarcane-crushing season commenced on 22 November 2008 and lasted until 02 March 2009. The frost affected sugarcane crop of the year 2007-08, resulted in 30% reduction in the sugarcane crop during the current year. We successfully managed to crush 1,050,806 tons sugarcane and produced 85,234 tons of sugar at an average recovery of 8.11 %. Last year we crushed 1,466,133 tons, 111,330 tons and 7.60 % respectively. The management policy, to procure fresh cane and to discourage stale cane, resulted in the higher sugar recoveries.

FINANCIAL RESULTS

The State Bank of Pakistan (SBP) in order to control inflation, maintained higher discount rate through out the period. Due to this, the Company was subjected to Rupees 351,138 thousands of financial charges and as a result, the operational profits got converted into losses.

The re-introduction of minimum tax in the Finance Act 2010, has adversely effected the Company's financials.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these quarterly financial statements are the same as those 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

**Mardan,
July 28, 2009**

(KHAN AZIZ SARFRAZ KHAN)
Chairman / Chief Executive

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2009

	Un-audited 30 June, 2009	Audited 30 September, 2008
	Note	(Rupees in thousand)
Assets		
Non-current assets		
Property, plant and equipment	5 2,615,774	2,719,575
Intangible assets	1,392	787
Deposits	3,683	3,413
	<u>2,620,849</u>	<u>2,723,775</u>
Current assets		
Stores and spares	141,978	137,444
Stock-in-trade	1,326,038	1,438,063
Trade debts - unsecured - considered good	164,344	19,373
Loans and advances	37,813	48,092
Deposits and prepayments	1,288	4,911
Income tax refundable	37,365	37,365
Advance income tax and tax deducted at source	61,715	53,898
Bank balances	14,719	46,318
	<u>1,785,260</u>	<u>1,785,464</u>
	<u>4,406,109</u>	<u>4,509,239</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	(444,847)	(410,482)
Shareholders' equity	<u>169,073</u>	<u>203,438</u>
Surplus on revaluation of property, plant & equipment	854,085	914,973
Non-current liabilities		
Long term finances	839,999	928,333
Loans from Associated Undertakings	535,833	535,833
	<u>1,375,832</u>	<u>1,464,166</u>
Current liabilities		
Current portion of:		
- long term finances	179,583	170,833
- loan from Associated Companies	16,667	16,667
- liabilities against assets subject to finance lease	0	415
Short term finances	1,264,850	1,411,256
Trade and other payables	331,716	197,431
Accrued mark-up and interest	155,439	112,432
Sales tax and excise duty payable	31,047	5,423
Taxation	27,817	12,205
	6 <u>2,007,119</u>	<u>1,926,662</u>
Contingencies and commitments	7	
	<u>4,406,109</u>	<u>4,509,239</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, 2009 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	April - June, 2009	April - June, 2008	Oct. - June, 2009	Oct. - June, 2008
	----- Rupees in thousand -----			
Turnover				
- local	692,068	839,117	3,422,818	1,927,645
- export	0	215,646	0	762,433
	<u>692,068</u>	<u>1,054,763</u>	<u>3,422,818</u>	<u>2,690,078</u>
Less:				
Sales tax	102,581	91,431	276,343	240,604
Commission	970	1,621	3,626	4,574
	<u>103,551</u>	<u>93,052</u>	<u>279,969</u>	<u>245,178</u>
Sales - net	588,517	961,711	3,142,849	2,444,900
Cost of sales	399,096	740,358	2,821,598	2,337,722
Gross profit	<u>189,421</u>	<u>221,353</u>	<u>321,251</u>	<u>107,178</u>
Administrative expenses	11,726	13,098	53,431	44,536
Distribution cost	1,520	2,326	8,188	10,820
Other operating expenses	470	18	470	71
	<u>13,716</u>	<u>15,442</u>	<u>62,089</u>	<u>55,427</u>
Other operating income	175,705	205,911	259,162	51,751
	<u>2,313</u>	<u>1,995</u>	<u>12,335</u>	<u>7,476</u>
Finance cost	178,018	207,906	271,497	59,227
Profit / (loss) before taxation	<u>116,136</u>	<u>69,097</u>	<u>351,138</u>	<u>223,909</u>
Taxation:				
- current	2,945	1,018	15,612	8,473
- deferred	0	0	0	0
	<u>2,945</u>	<u>1,018</u>	<u>15,612</u>	<u>8,473</u>
Profit / (Loss) after taxation	<u>58,937</u>	<u>137,791</u>	<u>(95,253)</u>	<u>(173,155)</u>
	----- Rupees -----			
Earnings / (Loss) per share	<u>3.08</u>	<u>7.20</u>	<u>(4.98)</u>	<u>(9.05)</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, 2009 (UN-AUDITED)

