



**CHASHMA SUGAR MILLS LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
31 MARCH, 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

**CHASHMA SUGAR MILLS LIMITED**  
**DIRECTORS' REVIEW REPORT**

The Directors are pleased to present the half yearly financial statements as on 31 March, 2012 to the shareholders of the Company 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. The enclosed financial statements are un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

**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 %). We experienced reduced crushing due to the low ratoon crop, as in our gate area 70% sugarcane was of abandoned Indian variety COJ 1148, this variety is prone to diseases and has completed its plant cycle life, due to this, the farmers are up-rooting this variety and sowing new varieties. We are providing and encouraging high recovery cane plantation to bring enhanced profitability to farmers and mills.

**FINANCIAL PERFORMANCE**

During the half year, the Company suffered loss of Rs. 39.982 million due to the low sugar prices throughout the crushing season. The country had 0.70 million tons of sugar stock prior to the start of crushing season, this coupled with 4.70 million tons of production during the season resulted in the availability of 5.40 million ton against the consumption of 4.2 million ton per year. The GOP missed an opportunity to earn 300-400 million US dollars by exporting excess sugar, the current GOP decision to procure 200,000 tons by TCP and permission to export 200,000 tons will ensure prosperity to farmers and sugar industry.

**SUGAR PRICE**

The sugar prices have remained low throughout the crushing season and the prevailing sugar price do not cover the sugar production cost.

**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**  
**28 May, 2012**

**CHASHMA SUGAR MILLS LIMITED**  
**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF**  
**CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **CHASHMA SUGAR MILLS LIMITED** (the Company) as at 31 March, 2012 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended 31 March, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 March, 2012.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended 31 March, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

LAHORE:  
29 May, 2012

**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Osman Hameed Chaudhri

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2012**

|   | Un-audited<br>31 March,<br>2012 | Audited<br>30 September,<br>2011 |   | Un-audited<br>31 March,<br>2012 | Audited<br>30 September,<br>2011 |
|---|---------------------------------|----------------------------------|---|---------------------------------|----------------------------------|
| 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  | 500,000                         | 500,000                          | Property, plant and equipment                                 | 13                              | 3,008,854                        |
| Issued, subscribed and paid-up capital  | 286,920                         | 286,920                          | Intangible assets   |                                 | 150                              |
| General reserve   | 327,000                         | 327,000                          | Security deposits   |                                 | 3,709                            |
| Accumulated loss  | (57,112)                        | (35,687)                         |   |                                 | 3,012,713                        |
|   | 556,808                         | 578,233                          | <b>Current Assets</b>   |                                 |                                  |
| <b>Surplus on Revaluation of Property, Plant and Equipment</b>  | 1,019,645                       | 1,066,894                        | Stores and spares   |                                 | 185,389                          |
|   |                                 |                                  | Stock-in-trade  | 14                              | 2,315,687                        |
| <b>Non-current Liabilities</b>  |                                 |                                  | Trade debts   | 15                              | 1,047,632                        |
| Long term financing   | 8                               | 424,375                          | Loans and advances  |                                 | 67,735                           |
| Loans from related parties  |                                 | 502,500                          | Deposits, prepayments and other receivables                   |                                 | 627                              |
| Liabilities against assets subject to finance lease   |                                 | 10,572                           | Investments   | 16                              | 838,861                          |
| Deferred taxation   |                                 | 483,384                          | Income tax refundable, advance tax and tax deducted at source |                                 | 112,157                          |
|   | 1,420,831                       | 1,357,532                        | Bank balances   |                                 | 80,044                           |
| <b>Current Liabilities</b>  |                                 |                                  |   |                                 | 4,648,132                        |
| Trade and other payables  | 9                               | 3,137,679                        |   |                                 | 2,544,179                        |
| Accrued mark-up   |                                 | 38,002                           |   |                                 |                                  |
| Short term borrowings   | 10                              | 1,039,093                        |   |                                 |                                  |
| Current portion of:<br>- long term financing<br>- liabilities against assets subject to finance lease | 8                               | 215,625                          |   |                                 |                                  |
|   |                                 | 3,340                            |   |                                 |                                  |
| Sales tax and federal excise duty payable   |                                 | 101,380                          |   |                                 |                                  |
| Taxation  | 11                              | 128,442                          |   |                                 |                                  |
|   |                                 | 4,663,561                        |   |                                 |                                  |
| <b>Contingencies and Commitments</b>  | 12                              |                                  |   |                                 |                                  |
|   |                                 | 7,660,845                        |   |                                 | 7,660,845                        |
|   |                                 | 5,647,181                        |   |                                 | 5,647,181                        |

