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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. Taufique Habib | Director |

Audit Committee

| | |
|-----------------------------|----------|
| Mr. Akbarali Pesnani | Chairman |
| Mr. Arif Faruque | Member |
| Mr. Tariq Faruque | Member |
| Mr. Maqbool H.H. Rahimtoola | Member |

Executive Director & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & 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 Limited

CDC House, 99 - B, Block - B, S.M.C.H.S.

Main Shahrah-e-Faisal, Karachi.

Bankers

Allied Bank Ltd.

Bank Alfalah 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
Sindh

directors' review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2011.

Production

During the quarter under review, the plant only operated for 24 days as against 57 days during the same time last year due to delayed start to the crushing. During this period, because of capacity enhancement this season and greater number of no-cane days last season, the Company crushed 113,914 metric tons of sugarcane to produce 9,535 metric tons of sugar compared to 105,140 metric tons of sugarcane crushed during the corresponding period last year to produce 9,177 metric tons of sugar. Last year, the Company also produced 3,688 metric tons of sugar from imported raw sugar, which is not the case this year. The sucrose recovery during the quarter remained at 9.20% as against 9.41% at the same time last year. The production of molasses increased to 5,030 metric tons as against 4,555 metric tons last year.

Financial Performance

On the back of increase in the quantity of sugar sold, there was a rise of Rs. 227 million in the net sales of the Company from the same period last year as reflected in the table below. During the period under review, the Company managed to sell 16,966 metric tons of sugar compared with 10,229 metric tons sold in the corresponding period. However, sugar prices remained depressed in the market. Further, for the season 2011/12, Sind Government has fixed the price of sugarcane at Rs. 154 per 40 kg, an increase of 21% over last year. The Company also accounted for its one-third share of profit in the joint venture distillery - Unicol Limited amounting to Rs. 11.77 million and adjusted its investment in the associate by the same amount. After taking into consideration the above along with various other expenses and government taxes, the Company registered an after tax profit of Rs. 22.07 million for the quarter under review.

| | December 31, 2011 | December 31, 2010 |
|-------------------------------------|-------------------|-------------------|
| | (Rs. in million) | |
| Net sales | 902.61 | 675.48 |
| Cost of sales | (858.58) | (599.17) |
| Gross profit | 44.03 | 76.31 |
| Other income | 2.50 | 1.49 |
| Share of profit in an associate | 11.77 | 5.81 |
| Other expenses & taxes | (36.23) | (49.81) |
| Net profit | 22.07 | 33.80 |
| Earnings per share - basic (Rupees) | 2.62 | 4.00 |

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 25, 2012

condensed interim balance sheet
as at december 31, 2011

| | Note | Dec. 31, 2011 (Un-audited) | Sep. 30, 2011 (Audited) |
|---|------|-------------------------------|----------------------------|
| (Rupees in '000) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 1,067,248 | 963,153 |
| Intangible asset | 6 | 4,492 | 4,767 |
| Long-term investment | 7 | 230,673 | 218,903 |
| Long-term deposits | | 732 | 732 |
| | | 1,303,145 | 1,187,555 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 153,104 | 151,795 |
| Stock-in-trade | | 519,713 | 886,781 |
| Trade debts | | 32,573 | 13,481 |
| Loans and advances | | 94,596 | 112,852 |
| Short-term prepayments | | 14,123 | 1,251 |
| Other receivables | | 18,649 | 26,062 |
| Short-term investments | | 48,086 | 58,180 |
| Taxation - net | | 1,281 | 1,059 |
| Cash and bank balances | | 57,170 | 15,651 |
| | | 939,295 | 1,267,112 |
| TOTAL ASSETS | | 2,242,440 | 2,454,667 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 8 | 84,332 | 84,332 |
| Reserves | | 423,340 | 411,367 |
| | | 507,672 | 495,699 |
| SURPLUS ON REVALUATION OF FIXED ASSETS | | 173,056 | 173,056 |
| NON-CURRENT LIABILITIES | | | |
| Long-term financings | | 344,445 | 344,445 |
| Deferred liabilities | | 231,724 | 251,887 |
| | | 576,169 | 596,332 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 555,911 | 637,795 |
| Accrued mark-up | | 25,637 | 32,309 |
| Short-term borrowings | 9 | 359,551 | 475,032 |
| Current portion of long-term financings | | 44,444 | 44,444 |
| | | 985,543 | 1,189,580 |
| CONTINGENCIES AND COMMITMENTS | 10 | | |
| TOTAL EQUITY AND LIABILITIES | | 2,242,440 | 2,454,667 |

