

Contents

- 02 Company Information
- 03 Directors' Review
- 04 Condensed Interim Balance Sheet
- 05 Condensed Interim Profit & Loss Account (Unaudited)
- 06 Condensed Interim Statement of Comprehensive Income (Unaudited)
- 07 Condensed Interim Cash Flow Statement (Unaudited)
- 08 Condensed Interim Statement of Changes in Equity (Unaudited)
- 09 Notes to the Condensed Interim Financial Statements (Unaudited)

Company Information

Board of Directors

Mr. Maqbool H. H. Rahimtoola (NIT)	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Tariq Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director

Audit Committee

Mr. Yasir Masood	Chairman
Mr. Maqbool H. H. Rahimtoola	Member
Mr. Tariq Faruque	Member
Mr. Samir Mustapha Chinoy	Member

Human Resource and Remuneration Committee

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

Executive Director & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid A. Vazir

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Share Registrar

Central Depository
Company of Pakistan Limited
CDC House, 99 - B,
Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi - 74400

BANKERS

Al Baraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd. - Islamic Banking
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Dubai Islamic Bank Pakistan Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

Registered Office / Factory

Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas, Sindh

Legal Advisor

K.M.S. Law Associates

Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2015.

Production

The Company started the crushing for the season 2015/16 on 24th November 2015. During the first quarter of the year, the plant operated for 38 days as against 25 days during the same time last year. The factory crushed 243,336 metric tons of sugarcane to produce 23,410 metric tons of sugar during the period compared to 152,172 metric tons of sugarcane crushed during the corresponding period last year to produce 13,755 metric tons of sugar. There was an increase in sucrose recovery during the period to 9.98% as against 9.81% at the same time last year. In line with increase in crushing, the production of molasses also increased to 10,360 metric tons compared with 6,625 metric tons at the corresponding period last year.

Financial Performance

There was an increase of over Rs. 232 million i.e. 51% in the sales revenue of the Company from the corresponding period last year. The increase in sales turnover was attributable to rise in the quantity of sugar sold by the Company. During the period under review, the Company sold 13,920 metric tons of sugar against 9,310 metric tons sold at the same time last year. There was an increase in cost of production because of higher input costs including sugarcane price. During the quarter under review, there was an increase in other income due to receipt of dividends from investments made in various shares and fair value adjustment of biological assets. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 27.36 million and adjusted its investment in the associate by the same amount. For the quarter ended December 31, 2015 the Company recorded an after tax profit of Rs. 50.28 million.

	Dec. 31, 2015	Dec. 31, 2014
	(Rs. in million)	
Net sales	683.38	450.88
Cost of sales	(619.01)	(450.16)
Gross profit	64.37	0.72
Other income	32.80	11.05
Share of profit in associate	27.36	42.15
Other expenses & taxes	(74.25)	(66.35)
Net profit/(loss)	50.28	(12.43)

Future Prospects

Being a highly regulated industry, there is always uncertainty in sugar production and carryover stocks by the mills. The sugar industry has repeatedly requested the government to review the price of sugarcane and link the same with the selling price of sugar to ensure adequate return for all stakeholders including sugar mills. Additionally, the government is also requested to immediately release freight subsidy on export of sugar done in the past to help sugar mills improve their financial position, which has been outstanding for over 2 years.