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 HALF-YEAR ENDED 31 MARCH, 2012 (UN-AUDITED)**

|   | For the 2nd Quarter            |                     | Cumulative          |                     |
|---|--------------------------------|---------------------|---------------------|---------------------|
|   | Jan. - Mar.<br>2012            | Jan. - Mar.<br>2011 | Oct. - Mar.<br>2012 | Oct. - Mar.<br>2011 |
|   | ----- Rupees in thousand ----- |                     |                     |                     |
| Turnover - local                            | 2,166,393                      | 2,767,626           | 5,185,579           | 3,827,518           |
| Less : Sales Tax and Federal<br>Excise Duty | 146,873                        | 115,410             | 371,590             | 162,009             |
| Sales - net                                 | 2,019,520                      | 2,652,216           | 4,813,989           | 3,665,509           |
| Cost of Sales                               | 1,776,758                      | 2,284,409           | 4,641,029           | 3,205,256           |
| Gross Profit                                | 242,762                        | 367,807             | 172,960             | 460,253             |
| Distribution Cost                           | 6,133                          | 7,387               | 12,619              | 9,242               |
| Administrative Expenses                     | 40,362                         | 28,623              | 67,265              | 50,495              |
| Other Operating Expenses                    | 217                            | 18,100              | 243                 | 18,127              |
| Other Operating Income                      | 17 (28,113)                    | (12,507)            | (31,625)            | (19,692)            |
|   | 18,599                         | 41,603              | 48,502              | 58,172              |
| Profit from Operations                      | 224,163                        | 326,204             | 124,458             | 402,081             |
| Finance Cost                                | 50,866                         | 110,817             | 141,034             | 158,073             |
| Profit / (Loss) before Taxation             | 173,297                        | 215,387             | (16,576)            | 244,008             |
| Taxation                                    |                                |                     |                     |                     |
| Current                                     | 11 48,847                      | 26,597              | 48,847              | 36,730              |
| Deferred                                    | 7,283                          | 0                   | (25,441)            | 0                   |
|   | 56,130                         | 26,597              | 23,406              | 36,730              |
| Profit / (Loss) after Taxation              | 117,167                        | 188,790             | (39,982)            | 207,278             |
| Other Comprehensive Income                  | 0                              | 0                   | 0                   | 0                   |
| Total Comprehensive Income / (Loss)         | 117,167                        | 188,790             | (39,982)            | 207,278             |
|   | ----- Rupees -----             |                     |                     |                     |
| Earnings / (Loss) per Share                 | 4.08                           | 6.58                | (1.39)              | 7.22                |

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 HALF-YEAR ENDED 31 MARCH, 2012 (UN-AUDITED)**

