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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

Tahir Jawad Imran Fecto
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 - 74400.

Bankers

Al Baraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
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

Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2014.

Production

The plant operated for only 25 days during the first quarter of the year as against 44 days during the same time last year owing to late start of the crushing campaign. During the period under review, the plant crushed 152,172 metric tons of sugarcane to produce 13,755 metric tons of sugar compared to 269,085 metric tons of sugarcane crushed during the corresponding period last year to produce 24,485 metric tons of sugar. The sucrose recovery during the period was 9.81% as against 9.45% at the same time last year. The production of molasses declined to 6,625 metric tons compared with 12,220 metric tons at the corresponding period last year. Unprecedented increase in price of sugarcane by the Sindh Government and depressed sugar prices due to supply glut had an adverse impact on the financial position of the entire industry during the quarter under review.

Financial Performance

There was 20% decline in the sales revenue of the Company from the corresponding period last year. The decrease in sales turnover was attributable to decline in the quantity of sugar sold by the Company. During the period under review, the Company sold 9,310 metric tons of sugar against 12,363 metric tons sold at the same time last year. Increase in cost of production because of high sugarcane price fixed by the Government despite repeated requests by the sugar mills to lower the same and decline in selling price of sugar resulted in an operating loss for the Company during the period under review. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 42.15 million and adjusted its investment in the associate by the same amount

	December 31, 2014	December 31, 2013
	(Rs. in million)	(Rs. in million)
Net sales	450.88	566.60
Cost of sales	(450.16)	(571.45)
Gross profit /(loss)	0.72	(4.85)
Other income	11.05	28.60
Share of profit in associate	42.15	12.20
Other expenses & taxes	(66.35)	(59.23)
Net loss	(12.43)	(23.28)

Future Prospects

Given the oversupply position, sugar prices have dropped to a level where it is no longer sustainable to produce sugar at the prevailing price levels. In this scenario, the Government is requested 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. Furthermore, it is strongly urged to clarify the mechanism and modalities for export of sugar to earn much needed foreign exchange for the country. Additionally, the Government is also requested to buy and lift the strategic stock of sugar from the mills to allow it to make timely payments to the growers and immediately release freight subsidy on export of sugar to the mills.

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

Mr. Maqbool H. H. Rahimtoola (NIT)
Chairman

Karachi: January 20, 2015

Condensed Interim Balance Sheet

As at December 31, 2014

	Note	Dec. 2014 (Unaudited)	Sep. 2014 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	1,600,619	1,613,034
Intangible asset	6	1,192	1,467
		1,601,811	1,614,501
Long-term investment	7	600,546	558,396
Long-term deposits		1,004	995
		2,203,361	2,173,892
CURRENT ASSETS			
Stores, spare parts and loose tools		165,190	139,766
Stock-in-trade	8	599,213	274,256
Biological assets	9	64,386	72,150
Trade debts	10	77,345	35,851
Loans and advances		52,538	39,840
Short-term prepayments		11,519	6,762
Other receivables		124,917	124,169
Short-term investments		617,885	296,607
Tax refunds due from the Government		56,700	51,019
Cash and bank balances		41,312	20,339
		1,811,005	1,060,759
TOTAL ASSETS		4,014,366	3,234,651
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	122,682	122,682
Reserves		1,215,560	956,713
		1,338,242	1,079,395
SURPLUS ON REVALUATION OF FIXED ASSETS		574,015	574,015
NON-CURRENT LIABILITIES			
Long-term financing		327,500	340,000
Deferred liabilities		223,439	221,916
		550,939	561,916
CURRENT LIABILITIES			
Trade and other payables		572,482	434,191
Accrued mark-up		18,661	10,528
Short-term borrowings	12	810,027	424,606
Current portion of long-term financing		150,000	150,000
		1,551,170	1,019,325
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		4,014,366	3,234,651

The annexed notes from 1 to 21 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, 2014

	Note	Dec. 2014	Dec. 2013
		(Rupees in '000)	
Turnover - net	15	450,884	566,604
Cost of sales	16	(450,163)	(571,446)
Gross profit/ (loss)		721	(4,842)
Distribution cost		(1,081)	(1,307)
Administrative expenses		(26,427)	(24,640)
Other operating expenses		(6,168)	(40)
		(33,676)	(25,987)
Other income	17	11,053	28,604
Operating loss		(21,902)	(2,225)
Finance cost		(26,614)	(25,194)
		(48,516)	(27,419)
Share of profit in an associate		42,150	12,198
Loss before taxation		(6,366)	(15,221)
Taxation		(6,065)	(8,056)
Loss for the quarter		(12,431)	(23,277)
Earnings per share - basic (Rupees)	18	(1.01)	(1.90)