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

Karachi: January 27, 2016

Maqbool H. H. Rahimtoola
Chairman

Condensed Interim Balance Sheet

As at December 31, 2015

	Note	Dec. 31, 2015 (Unaudited)	Sep. 30, 2015 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,812,061	1,681,812
Intangible asset	7	92	367
Long-term investments	8	687,635	660,274
Long-term deposits		4,283	4,581
		<u>2,504,071</u>	<u>2,347,034</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		207,367	167,509
Stock-in-trade	9	896,814	387,049
Biological assets	10	15,925	28,362
Trade debts	11	46,906	34,609
Loans and advances		145,447	107,413
Trade deposits and short-term prepayments		6,755	2,750
Other receivables		257,731	241,668
Short-term investments		965,913	791,498
Tax refunds due from the Government		79,657	72,460
Cash and bank balances		62,792	56,156
		<u>2,685,307</u>	<u>1,889,474</u>
TOTAL ASSETS		<u><u>5,189,378</u></u>	<u><u>4,236,508</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	122,682	122,682
Reserves		1,777,241	1,566,899
		1,899,923	1,689,581
SURPLUS ON REVALUATION OF FIXED ASSETS		555,749	555,749
NON-CURRENT LIABILITIES			
Long-term financing		527,500	540,000
Deferred liabilities		245,620	233,235
		773,120	773,235
CURRENT LIABILITIES			
Trade and other payables		1,066,629	548,469
Accrued mark-up		14,935	21,784
Short-term borrowings	13	829,022	597,690
Current portion of long-term financing		50,000	50,000
		1,960,586	1,217,943
CONTINGENCIES AND COMMITMENTS			
	14		
TOTAL EQUITY AND LIABILITIES		<u><u>5,189,378</u></u>	<u><u>4,236,508</u></u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Condensed Interim Profit and Loss Account (Unaudited)

for the quarter ended December 31, 2015

	Note	Dec. 31, 2015	Dec. 31, 2014
(Rupees in '000)			
Turnover - net	16	683,375	450,884
Cost of sales	17	(619,008)	(450,163)
Gross profit		64,367	721
Distribution cost		(1,515)	(1,081)
Administrative expenses		(27,143)	(26,427)
Other operating expenses		(3,364)	(6,168)
		(32,022)	(33,676)
Other income	18	32,800	11,053
Operating profit / (loss)		65,145	(21,902)
Finance cost		(22,250)	(26,614)
		42,895	(48,516)
Share of profit in an associate		27,361	42,150
Profit / (loss) before taxation		70,256	(6,366)
Taxation		(19,972)	(6,065)
Profit / (loss) for the quarter		50,284	(12,431)
Earnings per share - basic (Rupees)	19	4.10	(1.01)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the quarter ended December 31, 2015

	Dec. 31, 2015	Dec. 31, 2014
	(Rupees in '000)	
Profit / (loss) for the quarter	50,284	(12,431)
Other Comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Fair value gain on available-for-sale securities	160,058	271,278
Total comprehensive income for the quarter	<u>210,342</u>	<u>258,847</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Condensed Interim Cash Flow Statement (Unaudited)

for the quarter ended December 31, 2015

	Dec. 31, 2015	Dec. 31, 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	70,256	(6,366)
Adjustments for:		
Depreciation	14,477	15,297
Amortization	275	275
Provision for market committee fee	2,433	1,523
Fair value adjustment of biological assets	(2,806)	9,987
Dividend income from related parties	(24,148)	(10,275)
Share of profit in an associate	(27,361)	(42,150)
Gain on disposal of operating property, plant and equipment	(983)	(32)
Finance cost	22,250	26,614
	(15,863)	1,239
	54,393	(5,127)
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(39,858)	(25,424)
Stock-in-trade	(509,765)	(324,957)
Biological assets	15,243	(2,223)
Trade debts	(12,297)	(41,494)
Loans and advances	(38,034)	(12,698)
Short-term prepayments	(4,005)	(4,757)
Other receivables	(16,063)	(748)
	(604,779)	(412,301)
Increase in current liabilities:		
Trade and other payables	548,704	138,291
Cash used in operations	(1,682)	(279,137)
Income tax paid - net	(17,217)	(11,746)
Net cash used in operating activities	(18,899)	(290,883)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(145,253)	(2,916)
Sale proceeds of operating property, plant and equipment	1,510	66
Short-term investments	(14,357)	(50,000)
Long-term deposits	298	(9)
Dividend received from related parties	24,148	10,275
Net cash used in investing activities	(133,654)	(42,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(29,099)	(18,481)
Short-term borrowings	231,332	385,421
Long-term financing repaid	(12,500)	(12,500)
Payment of dividend	(30,544)	-
Net cash generated from financing activities	159,189	354,440
Net increase in cash and cash equivalents	6,636	20,973
Cash and cash equivalents at the beginning of the quarter	56,156	20,339
Cash and cash equivalents at the end of the quarter	62,792	41,312