|   | Half-year ended<br>31 March,<br>2012 | 31 March,<br>2011 |
|---|--------------------------------------|-------------------|
|   | (Rupees in thousand)                 |                   |
| Cash flow from operating activities   | (16,576)                             | 244,008           |
| (Loss) / profit for the period - before taxation  |                                      |                   |
| Adjustments for non-cash charges and other items:   |                                      |                   |
| Depreciation  | 143,258                              | 109,514           |
| Gain arisen upon settlement of insurance claim received<br>against loss of a vehicle (2011: gain on sale of vehicles) | (548)                                | (27)              |
| Amortisation of intangible assets   | 50                                   | 176               |
| Gain on redemption of investments   | (11,811)                             | (434)             |
| Fair value gain on re-measurement of investments  | (13,640)                             | (14,751)          |
| Finance cost  | 141,034                              | 158,073           |
| Profit before working capital changes   | 241,767                              | 496,559           |
| Effect on cash flow due to working capital changes<br>(Increase) / Decrease in current assets:                        |                                      |                   |
| Stores and spares   | (16,023)                             | 2,344             |
| Stock-in-trade  | (346,396)                            | (3,545,327)       |
| Trade debts   | (1,008,900)                          | (272,521)         |
| Loans and advances  | 7,475                                | 2,547             |
| Deposits, prepayments and other receivables   | 1,297                                | 573               |
| Increase in current liabilities:  |                                      |                   |
| Trade and other payables  | 2,867,173                            | 1,206,523         |
| Sales tax and federal excise duty payable   | 85,363                               | 51,079            |
|   | 1,589,989                            | (2,554,782)       |
| Cash generated from / (used in) operations  | 1,831,756                            | (2,058,223)       |
| Income tax paid   | (66,667)                             | (30,619)          |
| Security deposits   | 0                                    | (25)              |
| Net cash generated from / (used in) operating activities  | 1,765,089                            | (2,088,867)       |
| Cash flow from investing activities   |                                      |                   |
| Property, plant and equipment acquired  | (53,371)                             | (9,490)           |
| Insurance claim received against loss<br>of a vehicle (2011: sale proceeds of vehicles)                               | 900                                  | 150               |
| Intangible assets acquired - computer software  | 0                                    | (300)             |
| Investments - net   | (634,370)                            | (245,589)         |
| Net cash used in investing activities   | (686,841)                            | (255,229)         |
| Cash flow from financing activities   |                                      |                   |
| Long term finances - net  | 53,336                               | (116,667)         |
| Lease finances - net  | 6,003                                | 0                 |
| Short term borrowings - net   | (955,200)                            | 2,696,008         |
| Dividend paid   | (28,183)                             | (27,852)          |
| Finance cost paid   | (228,480)                            | (137,722)         |
| Net cash (used in) / generated from financing activities  | (1,152,524)                          | 2,413,767         |
| Net (decrease) / increase in cash and cash equivalents  | (74,276)                             | 69,671            |
| Cash and cash equivalents - at beginning of the period  | 65,127                               | 45,797            |
| Cash and cash equivalents - at end of the period  | (9,149)                              | 115,468           |
| Cash and cash equivalents comprised of:   |                                      |                   |
| Bank balances   | 80,044                               | 180,475           |
| Temporary bank overdrafts   | (89,193)                             | (65,007)          |
|   | (9,149)                              | 115,468           |

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 HALF-YEAR ENDED 31 MARCH, 2012 (UN-AUDITED)

|  | Share capital  | General reserve | (Accumulated loss) / unappropriated profit | Total          |
|--|----------------|-----------------|--|----------------|
| ----- Rupees in thousand -----   |                |                 |  |                |
| Balance as at 30 September, 2010   | 286,920        | 327,000         | (190,348)                                  | 423,572        |
| Transactions with owners:  |                |                 |  |                |
| Final cash dividend for the year ended 30 September, 2010 at the rate of Re.1 per share  | 0              | 0               | (28,692)                                   | (28,692)       |
| Total comprehensive income for the half-year ended 31 March, 2011  | 0              | 0               | 207,278                                    | 207,278        |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation | 0              | 0               | 32,879                                     | 32,879         |
| <b>Balance as at 31 March, 2011</b>  | <b>286,920</b> | <b>327,000</b>  | <b>21,117</b>                              | <b>635,037</b> |
| Balance as at 30 September, 2011   | 286,920        | 327,000         | (35,687)                                   | 578,233        |
| Transactions with owners:  |                |                 |  |                |
| Final cash dividend for the year ended 30 September, 2011 at the rate of Re.1 per share  | 0              | 0               | (28,692)                                   | (28,692)       |
| Total comprehensive loss for the half-year ended 31 March, 2012  | 0              | 0               | (39,982)                                   | (39,982)       |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation | 0              | 0               | 47,249                                     | 47,249         |
| <b>Balance as at 31 March, 2012</b>  | <b>286,920</b> | <b>327,000</b>  | <b>(57,112)</b>                            | <b>556,808</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 FOR THE HALF-YEAR ENDED 31 MARCH, 2012 (UN-AUDITED)

