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Company Information

Board of Directors

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

Audit Committee

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

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
CDC House, 99 - B,
Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi - 74400.

Bankers

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.
Soneri Bank Ltd.
United Bank Ltd.

Registered Office

Modern Motors House
Beaumont Road
Karachi - 75530.

Factory

Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas



Directors' Report

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2013.

Production

The factory operated for 44 days during the first quarter of the year as against 33 days during the same time last year. During the quarter under review, the plant crushed 269,085 metric tons of sugarcane to produce 24,485 metric tons of sugar compared to 178,715 metric tons of sugarcane crushed during the corresponding period last year to produce 16,700 metric tons of sugar. The sucrose recovery during the quarter was 9.45% as against 9.76% at the same time last year. The production of molasses increased to 12,220 metric tons as against 8,195 metric tons at the corresponding period last year. During the quarter under review, sugar prices continued to remain low due to supply glut, which had an adverse impact on the financial position of the entire industry.

Financial Performance

There was an increase of 30% i.e. Rs.130 million in the sales revenue of the company from the corresponding period last year. The rise in sales turnover was attributable to increase in the quantity of sugar sold by the Company. During the quarter under review, the Company sold 12,363 metric tons of sugar as against 9,053 metric tons sold at the same time last year. However, due to increase in cost of production because of high sugarcane price coupled with low sucrose recovery and decline in selling price of sugar, the same could not be translated into improved financial results for the Company as it made an operational loss during the period under review. There was increase in the other Income of the Company during the quarter due to higher dividend income and gain on agricultural produce. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs.12.20 million earned during the quarter and adjusted its investment in the associate by the same amount.

	Dec. 31, 2013	Dec. 31, 2012
	------(Rs. in million)-----	
Net sales	566.60	436.52
Cost of sales	(571.45)	(430.51)
Gross (loss) / profit	(4.85)	6.01
Other income	28.60	9.17
Share of profit in associate	12.20	55.00
Other expenses & taxes	(59.23)	(48.29)
Net (loss) / profit	<u>(23.28)</u>	<u>21.89</u>

Future Prospects

Sugar prices have dropped to a level where it is no longer sustainable to produce sugar at the prevailing price levels. Given the oversupply position, the government is strongly urged to allow further export of sugar to earn much needed foreign exchange for the country. Further, it is also requested to lift the stock of sugar from the mills to allow it to make timely payments to the growers. We take this opportunity to urge the government to immediately release to the mills freight subsidy on export 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

Karachi: January 29, 2014

Mahmood Faruque
Chairman

December 31, 2013
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Condensed Interim Balance Sheet

As at December 31, 2013

	Note	Dec. 31, 2013	Sep. 30, 2013 (Audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	1,273,669	1,278,312
Intangible asset	6	2,292	2,567
		1,275,961	1,280,879
Long-term investment	7	517,649	505,451
Long-term deposits		995	995
		1,794,605	1,787,325
CURRENT ASSETS			
Stores, spare parts and loose tools		160,374	147,052
Stock-in-trade	8	734,703	108,687
Biological assets	9	55,147	47,084
Trade debts	10	48,288	13,595
Loans and advances		55,106	56,919
Short-term prepayments		10,802	1,137
Other receivables		87,245	61,512
Short-term investments		282,287	226,968
Tax refunds due from the Government		42,021	41,764
Cash and bank balances		39,940	11,494
		1,515,913	716,212
TOTAL ASSETS		3,310,518	2,503,537
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	122,682	111,529
Reserves		797,465	776,576
		920,147	888,105
SURPLUS ON REVALUATION OF FIXED ASSETS		282,552	282,552
NON-CURRENT LIABILITIES			
Long-term financing		477,500	490,000
Deferred liabilities		248,647	245,956
		726,147	735,956
CURRENT LIABILITIES			
Trade and other payables		577,800	241,200
Accrued mark-up		20,468	14,278
Short-term borrowings	12	633,404	191,446
Current portion of long-term financing		150,000	150,000
		1,381,672	596,924
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,310,518	2,503,537

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



Condensed Interim Profit and Loss Account (un-audited)