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


ASLAM FARUQUE
- Chief Executive

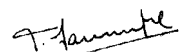

TARIQ FARUQUE
Director

condensed interim profit and loss account (un-audited)
for the quarter ended december 31, 2011

| | Note | Dec. 31, 2011 | Dec. 31, 2010 |
|---------------------------------|------|------------------|---------------|
| | | (Rupees in '000) | |
| Turnover - net | 12 | 902,611 | 675,480 |
| Cost of sales | 13 | (858,582) | (599,174) |
| Gross profit | | 44,029 | 76,306 |
| Distribution cost | | (1,579) | (694) |
| Administrative expenses | | (14,241) | (19,056) |
| Other operating expenses | | (95) | (2,853) |
| | | (15,915) | (22,603) |
| Other operating income | | 2,501 | 1,489 |
| Operating profit | | 30,615 | 55,192 |
| Finance cost | | (31,601) | (17,316) |
| | | (986) | 37,876 |
| Share of profit in an associate | | 11,770 | 5,813 |
| Profit before taxation | | 10,784 | 43,689 |
| Taxation | | | |
| Current | | (9,450) | (9,887) |
| Deferred | | 20,733 | - |
| | | 11,283 | (9,887) |
| Profit after taxation | | 22,067 | 33,802 |
| Earnings per share - basic | 14 | Rs. 2.62 | Rs. 4.00 |

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


ASLAM FARUQUE
- Chief Executive


TARIQ FARUQUE
Director

DECEMBER 31, 2011

condensed interim statement of comprehensive income (un-audited)
for the quarter ended december 31, 2011

| | Dec. 31, 2011 | Dec. 31, 2010 |
|---|------------------|---------------|
| | (Rupees in '000) | |
| Profit after taxation | 22,067 | 33,802 |
| Fair value (loss) / profit on available-for-sale securities | (10,094) | 19,419 |
| Total comprehensive income for the quarter | <u>11,973</u> | <u>53,221</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, 2011

| | Dec. 31, 2011 | Dec. 31, 2010 |
|--|------------------|---------------|
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 10,784 | 43,689 |
| Adjustments for : | | |
| Depreciation | 10,432 | 7,893 |
| Amortization | 275 | - |
| Dividend income from a related party | (2,137) | (810) |
| Share of profit in an associate | (11,770) | (5,813) |
| Gain on disposal of operating property, plant and equipment | - | (438) |
| Finance cost | 31,601 | 17,316 |
| | 28,401 | 18,148 |
| Operating profit before working capital changes | 39,185 | 61,837 |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools | (1,309) | (57,279) |
| Stock-in-trade | 367,068 | (270,492) |
| Trade debts | (19,092) | 83,214 |
| Loans and advances | 18,256 | 42,975 |
| Short-term prepayments | (12,872) | (3,653) |
| Other receivables | 7,413 | (47,055) |
| | 359,464 | (252,290) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (81,882) | 215,828 |
| Short-term borrowings | (115,481) | 96,600 |
| | (197,363) | 312,428 |
| Cash generated from operations | 201,286 | 121,975 |
| Income tax paid - net | (9,672) | (9,718) |
| Increase in deferred liabilities | 570 | 525 |
| | (9,102) | (9,193) |
| Net cash generated from operating activities | 192,184 | 112,782 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (114,850) | (57,919) |
| Intangible asset acquired | - | (3,300) |
| Sale proceeds of operating property, plant and equipment | 323 | 2,203 |
| Dividend received from a related party | 2,137 | 810 |
| Net cash used in investing activities | (112,390) | (58,206) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Finance cost paid | (38,273) | (15,625) |
| Payment of dividend | (2) | (2) |
| Net cash used in financing activities | (38,275) | (15,627) |
| Net increase in cash and cash equivalents | 41,519 | 38,949 |
| Cash and cash equivalents at the beginning of the quarter | 15,651 | 31,152 |
| Cash and cash equivalents at the end of the quarter | 57,170 | 70,101 |

