



**THE FRONTIER SUGAR MILLS
& DISTILLERY LIMITED
TAKHT-I-BHAI - MARDAN**

**QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 30 JUNE, 2010**

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

*CHAIRPERSON /
CHIEF EXECUTIVE*

BEGUM LAILA SARFARAZ

DIRECTORS

KHAN AZIZ SARFARAZ KHAN
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

KHAN AZIZ SARFARAZ KHAN	CHAIRMAN
MS. ZARMINE SARFARAZ	MEMBER
MR. ISKANDER M. KHAN	MEMBER

COMPANY SECRETARY/

MR. MUJAHID BASHIR

CHIEF FINANCIAL OFFICER

MR. RIZWAN ULLAH KHAN

AUDITORS

MESSERS HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

COST AUDITORS

MESSERS MUNAWAR ASSOCIATES,
CHARTERED ACCOUNTANTS.

TAX CONSULTANT

MR. MAHMOOD MIRZA	ADVOCATE
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LEGAL ADVISOR

MR. QAZI MUHAMMAD ANWAR	ADVOCATE
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BANKERS

NATIONAL BANK OF PAKISTAN
HABIB BANK LIMITED
MCB BANK LIMITED
UNITED BANK LIMITED
ALLIED BANK LIMITED
THE BANK OF KHYBER
PICIC COMMERCIAL BANK LIMITED
INNOVATIVE HOUSING FINANCE LIMITED
FAYSAL BANK LIMITED
BANK ALFALAH LIMITED

REGISTERED OFFICE

NOWSHERA ROAD, MARDAN

FACTORY

TAKHT-I-BHAI DISTT. MARDAN
PHONES: (0937) 551051-551049-551041

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
DIRECTORS' REVIEW REPORT

The Board of Directors is pleased to present a brief overview about the Company for the nine months ended on June 30, 2010.

GENERAL

The Company is facing unfair competition with the Gur manufacturers. The Provincial Governments over the years have shown no interest for the promotion of the Sugar Industry. Due to this, the entire sugar industry of the Peshawar valley is at the verge of closure. The tax free commercial Gur manufacturers produce approximately 300,000 tons of Gur, valuing Rs. 18.0 billion from 3 million tons of sugarcane. Though, the commercial Gur manufacturing qualifies the status of medium scale industry and is not exempt from sales tax, despite this, Government has not collected sales tax amounting to Rs. 3.0 billion from the Commercial Gur traders, this extraordinary income to the traders is at the cost of our national exchequer and tax paying sugar industry. We made representations to the Federal and Provincial Governments to remove this anomaly and provide us level playing field, but of no avail.

This year, Sugarcane Control Board meeting held under the chairmanship of Provincial Cane Commissioner unanimously decided that the role of middleman/commercial Gur manufacturer will be discouraged to ban illegal purchase of sugarcane. In this regard, the Provincial cane commissioner issued various directions to DCO Mardan and finally vide letter no. 32652-56/S-52 dated 21/12/2009 directed the DCO Mardan as below:

"It is pointed out that the purchase and sale of sugarcane by any person who is not holder of valid license under section 17 of the Sugar Factories Control Act 1950 in the manner prescribed in rules 11 and 12 of the Sugar Factories Control Rules 1950 is illegal".

Despite the above said directive from the Provincial Cane Commissioner, the local administration colluded with the Commercial Gur Manufactures for their personal benefits and ignored the directive of the Provincial cane commissioner.

The Company due to the non-availability of sugarcane suffered comprehensive loss of Rs 8.904 million for the period.

VOLUNTARY DE-LISTING

The Company applied for de-listing and de-quoting its ordinary and preference shares and authorized The Premier Sugar Mills & Distillery Company Limited, the Holding Company to purchase these shares from the general public. The Stock Exchanges have approved the request and the process of purchase of shares has commenced.

MARDAN
27 July, 2010

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2010

	Un-audited 30 June, 2010	Audited 30 Sep., 2009
Note	(Rupees in thousand)	
Assets		
Non-current assets		
Property plant and equipment	4 108,860	111,338
Investments	5 14,979	15,338
Deposit with a non-bank finance institution	23,400	23,400
Long term security deposit	92	92
	147,331	150,168
Current assets		
Stores and spares	33,603	33,603
Stock-in-trade	2,097	2,097
Loans and Advances	1,392	1,945
Short term prepayments	100	51
Accrued profit / mark-up on bank deposits	2,436	973
Other receivables	781	1,265
Tax deducted at source	6,208	5,329
Short term investments	6 46,789	0
Cash and bank balances	16,830	68,161
	110,236	113,424
	257,567	263,592
Equity and liabilities		
Capital and reserve		
Authorised capital	20,000	20,000
Issued, subscribed and paid-up capital	14,000	14,000
General reserve	134,000	134,000
Fair value reserve on available-for-sale investments	8,844	9,203
Accumulated loss	(8,531)	(1,237)
Shareholders' equity	148,313	155,966
Surplus on revaluation of property, plant and equipment	99,706	101,315
Non-current liabilities		
Staff retirement benefits-gratuity	4,568	2,496
Current liabilities		
Trade and other payables	4,175	3,010
Accrued markup	233	233
Unclaimed dividends	572	572
	4,980	3,815
Contingencies and Commitments	8	
	257,567	263,592
	257,567	263,592