The annexed notes from 1 to 21 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, 2014

	Dec. 2014	Dec. 2013
	(Rupees in '000)	
Loss for the quarter	(12,431)	(23,277)
Fair value gain on available-for-sale securities	271,278	55,319
Total comprehensive income for the quarter	<u>258,847</u>	<u>32,042</u>

The annexed notes from 1 to 21 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, 2014

	Dec. 2014	Dec. 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,366)	(15,221)
Adjustments for :		
Depreciation	15,297	13,602
Amortization	275	275
Provision for market committee fee	1,523	2,691
Fair value adjustment of biological assets	9,987	(7,485)
Dividend income from related parties	(10,275)	(7,876)
Share of profit in an associate	(42,150)	(12,198)
Gain on disposal of property, plant and equipment	(32)	(474)
Finance cost	26,614	25,194
	1,239	13,729
	(5,127)	(1,492)
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(25,424)	(13,322)
Stock-in-trade	(324,957)	(626,016)
Biological assets	(2,223)	(578)
Trade debts	(41,494)	(34,693)
Loans and advances	(12,698)	1,813
Short-term prepayments	(4,757)	(9,665)
Other receivables	(748)	(25,733)
	(412,301)	(708,194)
Increase in current liabilities:		
Trade and other payables	138,291	336,603
Cash used in operations	(279,137)	(373,083)
Income tax paid - net	(11,746)	(8,313)
Net cash used in operating activities	(290,883)	(381,396)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(2,916)	(9,493)
Sale proceeds of property, plant and equipment	66	1,008
Short-term investments	(50,000)	-
Long-term deposits	(9)	-
Dividend received from related parties	10,275	7,876
Net cash used in investing activities	(42,584)	(609)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(18,481)	(19,004)
Short-term borrowings	385,421	441,958
Long-term financing	(12,500)	(12,500)
Payment of dividend	-	(3)
Net cash generated from financing activities	354,440	410,451
Net increase in cash and cash equivalents	20,973	28,446
Cash and cash equivalents at the beginning of the quarter	20,339	11,494
Cash and cash equivalents at the end of the quarter	41,312	39,940

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

December 31, 2014 | 07 |

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Quarter Ended December 31, 2014

	Issued subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unapp- ropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available- for-sale securities		
(Rupees in '000')							
Balance as on September 30, 2013-restated	111,529	34,250	549,442	16,496	191,234	791,422	902,951
Loss for the Quarter	-	-	(23,277)	-	-	(23,277)	(23,277)
Other comprehensive income	-	-	-	-	55,319	55,319	55,319
Total comprehensive income	-	-	(23,277)	-	55,319	32,042	32,042
Transaction with owners							
Issue of bonus shares @ 10% i.e 01 share for every 10 shares held	11,153	-	(11,153)	-	-	(11,153)	-
Balance as at December 31, 2013	122,682	34,250	515,012	16,496	246,553	812,311	934,993
Balance as on September 30, 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 on December 31, 2014	122,682	34,250	608,042	41,117	532,151	1,215,560	1,338,242

The annexed notes from 1 to 21 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, 2014

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 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.

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, 2014.

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, 2014.

4. 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.

5. PROPERTY, PLANT AND EQUIPMENT

Opening book value
Additions during the period / year
Revaluation of freehold Land

Disposals during the period / year at book value
Depreciation charged during the period / year

Capital work in progress

Dec. 31, 2014	Sep. 30, 2014 (Audited)
(Rupees in '000)	
1,593,974	1,268,384
-	95,360
-	291,463
1,593,974	1,655,207
(34)	(2,163)
(15,297)	(59,070)
1,578,643	1,593,974
21,976	19,060
1,600,619	1,613,034

5.1 Additions & disposals in property, plant and equipment

Additions/ Revaluation		Disposals at book value	
Dec. 31, 2014	Sep. 30, 2014 (Audited)	Dec. 31, 2014	Sep. 30, 2014 (Audited)
(Rupees in '000)			
-	291,463	-	-
-	47,071	-	-
-	47,101	34	2,162
-	795	-	-
-	393	-	1
-	386,823	34	2,163

