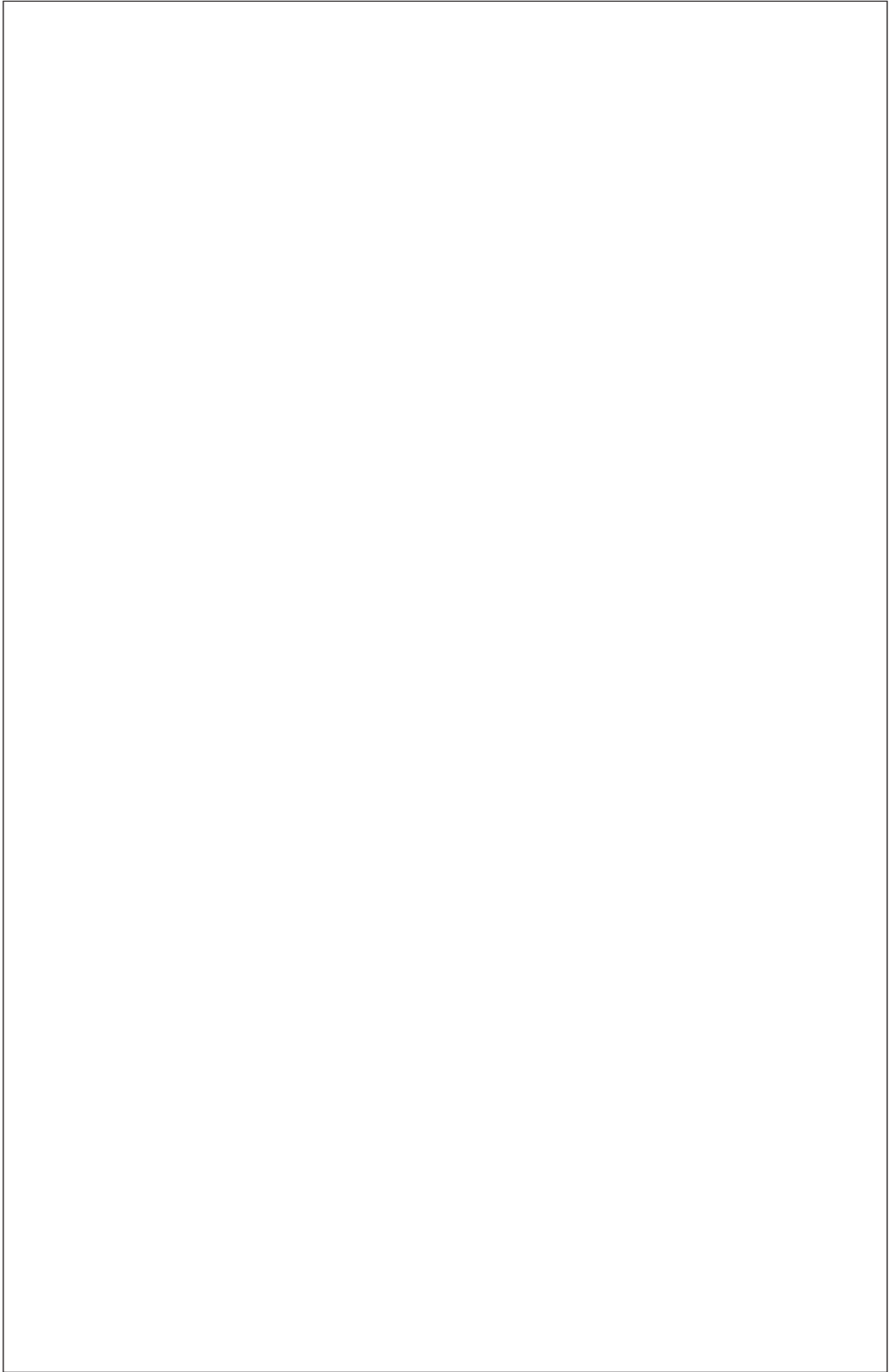


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## Company Information

### BOARD OF DIRECTORS

Mr. Mahmood Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Mohammed Faruque	Director
Mr. Akbarali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Tariq Faruque	Director
Mr. Maqbool H.H. Rahimtoola (NIT)	Director
Mr. Muhammad Iqbal Hussain (NIT)	Director
Mr. Naeemuddin Butt	Director

### AUDIT COMMITTEE

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Tariq Faruque	Member

### CHIEF FINANCIAL OFFICER

Mr. Wasif Khalid

### COMPANY SECRETARY

Mr. Abid A. Vazir

### AUDITORS

Hyder Bhimji & Co.  
Chartered Accountants

### LEGAL ADVISOR

K.M.S. Law Associates

### SHARE REGISTRAR

Central Depository Company of Pakistan  
CDC House, 99-B, Block "B", S.M.C.H.S.  
Main Shahrah-e-Faisal, Karachi.