	Nine Months ended 30 June, 2009 (Rupees in thousand)	Nine months ended 30 June, 2008
Cash flow from operating activities		
Loss for the period - before taxation	(79,641)	(164,682)
Adjustments for non-cash charges and other items:		
Depreciation	128,636	121,279
Amortisation on intangible assets	155	275
Profit on bank deposits - net	(9,557)	(705)
Finance cost	351,138	223,909
Cash inflow from operating activities	390,731	180,076
- before working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(4,534)	(599)
Stock-in-trade	112,025	(74,839)
Trade debts	(144,971)	125,856
Loans and advances	10,279	(118,248)
Deposits and prepayments	3,623	(214)
Increase / (decrease) in current liabilities:		
Trade and other payables	134,285	708,165
Sales tax and excise duty payable	25,624	(33,081)
	136,331	607,040
Cash inflow from operating activities - before taxation	527,062	787,116
Taxes paid	(7,819)	(13,509)
Net cash inflow from operating activities - after taxation	519,243	773,607
Cash flow from investing activities		
Property, plant and equipment acquired	(24,835)	(59,272)
Software system purchased	(760)	(455)
Security Deposits paid	(270)	0
Profit on bank deposits	9,557	719
Net cash outflow from investing activities	(16,308)	(59,008)
Cash flow from financing activities		
Long term finances	(79,584)	(127,917)
Right share subscription	0	59,593
Loans from Associated Undertakings	0	277,160
Lease finances - net	(415)	(2,375)
Short term finances - net	(146,404)	(600,635)
Finance cost paid	(308,131)	(247,099)
Net cash outflow from financing activities	(534,534)	(641,273)
Net (decrease) / increase in cash and cash equivalents	(31,599)	73,326
Cash and cash equivalents - at the beginning of the period	46,318	42,590
Cash and cash equivalents - at the end of the period	14,719	115,916

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, 2009 (UN-AUDITED)

	Share capital	General reserve	Accumu- lated loss	Total
----- Rupees in thousand -----				
Balance as at 1st October, 2007	191,280	327,000	(390,048)	128,232
Loss for the period from 1st October 2007 to 30 June 2008	0	0	(173,155)	(173,155)
Transfer from Surplus on revaluation of Land, Building and Plant and Machinery	0	0	21,364	21,364
Balance as at 30 June, 2008	191,280	327,000	(541,839)	(23,559)
Profit for the period from 1st July 2008 to 30 September 2008	0	0	88,628	88,628
Transfer from Surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period	0	0	42,729	42,729
Nominal Value of Ordinary Shares Issued	95,640	0	0	95,640
Balance as at 30 September, 2008	286,920	327,000	(410,482)	203,438
Loss for the period ended 30 June, 2009	0	0	(95,253)	(95,253)
Transfer from Surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period	0	0	60,888	60,888
Balance as at 30 June, 2009	286,920	327,000	(444,847)	169,073

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, 2009 (UN-AUDITED)

1. 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 Stock Exchanges in Pakistan. The Head Office of the Company is situated at King's Arcade, 20-A Markaz F-7, Islamabad and Mills at Dera Ismail Khan.
2. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting).
3. This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 September, 2008.
4. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding published annual financial statements of the Company for the year ended 30 September, 2008.

5. PROPERTY, PLANT & EQUIPMENT

	<u>Un-audited</u> 30 June, 2009	<u>Audited</u> 30 Sep., 2008
(Rupee in thousand)		
Operating fixed assets	2,578,711	2,697,927
Capital work-in-progress	17,749	1,840
Stores held for capital expenditure	19,314	19,808
	<u>2,615,774</u>	<u>2,719,575</u>

6. TAXATION

The following significant developments took place in the Company's taxation status since the date of preceding published audited financial statements of the Company for the year ended 30 September, 2008 (the financial statements):

- 6.1 The PHC, vide its judgment announced on 02 December, 2008, has decided both the questions of law (as detailed in note 15.3 to the financial statements) against the Company and upheld the judgment of ITAT. The Company, against the judgment of PHC, filed an appeal before the Supreme Court of Pakistan (SCP).

- (a) As detailed in note 15.4(a) to the financial statements, the PHC, vide its judgment announced on 12 December, 2008, has dismissed the Reference and the points of law formulated therein have been answered in the negative and against the Company. The Company, against the judgment of PHC, has filed an appeal before the SCP.
- (b) As detailed in note 15.4(a) and 15.4(b) to the financial statements, provisions against disputed tax levies aggregating Rs.85.50 million have not been made in the books of account as an appeal against these levies is pending adjudication.

Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 as re-imposed through Finance Act, 2009.

- 6.2 Deferred taxation has not been recognised in this condensed interim financial information due to uncertainty about the availability of taxable profits in the foreseeable future. Available unused tax losses aggregated Rs.1.262 billion approximately as at 31 March, 2009.

7. CONTINGENCIES AND COMMITMENTS

Commitments for irrevocable letters of credit outstanding as at 30 June, 2009 were Rs.NIL (30 September, 2008: Rs.NIL).

No commitments for capital expenditure were outstanding as at 30 June, 2009 (30 September, 2008 NIL).

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company in its meeting held on 28 July, 2009.

9. GENERAL

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

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison; however, no material rearrangements / reclassifications have been made in these financial statements.

CHIEF EXECUTIVE

DIRECTOR