For The Quarter Ended December 31, 2013

	Note	Dec. 31, 2013	Dec. 31, 2012
		(Rupees in '000)	
Turnover - net	15	566,604	436,519
Cost of sales	16	(571,446)	(430,510)
Gross (loss) / profit		(4,842)	6,009
Distribution cost		(1,307)	(1,667)
Administrative expenses		(24,640)	(17,856)
Other operating expenses		(40)	(95)
		(25,987)	(19,618)
Other income	17	28,604	9,168
Operating loss		(2,225)	(4,441)
Finance cost		(25,194)	(25,179)
		(27,419)	(29,620)
Share of profit in an associate		12,198	55,000
(Loss) / profit before taxation		(15,221)	25,380
Taxation		(8,056)	(3,494)
(Loss) / profit for the quarter		(23,277)	21,886
Earnings per share - basic (Rupees)	18	(1.90)	Re stated 1.78

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, 2013

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Condensed Interim Statement of Comprehensive Income (un-audited)

For The Quarter Ended December 31, 2013

	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in '000)	
(Loss) / profit for the quarter	(23,277)	21,886
Fair value gain on available-for-sale securities	55,319	28,540
Total comprehensive income for the quarter	<u>32,042</u>	<u>50,426</u>

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



Condensed Interim Cash Flow Statement (un-audited)

As at December 31, 2013

	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(15,221)	25,380
Adjustments for :		
Depreciation	13,602	13,446
Amortization	275	275
Provision for market committee fee	2,691	1,786
Fair value adjustment of biological assets	(7,485)	-
Dividend income from related parties	(7,876)	(8,137)
Share of profit in an associate	(12,198)	(55,000)
Gain on disposal of operating property, plant and equipment	(474)	(16)
Finance cost	25,194	25,179
	13,729	(22,467)
	(1,492)	2,913
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(13,322)	(18,905)
Stock-in-trade	(626,016)	(431,390)
Biological assets	(578)	-
Trade debts	(34,693)	(10,409)
Loans and advances	1,813	10,861
Short-term prepayments	(9,665)	(3,405)
Other receivables	(25,733)	11,963
	(708,194)	(441,285)
Increase / (decrease) in current liabilities:		
Trade and other payables	336,603	27,209
Cash used in operations	(373,083)	(411,163)
Income tax paid - net	(8,313)	(6,810)
Net cash used in operating activities	(381,396)	(417,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(9,493)	(21,310)
Sale proceeds of operating property, plant and equipment	1,008	107
Long-term deposits	-	(263)
Dividend received from related parties	7,876	8,137
Net cash used in investing activities	(609)	(13,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(19,004)	(33,278)
Short-term borrowings	441,958	471,583
Long-term financing	(12,500)	-
Payment of dividend	(3)	(8)
Net cash generated from financing activities	410,451	438,297
Net increase in cash and cash equivalents	28,446	6,995
Cash and cash equivalents at the beginning of the quarter	11,494	16,477
Cash and cash equivalents at the end of the quarter	39,940	23,472

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, 2013

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Condensed Interim Statement of Changes in Equity (un-audited)

For The Quarter Ended December 31, 2013

	Issued subscribed and paid-up capital	Reserves				Total
		General reserves	Unapp- ropriated profit	Fair value gain on available- for-sale securities	Total	
(Rupees in '000')						
Balance as at October 01, 2012	96,982	34,250	424,461	144,709	603,420	700,402
Total comprehensive income for the quarter	-	-	21,886	28,540	50,426	50,426
Balance as at December 31, 2012	96,982	34,250	446,347	173,249	653,846	750,828
Balance as at October 01, 2013	111,529	34,250	551,092	191,234	776,576	888,105
Total comprehensive income for the quarter	-	-	(23,277)	55,319	32,042	32,042
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	516,662	246,553	797,465	920,147

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



Notes To The Condensed Interim Financial Statements (un-audited)

For The Quarter Ended December 31, 2013

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 of 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, 2013.

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, 2013.