### BANKERS

Allied Bank Ltd.  
Bank AL-Habib Ltd.  
Habib Bank Ltd.  
MCB Bank Ltd.  
Meezan Bank Ltd.  
National Bank of Pakistan  
NIB Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

### REGISTERED OFFICE

Modern Motors House  
Beaumont Road  
Karachi-75530

### FACTORY

Post Office Jamrao  
District Mirpurkhas.

## Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2009.

## Production

The crushing for the season 2009/10 commenced on November 12, 2009 and the plant operated for 50 days during the first quarter as against 42 days last year. During the period under review, the Company crushed 164,199 metric tons of sugar cane to produce 15,630 metric tons of sugar with a sucrose recovery 9.78% compared to 146,338 metric tons of sugar cane crushed during the corresponding period last year to produce 13,505 metric tons of sugar with a sucrose recovery of 9.45%. The production of molasses also increased to 7,698 metric tons as against 7,241 metric tons last year.

## Financial Performance

During the period under review, the sales revenue of the Company increased by PKR 290.37 million to PKR 689.48 million compared to the same period last year as reflected in the table below. The rise in revenue was on account of adjustment in selling prices of sugar necessitated by exorbitant increase in the cost of production because of high rate of sugar cane fixed by the government and competition for sugar cane amongst sugar mills. The Company managed to sell 15,792 metric tons of sugar compared with 15,943 metric tons sold in the corresponding period. During the period, the Company also accounted for its one-third share of profit in the joint venture distillery - Unicol Limited amounting to PKR 10.21 million and adjusted its investment in the associate by the same amount. After taking into consideration the above factors along with various expenses and government taxes, the after tax profit comes to PKR 48.85 million for the quarter under review.

	December 31, 2009	December 31, 2008
	(Rs. in million)	
Net sales	689.48	399.11
Cost of sales	(609.92)	(366.19)
Gross profit	79.56	32.92
Other income	0.62	2.29
Share of profit in an associate	10.21	48.43
Other expenses & taxes	(41.54)	(30.19)
Net profit	48.85	53.45

## Future Prospects

For the season 2009/10, Sind Government has fixed the price of sugar cane at PKR 102 per 40 kg, an increase of 26% over last year. The availability of sugar cane during the season 2009/10 remains low in view of shortage in the cane crop. This has led to severe competition amongst the sugar mills, which has resulted in substantial increase in price of sugar cane and hence the cost of production. The future prospects of the industry are dependent on the stability in the selling price of sugar.

## Acknowledgment

The management of the Company would like to thank all the financial institutions, individuals, staff members and shareholders who have been associated with the Company for their continued support and cooperation.

On behalf of the Board of Directors

  
Mahmood Faruque  
Chairman

Karachi: January 26, 2010



**Condensed Interim Balance Sheet**  
as at December 31, 2009

	Note	Dec. 31, 2009 (Un-audited)	Sep. 30, 2009 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	654,525	584,948
Long-term investment	6	177,996	167,791
Long-term deposits		738	738
		833,259	753,477
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		72,206	120,192
Stock-in-trade		352,457	203,171
Trade debts		70,737	84,050
Loans and advances		17,681	22,511
Trade deposits and short-term prepayments		3,863	2,771
Other receivables		18,897	19,953
Short-term investments		51,176	63,828
Taxation-net		5,208	8,146
Cash and bank balances		122,144	35,036
		714,369	559,658
<b>TOTAL ASSETS</b>		<b>1,547,628</b>	<b>1,313,135</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		63,888	63,888
Reserves		292,787	256,592
		356,675	320,480
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		129,056	129,056
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		133,334	133,334
Deferred liabilities		210,204	205,752
		343,538	339,086
<b>CURRENT LIABILITIES</b>			
Trade and other payables		665,375	291,740
Accrued mark-up		8,540	18,089
Short-term borrowings		-	170,240
Current portion of long-term financing		44,444	44,444
		718,359	524,513
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,547,628</b>	<b>1,313,135</b>

The annexed notes form an integral part of these condensed interim financial statements.