5.2 Movement in Capital Work in Progress

	Dec. 31 2014	Sep. 30 2014 (Audited)
	(Rupees in '000)	
Opening	19,060	9,928
Add: Addition during the period / year	2,916	56,203
	21,976	66,131
Less: Transferred during the period / year	-	(47,071)
	21,976	19,060

6. INTANGIBLE ASSET

Opening book value	1,467	2,567
Amortization charged during the period	(275)	(1,100)
	1,192	1,467

7. LONG-TERM INVESTMENT

Unicol Limited	558,396	505,451
Share of profit for the period	42,150	52,945
	600,546	558,396

The Company holds 33.33 percent (Sep. 2014: 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, 2014. 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, 2014.

8. STOCK-IN-TRADE

	Dec. 31 2014	Sep. 30 2014 (Audited)
	(Rupees in '000)	
Sugar	522,643	271,299
Sugar in process	48,293	2,957
Molasses	28,277	-
	599,213	274,256

9. BIOLOGICAL ASSETS

Sugarcane	64,386	67,486
Others	-	4,664
	64,386	72,150

Movement during the period:

As at October 01	72,150	47,084
(Decrease)/ Increase due to purchase / cost incurred	(32,577)	43,378
	39,573	90,462
Increase/ (decrease) due to harvest sales	30,866	(52,351)
Fair value gain related to sales during the period	1,712	(9,993)
Fair value adjustment of biological assets	(7,765)	44,032
	24,813	(18,312)
	64,386	72,150

10. TRADE DEBTS - unsecured, considered good

Others	77,345	35,851
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10.1 Trade receivable are non-interest bearing and aging analysis of trade debts is as follows:

Neither past due nor impaired	77,345	35,851
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11. SHARE CAPITAL

11.1 Authorized capital

Dec. 31 2014	Sep. 30, 2014 (Audited)		Dec. 31 2014	Sep. 30, 2014 (Audited)
Number of shares			(Rupees in '000)	
15,000,000	15,000,000	Ordinary shares of Rs.10/- each	150,000	150,000

11.2 Issued subscribed and paid-up capital

1,770,000	1,770,000	Issued for cash	17,700	17,700
10,498,220	9,382,927	Issued as fully paid bonus shares:	104,982	93,829
-	1,115,293	-Opening balance	-	11,153
10,498,220	10,498,220	-Issued during the period/ year	104,982	104,982
12,268,220	12,268,220		122,682	122,682

12. 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 assets of the Company.

13. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	32,066	774
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The status of other contingencies as at December 31, 2014 is same as reported in the annual financial statements for the year ended September 30, 2014.

14. 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.

15. TURNOVER-NET

	Dec. 31 2014	Dec. 31 2013
	(Rupees in '000)	
Local sales	473,312	607,249
Less: federal excise duty	(22,428)	(40,645)
	450,884	566,604

16. COST OF SALES

Opening stock finished goods	271,299	104,383
Cost of goods manufactured	701,507	1,132,108
	972,806	1,236,491
Closing stock finished goods	(522,643)	(665,045)
	450,163	571,446

17. OTHER OPERATING INCOME**Income from financial assets**

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

Income from non-financial assets

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

Others

Miscellaneous

Dec. 31 2014	Dec. 31 2013
(Rupees in '000)	
10,275	7,876
185	594
195	1,145
10,655	9,615
32	474
-	18,072
32	18,546
366	443
11,053	28,604

18. EARNINGS PER SHARE- Basic

Loss after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees)

(12,431)	(23,277)
12,268,220	12,268,220
(1.01)	(1.90)

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

19. 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	Quarter ended	
		Dec. 31, 2014	Dec. 31, 2013
		(Rupees in '000)	
Group companies	Goods purchased	19,862	31,192
	Services received	1,599	1,372
	Sales made	31,800	97,000
	Dividend received	10,275	7,876
	Investment made	50,000	-
Other related parties	Charge for staff provident and gratuity funds	1,586	1,474
Key management personnel	Remuneration	13,873	14,456

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.

20. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on January 20, 2015 by the Board of Directors of the Company.

21. 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