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 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

	Dec. 31, 2013	Sep. 30, 2013 (Audited)
	(Rupees in '000)	
Opening book value	1,268,384	1,241,331
Additions during the period / year	897	83,819
	1,269,281	1,325,150
Disposals during the period / year	(534)	(723)
Depreciation charged during the period / year	(13,602)	(56,043)
	1,255,145	1,268,384
Capital work in progress	18,524	9,928
	1,273,669	1,278,312



5.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Dec. 31, 2013	Sep. 30, 2013 (Audited)	Dec. 31, 2013	Sep. 30, 2013 (Audited)
	(Rupees in '000)			
Free hold land	-	5,831	-	-
Building - Factory	-	10,308	-	-
Plant and machinery	-	59,717	-	-
Furniture & fittings	-	274	-	-
Vehicles	668	5,915	533	680
Computers & accessories	160	1,049	1	41
Office and other equipment	69	725	-	2
	<u>897</u>	<u>83,819</u>	<u>534</u>	<u>723</u>

6. INTANGIBLE ASSET

	Dec. 31, 2013	Sep. 30, 2013 (Audited)
	(Rupees in '000)	
Opening book value	2,567	3,667
Amortization charged during the period / year	(275)	(1,100)
	<u>2,292</u>	<u>2,567</u>

7. LONG-TERM INVESTMENT

Unicol Limited	505,451	376,209
Share of profit for the period	12,198	129,242
	<u>517,649</u>	<u>505,451</u>

The Company holds 33.33 percent (Sep. 2013: 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, 2013. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended December 31, 2013.

8. STOCK-IN-TRADE

Sugar	665,045	104,383
Sugar in process	51,898	4,304
Molasses	17,760	-
	<u>734,703</u>	<u>108,687</u>

9. BIOLOGICAL ASSETS

Sugarcane	47,183	46,589
Others	7,964	495
	<u>55,147</u>	<u>47,084</u>

10. TRADE DEBTS

Others	48,288	13,595
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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	<u>48,288</u>	<u>13,595</u>
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11. SHARE CAPITAL

11.1 Authorized capital

Dec. 31, 2013	Sep. 30, 2013 (Audited)		Dec. 31, 2013	Sep. 30, 2013 (Audited)
Number of shares		Ordinary shares of Rs.10/- each	(Rupees in '000)	
15,000,000	15,000,000		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
9,382,927	7,928,198	Issued as fully paid bonus shares:	93,829	79,282
1,115,293	1,454,729	-Opening balance	11,153	14,547
10,498,220	9,382,927	-Issued during the period/ year	104,982	93,829
12,268,220	11,152,927		122,682	111,529

12. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of available running finance facilities aggregating to Rs. 2,125 million (Sep. 2013: Rs. 1,850 million) 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.

13. CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments as at December 31, 2013 is same as reported in the annual financial statements for the year ended September 30, 2013.

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 interim and annual financial statements.

15. TURNOVER-NET

Local sales
Less: federal excise duty

Quarter ended	
Dec. 31, 2013	Dec. 31, 2012
(Rupees in '000)	
607,249	471,337
(40,645)	(34,818)
566,604	436,519

16. COST OF SALES

Opening stock finished goods
Cost of goods manufactured
Closing stock finished goods

104,383	627,727
1,132,108	800,718
1,236,491	1,428,445
(665,045)	(997,935)
571,446	430,510



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

Others

Miscellaneous

18. EARNINGS PER SHARE- Basic

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

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees.)

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

Group companies

Goods purchased
Services received
Sales made
Dividend received

Other related parties

Charge for staff provident
and gratuity funds
Insurance premium

Key management personnel

Remuneration

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 29, 2014 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.

Quarter ended	
Dec. 31, 2013	Dec. 31, 2012
(Rupees in '000)	
7,876	8,137
594	20
1,145	742
9,615	8,899
474	16
18,072	-
18,546	16
443	253
28,604	9,168
(23,277)	21,886
12,268,220	12,268,220
	Re stated
(1.90)	1.78

Quarter ended	
Dec. 31, 2013	Dec. 31, 2013
(Rupees in '000)	
31,192	3,146
1,372	1,463
97,000	43,827
7,876	8,137
1,474	1,311
-	292
14,456	11,691