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

for the quarter ended December 31, 2015

	Issued subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unappropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available-for-sale securities		
(Rupees in '000')							
Balance as on October 1, 2014	122,682	34,250	620,473	41,117	260,873	956,713	1,079,395
Loss for the Quarter	-	-	(12,431)	-	-	(12,431)	(12,431)
Other comprehensive income	-	-	-	-	271,278	271,278	271,278
Total comprehensive income	-	-	(12,431)	-	271,278	258,847	258,847
Balance as at December 31, 2014	122,682	34,250	608,042	41,117	532,151	1,215,560	1,338,242
Balance as at October 01, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the Quarter	-	-	50,284	-	-	50,284	50,284
Other comprehensive income	-	-	-	-	160,058	160,058	160,058
Total comprehensive income	-	-	50,284	-	160,058	210,342	210,342
Balance as at December 31, 2015	122,682	34,250	759,839	117,330	865,822	1,777,241	1,899,923

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Notes to the Condensed Interim Financial Statements (Unaudited)

for the quarter ended December 31, 2015

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 at Pakistan Stock Exchange (formerly Karachi Stock Exchange). Principal activity of the Company is manufacturing and selling of sugar. The registered office of the Company is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the quarter ended December 31, 2015 have been prepared in accordance with the requirements of the International accounting Standards 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.

3. 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. 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, 2015.

4. 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, 2015.

5. TAXATION

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1% of turnover tax, calculated at applicable tax rates under section 113 of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the condensed interim financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

6. PROPERTY, PLANT AND EQUIPMENT

Opening book value
Additions during the period / year

Disposals during the period / year at book value
Depreciation charged during the period / year
Reversal of revaluation of freehold land - sold

Capital work in progress

Dec. 31, 2015	Sep. 30, 2015 (Audited)
(Rupees in '000)	
1,681,812	1,593,974
551	28,010
1,682,363	1,621,984
(527)	(1,667)
(14,477)	(61,769)
-	(18,266)
1,667,359	1,540,282
144,702	141,530
<u>1,812,061</u>	<u>1,681,812</u>

6.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Dec. 31, 2015	Sep. 30, 2015 (Audited)	Dec. 31, 2015	Sep. 30, 2015 (Audited)
	(Rupees in '000)			
Free hold land	-	-	-	19,485
Plant and machinery	-	22,629	-	-
Vehicles	190	4,467	527	448
Office and other equipment	157	164	-	-
Computers & accessories	204	750	-	-
	<u>551</u>	<u>28,010</u>	<u>527</u>	<u>19,933</u>

6.2 Capital work in progress:

	Dec. 31, 2015	Sep. 30, 2015 (Audited)
	(Rupees in '000)	
Plant and machinery	285,132	140,430
Stores held for capitalization	1,100	1,100
	<u>286,232</u>	<u>141,530</u>

6.3 Movement in Capital work in progress

Opening	141,530	19,060
Add: Addition during the period / year	144,702	145,099
	<u>286,232</u>	<u>164,159</u>
Less: Transferred during the period / year	-	(22,629)
	<u>286,232</u>	<u>141,530</u>

7. INTANGIBLE ASSET

Opening book value	367	1,467
Amortization charged during the period	(275)	(1,100)
	<u>92</u>	<u>367</u>

8. LONG-TERM INVESTMENT

Unicol Limited	660,274	558,396
Share of profit for the period	27,361	101,878
	<u>687,635</u>	<u>660,274</u>

The Company holds 33.33 percent (Sep. 2015: 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 audited financial statements for the year ended September 30, 2015. 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, 2015.