  
ASLAM FARUQUE  
Chief Executive

  
TARIQ FARUQUE  
Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
for the quarter ended December 31, 2009

	Dec. 31, 2009	Dec. 31, 2008
	(Rupees in '000)	
<b>Turnover - net</b>	689,479	399,105
Cost of sales	(609,922)	(366,188)
<b>Gross profit</b>	79,557	32,917
Distribution cost	(1,820)	(952)
Administrative expenses	(14,075)	(12,388)
Other operating expenses	(3,954)	(726)
	(19,849)	(14,066)
Other operating income	623	2,290
<b>Operating profit</b>	60,331	21,141
Finance cost	(9,172)	(13,161)
	51,159	7,980
Share of profit in an associate	10,205	48,429
<b>Profit before taxation</b>	61,364	56,409
<b>Taxation</b>		
Current	(8,886)	(49)
Deferred	(3,631)	(2,908)
	(12,517)	(2,957)
<b>Profit after taxation</b>	48,847	53,452
Earnings per share - basic	Rs. 7.65	Rs. 8.37

The annexed notes form an integral part of these condensed interim financial statements.

  
ASLAM FARUQUE  
Chief Executive

  
TARIQ FARUQUE  
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
for the quarter ended December 31, 2009

	Dec. 31, 2009 (Rupees in '000)	Dec. 31, 2008 (Rupees in '000)
<b>Profit after taxation</b>	48,847	53,452
Fair value loss on available-for-sale securities	(12,652)	(19,470)
<b>Total Comprehensive income for the quarter</b>	<u>36,195</u>	<u>33,982</u>

The annexed notes form an integral part of these condensed interim financial statements.

  
ASLAM FARUQUE  
Chief Executive

  
TARIQ FARUQUE  
Director

**Condensed Interim Cash Flow Statement (Un-audited)**  
for the quarter ended December 31, 2009

	Dec. 31, 2009	Dec. 31, 2008
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	61,364	56,409
Adjustments for :		
Depreciation	5,439	5,487
Dividend income from a related party	-	(486)
Share of profit in an associate	(10,205)	(48,429)
Finance cost	9,172	13,161
	4,406	(30,267)
<b>Operating profit before working capital changes</b>	65,770	26,142
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	47,986	3,084
Stock-in-trade	(149,286)	(31,615)
Trade debts	13,313	(33,037)
Loans and advances	4,830	(21,265)
Trade deposits and short-term prepayments	(1,092)	4,003
Other receivables	1,056	3,995
	(83,193)	(74,835)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	373,658	122,970
Short-term borrowings	(170,240)	(22,147)
	203,418	100,823
<b>Cash generated from operations</b>	185,995	52,130
Income tax paid - net	(5,948)	(435)
Increase in deferred liabilities	821	731
	(5,127)	296
<b>Net cash generated from operating activities</b>	180,868	52,426
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(2,987)	(3,547)
Additions to capital work-in-progress	(72,029)	-
Dividend received from a related party	-	486
<b>Net cash used in investing activities</b>	(75,016)	(3,061)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(18,721)	(9,834)
Long-term financing-net	-	(15,913)
Payment of dividend	(23)	-
<b>Net cash used in financing activities</b>	(18,744)	(25,747)
<b>Net increase in cash and cash equivalents</b>	87,108	23,618
<b>Cash and cash equivalents at the beginning of the period</b>	35,036	13,297
<b>Cash and cash equivalents at the end of the period</b>	122,144	36,915

The annexed notes form an integral part of these condensed interim financial statements.

  
ASLAM FARUQUE  
Chief Executive

  
TARIQ FARUQUE  
Director



**Condensed Interim Statement of Changes in Equity (Un-audited)**  
for the quarter ended December 31, 2009

	Issued subscribed and paid-up capital	Reserves				
		General reserves	Unappropriated profit	Fair value gain / (loss) on available-for- sale securities	Total	Total
	(Rupees in ' 000)					
<b>Balance as at October 01, 2008</b>	<b>63,888</b>	<b>14,250</b>	<b>70,310</b>	<b>69,382</b>	<b>153,942</b>	<b>217,830</b>
Total comprehensive income for the quarter	-	-	53,452	(19,470)	33,982	33,982
<b>Balance as at December 31, 2008</b>	<b><u>63,888</u></b>	<b><u>14,250</u></b>	<b><u>123,762</u></b>	<b><u>49,912</u></b>	<b><u>187,924</u></b>	<b><u>251,812</u></b>
<b>Balance as at October 01, 2009</b>	<b>63,888</b>	<b>34,250</b>	<b>169,361</b>	<b>52,981</b>	<b>256,592</b>	<b>320,480</b>
Total comprehensive income for the quarter	-	-	48,847	(12,652)	36,195	36,195
<b>Balance as at December 31, 2009</b>	<b><u>63,888</u></b>	<b><u>34,250</u></b>	<b><u>218,208</u></b>	<b><u>40,329</u></b>	<b><u>292,787</u></b>	<b><u>356,675</u></b>

The annexed notes form an integral part of these condensed interim financial statements.