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, 2011

| | Issued subscribed and paid-up capital | Reserves | | | Total | Total |
|---|---|---------------------|-------------------------------|---|----------|----------|
| | | General reserves | Unapp- ropriated profit | Fair value gain / (loss) on available -for-sale securities | | |
| | (Rupees in '000) | | | | | |
| Balance as at October 01, 2010 | 70,277 | 34,250 | 231,299 | 45,769 | 311,318 | 381,595 |
| Total comprehensive income for the quarter | - | - | 33,802 | 19,419 | 53,221 | 53,221 |
| Cash dividend for the year ended Sep. 30, 2010 @ Rs.1.50 per share (15%) | - | - | (10,542) | - | (10,542) | (10,542) |
| Issue of bonus shares @ 20% i.e 02 shares for every 10 shares held | 14,055 | - | (14,055) | - | (14,055) | - |
| Balance as at December 31, 2010 | 84,332 | 34,250 | 240,504 | 65,188 | 339,942 | 424,274 |
| Balance as at October 01, 2011 | 84,332 | 34,250 | 344,416 | 32,701 | 411,367 | 495,699 |
| Total comprehensive income for the quarter | - | - | 22,067 | (10,094) | 11,973 | 11,973 |
| Balance as at December 31, 2011 | 84,332 | 34,250 | 366,483 | 22,607 | 423,340 | 507,672 |

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, 2011

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, 2011.

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, 2011.

4. TAXATION

a) Current

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 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.

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.

5. PROPERTY, PLANT AND EQUIPMENT

| | Note | Dec. 31, 2011 | Sep. 30, 2011 |
|--|------|------------------|------------------|
| | | (Rupees in '000) | |
| Opening Net Book Value (NBV) | | 963,153 | 683,949 |
| Additions to operating property, plant & equipment | 5.1 | 968 | 248,215 |
| | | 964,121 | 932,164 |
| Disposals during the period (NBV) | | (323) | (2,183) |
| Depreciation charged during the period | | (10,432) | (40,057) |
| | | 953,366 | 889,924 |
| Capital work in progress | | 113,882 | 73,229 |
| | | 1,067,248 | 963,153 |

5.1 Additions / revaluation & disposals in operating property, plant and equipment

| | Additions | | Disposals at book value | |
|----------------------------|------------------|---------------|-------------------------|---------------|
| | Dec. 31, 2011 | Sep. 30, 2011 | Dec. 31, 2011 | Sep. 30, 2011 |
| | (Rupees in '000) | | | |
| Building - Factory | - | 2,157 | - | - |
| Building - Non-factory | - | 775 | - | - |
| Plant and machinery | - | 230,198 | - | - |
| Vehicles | 478 | 13,160 | 323 | 2,022 |
| Computers & accessories | 200 | 1,542 | - | 161 |
| Office and other equipment | 290 | 383 | - | - |
| | 968 | 248,215 | 323 | 2,183 |

6. INTANGIBLE ASSET

| | Dec. 31, 2011 | Sep. 30, 2011 |
|--|------------------|---------------|
| | (Rupees in '000) | |
| Opening Value | 4,767 | 2,200 |
| Additions during the period | - | 3,300 |
| | 4,767 | 5,500 |
| Amortization charged during the period | (275) | (733) |
| | 4,492 | 4,767 |

7. LONG-TERM INVESTMENT

| | Dec. 31, 2011 | Sep. 30, 2011 |
|--|---------------|---------------|
| Unicol Limited (Fully paid ordinary shares of Rs. 10/- each) | 218,903 | 176,077 |
| Share of profit | 11,770 | 42,826 |
| | 230,673 | 218,903 |

The Company holds 33.33 percent (Sep. 2011: 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, 2011. 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, 2011.