1. 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. This condensed interim financial information of the Company for the half-year ended 31 March, 2012 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and listing regulations of the Stock Exchanges of Pakistan. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
3. This condensed interim financial information is un-audited; however, has been reviewed by the statutory Auditors under limited scope in accordance with the requirements of Code of Corporate Governance.
4. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the year ended 30 September, 2011.
5. This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupees has been rounded-off to the nearest thousand except stated otherwise.
6. **Standards, amendments and interpretations to published approved accounting standards, which have been effective during the current financial period**
  - 6.1 During the current period, the Company has adopted new and amended IFRSs and IASs as referred to in note 5.2 to the audited financial statements of the Company for the year ended 30 September, 2011. The adoption of these IFRSs and IASs did not have any material effect on this condensed interim financial information other than certain additional disclosures, which will be detailed in the financial statements of the Company for the year ending 30 September, 2012.
  - 6.2 **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are other standards, amendments and interpretations, which are not yet effective and are not considered to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.
7. Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited financial statements of the Company as at and for the year ended 30 September, 2011.

## 8. LONG TERM FINANCING - Secured

| Note  | Un-audited   | Audited                             |
|---|--|-------------------------------------|
|   | Half-year ended<br>31 March,<br>2012<br>(Rupees in thousand) | Year ended<br>30 September,<br>2011 |
| <b>Bank Alfalah Ltd.</b>                                |  |                                     |
| - Term finance - I                                      | 0  | 16,664                              |
| - Term finance - II                                     | 100,000  | 120,000                             |
|   | <u>100,000</u>   | <u>136,664</u>                      |
| <b>Bank Al-Habib Ltd.</b>                               |  |                                     |
| - Term finance - I                                      | 120,000  | 180,000                             |
| - Term finance - II                                     | 175,000  | 210,000                             |
|   | <u>295,000</u>   | <u>390,000</u>                      |
| <b>Silkbank Ltd.</b>                                    |  |                                     |
| - Term finance  | 45,000   | 60,000                              |
| <b>The Bank of Khyber</b>                               |  |                                     |
| - Demand finances                                       | 8.1 200,000  | 0                                   |
|   | <u>640,000</u>   | <u>586,664</u>                      |
| Less: current portion grouped under current liabilities | <u>215,625</u>   | <u>246,664</u>                      |
|   | <u>424,375</u>   | <u>340,000</u>                      |

8.1 These finances have been obtained against a demand finance facility of Rs.250 million for purchase of plant & machinery related to sugar factory. These finances are repayable in 16 equal quarterly instalments commencing January, 2013 and are secured against first registered pari passu charge for Rs.350 million on all present and future fixed assets of the Company.

## 9. TRADE AND OTHER PAYABLES

Period-end trade and other payables include trade creditors aggregating Rs.1.937 billion (30 September, 2011: Rs.85.007 million) and advance payments received from customers against future sales aggregating Rs.1.117 billion (30 September, 2011: Rs.108.517 million).

## 10. SHORT TERM BORROWINGS

|                                       |      |                  |                  |
|---------------------------------------|------|------------------|------------------|
| Cash finances - secured               | 10.1 | 949,900          | 1,905,100        |
| Temporary bank overdrafts - unsecured | 10.2 | 89,193           | 0                |
|                                       |      | <u>1,039,093</u> | <u>1,905,100</u> |

10.1 Cash finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.3.350 billion (30 September, 2011: Rs.3.400 billion). These finance facilities, during the period, carried mark-up at the rates ranging from 12.98% to 15.17% (30 September, 2011: 14.50% to 16.03%) per annum and are secured against charge over the Company's fixed and current assets and pledge of stock-in-trade. These facilities are expiring on various dates by 31 December, 2012.

10.2 These have arisen due to issuance of cheques for amounts in excess of balance in the bank accounts.

## 11. TAXATION

11.1 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, 2011.

11.2 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.

## 12. CONTINGENCIES AND COMMITMENTS

12.1 There has been no significant change in the status of contingencies as reported in the preceding audited financial statements of the Company for the year ended 30 September, 2011.

12.2 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 the contracts for 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 the cash finance limit available to the Company.

12.3 Commitments against irrevocable letters of credit outstanding as at 31 March, 2012 were for Rs.8.643 million (30 September, 2011: Rs.Nil).