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

CHIEF EXECUTIVE

DIRECTOR

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2010 (UN-AUDITED)

	For the 3rd Quarter		cumulative	
	01 April, 2010 to 30 June., 2010	01 April, 2009 to 30 June., 2009	01 Oct., 2009 to 30 June., 2010	01 Oct., 2008 to 30 June., 2009
Rupees in thousand.....			
FIXED PRODUCTION OVERHEADS	3,195	4,115	7,244	8,514
ADMINISTRATIVE EXPENSES	4,093	1,829	7,951	5,945
	(7,288)	(5,944)	(15,195)	(14,459)
OTHER OPERATING INCOME	1,696	2,450	6,312	9,079
OPERATING LOSS	(5,592)	(3,494)	(8,883)	(5,380)
BANK CHARGES	(1)	(4)	(21)	(8)
LOSS BEFORE TAXATION	(5,593)	(3,498)	(8,904)	(5,388)
TAXATION	0	3	0	69
LOSS AFTER TAXATION	(5,593)	(3,501)	(8,904)	(5,457)
	----- Rupees -----			
LOSS PER SHARE	(4.14)	(2.59)	(6.60)	(4.04)

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

CHIEF EXECUTIVE

DIRECTOR

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2010 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	April. -June. 2010	April. -June. 2009	Oct. - June, 2010	Oct. - June. 2009
	(Rupees in thousand)			
LOSS AFTER TAXATION	(5,593)	(3,501)	(8,904)	(5,457)
OTHER COMPREHENSIVE INCOME				
Incremental depreciation in respect of Surplus on Revaluation of Property, Plant & Equipment - net of deferred Taxation	616	381	1,610	1,140
Fair value (Loss) / Gain on available for sale investment	(842)	2,546	(359)	(4,418)
	(226)	2,927	1,251	(3,278)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(5,819)	(574)	(7,653)	(8,735)

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

CHIEF EXECUTIVE

DIRECTOR

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
 FOR THE PERIOD ENDED 30 JUNE, 2010 (UN-AUDITED)

	30 June, 2010	30 June, 2009
	Rupees in thousand	
Cash flow from operating activities		
Loss for the period - before taxation	(8,904)	(5,388)
Adjustments for:		
Depreciation	2,477	1,958
Mark-up / profit on bank deposits	(4,588)	(7,560)
Trade debts written off	0	29
Gain on measurement of short term investments	(1,589)	0
Dividend	0	(657)
Staff retirement benefits - gratuity (Net)	2,072	(8,670)
Bank Charges	21	8
Cash utilised for operating activities - before working capital changes	(10,511)	(20,280)
Decrease / (increase) in current assets		
Loans and Advances	553	(80)
Short term prepayments	(48)	(51)
Other receivables	484	(76)
Increase/ (decrease) in current liabilities		
Creditors, accruals and other liabilities	1,165	(250)
	2,154	(457)
Cash utilised for operating activities - before taxation	(8,357)	(20,737)
Taxes paid	(879)	(191)
Net cash utilised for operating activities	(9,236)	(20,928)
Cash flow from investing activities		
Profit on loans/bank deposit received	3,126	8,293
Short term investments made	(45,200)	0
Dividend Received	0	657
Net cash (utilised in) / generated from investing activities	(42,074)	8,950
Cash flow from financing activities		
Bank charges Paid	(21)	(8)
Net decrease in cash and cash equivalents	(51,331)	(11,986)
Cash and cash equivalents - at the beginning of the period	68,161	0
Cash and cash equivalents - at the end of the period	16,830	40,902

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

CHIEF EXECUTIVE

DIRECTOR

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE, 2010 (UN-AUDITED)