9. STOCK-IN-TRADE

Sugar	824,535	384,180
Sugar in process	37,082	2,869
Molasses	35,197	-
	<u>896,814</u>	<u>387,049</u>

10. BIOLOGICAL ASSETS

Sugarcane	15,081	25,701
Others	844	2,661
	<u>15,925</u>	<u>28,362</u>

Movement during the period / year:

As at October 01	28,362	72,150
Addition due to cultivation	3,786	47,405
(Loss) / gain arising from initial recognition of standing crops less cost to sell	2,806	(36,905)
Decrease due to harvest sales	(19,029)	(54,288)
	<u>15,925</u>	<u>28,362</u>

	Dec. 31, 2015	Sep. 30, 2015 (Audited)
(Rupees in '000)		
11. TRADE DEBTS - unsecured, considered good		
Related party:		
Unicol	-	2,047
Others	46,906	32,562
	<u>46,906</u>	<u>34,609</u>

11.1 Trade receivable are non-interest bearing and aging analysis of trade debts is as follows:

Past due but not impaired-within 30 days	-	2,047
--	---	-------

12. SHARE CAPITAL

12.1 Authorized capital

	Dec. 31, 2015	Sep. 30, 2015 (Audited)			
Number of shares					
	15,000,000	15,000,000	Ordinary shares of Rs.10/- each	150,000	150,000

12.2 Issued subscribed and paid-up capital

1,770,000	1,770,000	Issued for cash	17,700	17,700
		Issued as fully paid bonus shares:		
10,498,219	10,498,219	-Opening balance	104,982	104,982
-	-	-Issued during the period / year	-	-
10,498,219	10,498,219		104,982	104,982
<u>12,268,219</u>	<u>12,268,219</u>		<u>122,682</u>	<u>122,682</u>

13. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of seasonal/ non-seasonal financing facilities from various commercial banks. These facilities are secured against registered first pari passu hypothecation charge over various assets of the Company.

14. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	2,081	64,202
---	-------	--------

The status of other contingencies as at Dec.31, 2015 is same as reported in the annual financial statements for the year ended September 30, 2015.

15. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane 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 condensed interim financial statements.

	Quarter ended	
	Dec. 31, 2015	Dec. 31, 2014
(Rupees in '000)		
16. TURNOVER-NET		
Local sales	738,045	473,312
Less: federal excise duty	(54,670)	(22,428)
	<u>683,375</u>	<u>450,884</u>
17. COST OF SALES		
Opening stock finished goods	384,180	271,299
Cost of goods manufactured	1,059,363	701,507
	1,443,543	972,806
Closing stock finished goods	(824,535)	(522,643)
	<u>619,008</u>	<u>450,163</u>

18. OTHER OPERATING INCOME

Income from financial assets

Dividend income from a related party
Profit on PLS accounts with banks
Mark-up on growers' loan

Quarter ended	
Dec. 31, 2015	Dec. 31, 2014

(Rupees in '000)

Income from non-financial assets

Gain on disposal of operating property, plant and equipment
Fair value adjustments / gain on biological assets

Others

Miscellaneous

24,148	10,275
113	185
546	195
24,807	10,655
983	32
6,942	-
7,925	32
68	366
32,800	11,053

19. EARNINGS PER SHARE- Basic

Profit / (loss) after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees)

50,284	(12,431)
12,268,219	12,268,219
4.10	(1.01)

There is no dilutive effect on basic earnings per share of the Company.

21. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, key management personnels and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties.

Relationship

Nature of Transaction

Group companies

Goods purchased
Services received
Sales made
Dividend received
Dividend paid
Investment made

Other related parties

Charge for staff provident
and gratuity funds

Key management personnel

Remuneration

Quarter ended	
Dec. 31, 2015	Dec. 31, 2014

(Rupees in '000)

9,688	19,862
2,259	1,599
44,732	31,800
24,148	10,275
14,512	-
14,357	50,000
1,826	1,586
15,632	13,873

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

22. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on January 27, 2016 by the Board of Directors of the Company.

23. 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