  
ASLAM FARUQUE  
Chief Executive

  
TARIQ FARUQUE  
Director

**Notes to the Condensed Interim Financial Statements (Un-audited)**  
for the quarter ended December 31, 2009

**1. STATUS AND NATURE OF THE BUSINESS**

The Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted on Karachi Stock Exchange. Principal activity of the Company is manufacturing and selling sugar. The registered office of the Company is situated at Modern Motors House, Beaumont Road, Karachi.

**2. BASIS OF PRESENTATION**

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2009.

**3. ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2009.

IAS 1 (revised), "Presentation of financial statements" 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 a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

**4. TAXATION**

**a) Current**

The Company falls under the final tax regime under sections 150, 154 and 169 of the Income Tax Ordinance, 2001 to the extent of dividend income and direct export sales. Provision for tax on other income and local sales is based on taxable income at the rate applicable for the current tax year, after considering the rebates and tax credits available, if any.

**b) Deferred**

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

**Notes to the Condensed Interim Financial Statements (Un-audited)**  
for the quarter ended December 31, 2009

**5. PROPERTY, PLANT AND EQUIPMENT**

	Dec. 31, 2009	Sep. 30, 2009
	(Rupees in '000)	
Operating property, plant and equipment	490,888	493,340
Capital work-in-progress	163,637	91,608
	<u>654,525</u>	<u>584,948</u>

**5.1 Additions & disposals in operating property, plant and equipment**

	Additions		Disposals at book value	
	Dec. 31, 2009	Sep. 30, 2009	Dec. 31, 2009	Sep. 30, 2009
	(Rupees in '000)			
Land - Free hold	-	3,500	-	-
Building - Non-factory	-	1,345	-	-
Plant and machinery	-	19,634	-	5,508
Furniture & fittings	70	-	-	-
Vehicles	2,691	2,283	-	55
Computers & accessories	14	804	-	-
Office and other equipment	212	57	-	-
	<u>2,987</u>	<u>27,623</u>	<u>-</u>	<u>5,563</u>

**6. LONG-TERM INVESTMENT**

The Company holds 33.33 percent (2009: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a) to the annual financial statements for the year ended September 30, 2009. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the quarter ended December 31, 2009.

**7. CONTINGENCIES AND COMMITMENTS**

	Note	Dec. 31, 2009	Sep. 30, 2009
		(Rupees in '000)	
Letters of credit issued by a commercial bank.	7.1	<u>29,409</u>	<u>-</u>

**7.1** This represents commitments relating to capital expenditure.

**7.2** The status of other contingencies and commitments as at December 31, 2009 is same as reported in the annual financial statements for the year ended September 30, 2009.

**8. SEASONAL PRODUCTION**

Due to the seasonal availability of sugar cane, the manufacture of sugar is carried out during the period of availability of sugar cane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

**Notes to the Condensed Interim Financial Statements (Un-audited)**  
for the quarter ended December 31, 2009

**9. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of related group companies, associated companies, directors, executives and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties. Material transactions with related parties are given below:

Relationship	Nature of transaction	Quarter ended	
		Dec. 31, 2009	Dec. 31, 2008
		(Rupees in '000)	
Group companies	Goods purchased	99	715
	Services received	590	292
	Goods sold	25,000	45,540
	Dividend received	-	486
Other related parties	Charge for staff provident and gratuity funds	989	806
	Insurance premium	615	166
	Chief Executive	Remuneration	3,594
Directors	Remuneration	4,944	3,345
Executives	Remuneration	3,868	2,176

In addition, certain actual administrative expenses are being shared amongst the group companies.

**10. DATE OF AUTHORIZATION**

These condensed interim financial statements have been authorized for issue on January 26, 2010 by the Board of Directors of the Company.

**11. CORRESPONDING FIGURES**

Corresponding figures have been rearranged in condensed interim cash flow statement for the purpose of comparison.

**12. GENERAL**

Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

  
ASLAM FARUQUE  
Chief Executive

  
TARIQ FARUQUE  
Director