## 13. PROPERTY, PLANT AND EQUIPMENT

| Note                                | Un-audited   | Audited                             |
|-------------------------------------|--|-------------------------------------|
|                                     | Half-year ended<br>31 March,<br>2012<br>(Rupees in thousand) | Year ended<br>30 September,<br>2011 |
| Operating fixed assets - tangible   | 13.1 2,865,885   | 2,993,020                           |
| Capital work-in-progress            | 118,478  | 76,218                              |
| Stores held for capital expenditure | 24,491   | 29,855                              |
|                                     | <u>3,008,854</u>   | <u>3,099,093</u>                    |

### 13.1 Operating fixed assets - tangible

|  |                  |
|--|------------------|
| Opening book value                             | 2,993,020        |
| Additions during the period:                   |                  |
| - electric installations                       | 295              |
| - office equipment                             | 1,444            |
| - furniture and fixtures                       | 1,196            |
| - vehicles:                                    |                  |
| owned  | 4,179            |
| leased   | 9,361            |
|  | <u>16,475</u>    |
| Book value of a vehicle lost during the period | (352)            |
| Depreciation charge for the period             | <u>(143,258)</u> |
| Closing book value                             | <u>2,865,885</u> |

## 14. STOCK-IN-TRADE

|                  |                  |                  |
|------------------|------------------|------------------|
| Finished goods   | 2,308,509        | 1,960,662        |
| Sugar-in-process | 7,178            | 8,629            |
|                  | <u>2,315,687</u> | <u>1,969,291</u> |

## 15. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.32.300 million, which was overdue as at 31 March, 2012. To secure this debt, the Company has executed a sale deed with him whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment.

**16. INVESTMENTS** - At fair value through profit or loss

|  | Un-audited<br>Half-year ended<br>31 March,<br>2012<br>(Rupees in thousand) | Audited<br>Year ended<br>30 September,<br>2011 |
|--|--|--|
| Pakistan Cash Management Fund - 4,384,434 Units<br>(30 September, 2011: 1,336,395 Units) | 216,202  | 60,000   |
| Askari Sovereign Cash Fund - 1,024,360 Units   | 100,000  | 0  |
| Faysal Money Market Fund - 5,010,423 Units   | 509,019  | 0  |
| ABL Cash Fund - Nil Units<br>(30 September, 2011: 6,199,485 Units)                       | 0  | 55,592   |
| UBL Liquidity Plus Fund - Nil Units<br>(30 September, 2011: 496,524 Units)               | 0  | 49,000   |
|  | <u>825,221</u>   | <u>164,592</u>                                 |
| Add: adjustment on re-measurement to fair value  | 13,640   | 14,448   |
|  | <u>838,861</u>   | <u>179,040</u>                                 |

**17. OTHER OPERATING INCOME**

Income for the current period includes fair value gain on re-measurement of investments aggregating Rs.13.640 million and gain arisen on redemption of investments aggregating Rs.11.811 million.

**18. TRANSACTIONS WITH RELATED PARTIES**

**18.1** The Company has related party relationship with its Holding Company and Associated Companies, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the Holding Company and Associated Companies during the period were as follows:

|                             | Un-audited<br>Half-year ended<br>31 March,<br>2012<br>(Rupees in thousand) | 31 March,<br>2011 |
|-----------------------------|--|-------------------|
| <b>The Holding Company</b>  |  |                   |
| - sale of goods             | 6,401  | 8,393             |
| - mark-up expensed          | 23,516   | 24,544            |
| - dividend paid             | 13,751   | 13,751            |
| <b>Associated Companies</b> |  |                   |
| - purchase of goods         | 53,980   | 50,114            |
| - mark-up expensed          | 12,191   | 12,891            |
| - dividend paid             | 5,361  | 5,361             |

**18.2** Period-end loans and advances include due from The Frontier Sugar Mills & Distillery Ltd. amounting Rs.834 thousand (30 September, 2011: Rs.856 thousand).

**18.3 (a)** Mark-up on loans obtained from related parties, during the period, was charged at the rates ranging from 13.17% to 15.17% (30 September, 2011: 13.92% to 15.54%) per annum.

**(b)** No return was charged on other balances of the Holding Company and Associated Companies as these have arisen due to normal trade dealings.

**19. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28 May, 2012.

**20. 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, 2011 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. half-year ended 31 March, 2011. In addition, corresponding figures in the condensed interim profit and loss account also include balances of the three months period ended 31 March, 2011.

- 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