8. SHARE CAPITAL

8.1 Authorized capital

| Dec. 31, 2011 | Sep. 30, 2011 | | Dec. 31, 2011 | Sep. 30, 2011 |
|------------------|---------------|---------------------------------|------------------|---------------|
| Number of shares | | | (Rupees in '000) | |
| 15,000,000 | 15,000,000 | Ordinary Shares of Rs.10/- each | 150,000 | 150,000 |

8.2 Issued subscribed and paid-up capital

| Dec. 31, 2011 | Sep. 30, 2011 | | Dec. 31, 2011 | Sep. 30, 2011 |
|------------------|---------------|------------------------------------|---------------|---------------|
| Number of shares | | | | |
| 1,770,000 | 1,770,000 | Issued for cash | 17,700 | 17,700 |
| | | Issued as fully paid bonus shares: | | |
| 5,257,680 | 5,257,680 | -Opening balance | 52,577 | 52,577 |
| 1,405,535 | 1,405,535 | -Issued during the year | 14,055 | 14,055 |
| 6,663,215 | 6,663,215 | | 66,632 | 66,632 |
| 8,433,215 | 8,433,215 | | 84,332 | 84,332 |

9. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of running finance facilities aggregating Rs.1,569 million (Sep. 2011: Rs.1,569 million) obtained from various commercial banks. These facilities are secured against registered first pari passu hypothecation charge over various assets of the Company. These facilities are repayable / renewable annually.

10. CONTINGENCIES AND COMMITMENTS

Letters of credit issued by a commercial bank.

| Dec. 31, 2011 | Sep. 30, 2011 |
|------------------|---------------|
| (Rupees in '000) | |
| Nil | 2,983 |

10.1 The status of other contingencies and commitments as at December 31, 2011 is same as reported in the annual financial statements for the year ended September 30, 2011.

11. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the manufacture 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 interim and annual financial statements.

12. TURNOVER - NET

Included herein are local sales net of sales tax and special excise duty.

13. COST OF SALES

Opening stock finished goods
Cost of goods manufactured

Closing stock finished goods

| Quarter ended | |
|------------------|---------------|
| Dec. 31, 2011 | Dec. 31, 2010 |
| (Rupees in '000) | |
| 902,611 | 675,480 |
| 884,253 | 122,921 |
| 412,805 | 786,692 |
| 1,297,058 | 909,613 |
| (438,476) | (310,439) |
| 858,582 | 599,174 |
| 22,067 | 33,802 |
| 8,433,215 | 8,433,215 |
| 2.62 | 4.00 |

14. EARNINGS PER SHARE- Basic

Profit after taxation (Rs.'000)
Weighted average no. of shares
Earnings per share (Rs.)

December 31, 2011

15. 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, 2011 | Dec. 31, 2010 |
| | | (Rupees in '000) | |
| Group companies | Goods purchased | 197 | 86 |
| | Services received | 809 | 956 |
| | Sales made | 11,855 | 2,847 |
| | Dividend received | 2,137 | 810 |
| | Dividend paid | - | 4,618 |
| Other related parties | Charge for staff provident and gratuity funds | 1,185 | 974 |
| | Insurance premium | 349 | 374 |
| Chief Executive | Remuneration | 4,431 | 3,965 |
| Directors | Remuneration | 6,006 | 5,396 |
| Executives | Remuneration | 3,100 | 2,510 |

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.

16. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on January 25, 2012 by the Board of Directors of the Company.

17. 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