	RESERVES				Total
	CAPITAL	REVENUE			
	Fair value reserve on available-for-sale investments	General reserve	Accumulated loss		
	----- Rupees in thousand -----				
Balance as at 30 September, 2008	14,000	11,347	134,000	2,218	161,565
Loss for the nine months ended 30 June, 2009	0	0	0	(5,457)	(5,457)
Other Comprehensive (Loss) / Income for the nine months ended 30 June, 2009	0	(4,418)	0	1,140	(3,278)
Balance as at 30 June, 2009	14,000	6,929	134,000	(2,099)	152,830
Profit for the period from 1st July to 30 September, 2009	0	0	0	402	402
Other Comprehensive Income from 1st July to 30 September, 2009	0	2,274	0	460	2,734
Loss after taxation for the nine months ended 30 June, 2010	0	9,203	134,000	(1,237)	155,966
Other Comprehensive (Loss) / Income for the nine months ending 30 June, 2010		(359)		1,610	1,251
Balance as at 30 June, 2010	14,000	8,844	134,000	(8,531)	148,313

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

CHIEF EXECUTIVE

DIRECTOR

THE FRONTIER SUGAR MILLS & DISTILLERY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE, 2010 (UN-AUDITED)

1. CORPORATE INFORMATION

- 1.1 The Frontier Sugar Mills & Distillery Limited (the Company) was incorporated on 31 March, 1938 as a Public Company and its shares are quoted on all Stock Exchanges in Pakistan; however, the Company is in the process of delisting from the Exchanges as detailed in note 1.3. The principal activity of the Company is manufacturing and sale of white sugar. The Company's Mills and Registered Office are located at Takht-I-Bhai, Mardan. The Company is a Subsidiary of The Premier Sugar Mills & Distillery Company Limited.
- 1.2 The Company has been suffering losses over the years and during the current period and preceding financial years had not carried-out manufacturing operations due to non-availability of raw materials.
- 1.3 The Company, during the current period, has submitted an application to all Stock Exchanges for voluntary delisting. The Stock Exchanges unanimously fixed the minimum purchase price at Rs.190.20 per ordinary share and the purchase price of a preference share has been fixed at Rs.18.60. The Company's shareholders, vide a special resolution passed on 30 January, 2010, have authorised the Holding Company to purchase these shares.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited; it has been prepared and is being submitted 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, 2010 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 annual published financial statements of the Company for the year ended 30 September, 2009.

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, 2009 except for the changes mentioned below:

- 3.1 IAS 1 (Revised) - (Presentation of Financial Statements). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity'. All 'non-owner changes in equity' are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The Company has preferred to present two statements; a profit and loss account and statement of comprehensive Income. In this condensed interim financial information, comparative information has been presented
- 3.2 In addition to above, following amendments to standards are mandatory for the first time for financial year beginning on 01 October, 2009 and are also relevant to the Company. The adoption of these amendments does not have significant impact on the condensed interim financial information of the Company.

- IAS 23 (Amendment) - Borrowing Costs
- IAS 36 (Amendment) - Impairment of Assets
- IAS 39 (Amendment)- Financial Instruments: Recognition and Measurement

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 01 October, 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore, not detailed in the condensed interim financial information.

4. PROPERTY, PLANT AND EQUIPMENT	Un-audited	Audited
	30 June,	30 Sep.,
	2010	2009
	Rupees in Thousand	
Opening book value	111,337	26,291
Add: Revaluation adjustment	0	87,717
Depreciation charge for the period / year	(2,477)	(2,671)
Closing book value	<u>108,860</u>	<u>111,337</u>
5. INVESTMENTS - Available-for-sale (Quoted)		
Ibrahim Fibres Limited		
438,250 ordinary shares of Rs.10 each	6,135	6,135
Adjustment arising from re-measurement to fair value	<u>8,844</u>	<u>9,203</u>
	<u>14,979</u>	<u>15,338</u>
6. SHORT TERM INVESTMENTS - at fair value through profit or loss		
MCB Cash Management Optimizer - 459,450 Units	45,200	
Add: adjustment arising from measurement to fair value	<u>1,589</u>	
	<u>46,789</u>	
7. TAXATION		
7.1 The status of pending tax cases has not changed since the date of preceding published annual financial statements for the year ended 30 September, 2009.		
8. CONTINGENCIES AND COMMITMENTS		
8.1 Guarantees given by a bank on behalf of the Company outstanding as at 30 June, 2010 were for Rs. 1.143 million (30 September, 2009: Rs.1.143 million)		
8.2 There has been no significant change in the status of contingencies since the date of preceding published annual financial statements of the Company for the year ended 30 Septmeber, 2009.		
8.3 No commitment were outstanding as at 30 June, 2010 and 30 September, 2009.		
9. COST OF SALES		
Cost of sales for the current period comprises of fixed overhead costs, i.e. salaries and wages, power and fuel, repair and maintenance, depreciation and insurance.		
10. DATE OF AUTHORISATION FOR ISSUE		
These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on 27 July, 2010		

11. 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.

CHIEF EXECUTIVE

DIRECTOR