

AL-ABBAS SUGAR Mills
Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive Officer
Asim Ghani	Executive Director
Ali Jehangir Siddiqui	Director
Asma Aves Cochinwala	Director
Darakshan Ghani	Director
Duraid Qureshi	Director
Sayyed Rafay Akber Rashdi	Director
Suleman Lalani	Director

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Zuhair Abbas

AUDIT COMMITTEE

Sayyed Rafay Akber Rashdi	Chairman
Darakshan Ghani	Member
Duraid Qureshi	Member
Tariq Iqbal - ACA	Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Duraid Qureshi	Chairman
Asim Ghani	Member
Darakshan Ghani	Member
Sayyed Rafay Akber Rashdi	Member

STATUTORY AUDITORS

Haroon Zakaria & Co.	Chartered Accountants
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COST AUDITORS

Siddiqi & Company	Chartered Accountants
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BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
SilkBank Limited
Soneri Bank Limited
United Bank Limited

REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,
R.Y. 16, Old Queens Road, Karachi - 74000
Tel: 92-21-111-111-224
Fax: 92-21-32470090
Website: www.aasml.com

SHARE REGISTRAR OFFICE

CDC House-99B, Block 'B', S.M.C.H.S
Main Shakra-e-faisal, Karachi-74400

FACTORIES LOCATIONS

- 1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
- 2) Main National Highway, Dhabeji, Sindh
- 3) Oil Installation Area, Kemari, Karachi, Sindh



DIRECTORS' REVIEW REPORT

The directors are pleased to present the condensed interim financial statements for the six months ended March 31, 2015.

The financial results of the Company for the period under review compared with the corresponding period are summarized below:

	Six months ended March 31, 2015	Six months ended March 31, 2014
	(Rupees in thousand)	
Operating profit	222,493	260,526
Other income	<u>104,924</u>	<u>68,685</u>
	327,417	329,211
Finance costs	<u>(64,513)</u>	<u>(118,510)</u>
Profit before taxation	262,904	210,701
Taxation	<u>(31,397)</u>	<u>(56,684)</u>
Profit after taxation	<u>231,507</u>	<u>154,017</u>
Basic earnings per share (Rupees)	<u>13.33</u>	<u>8.87</u>

During the period under review, your Company has earned a profit after tax of Rs. 231.507 million as compared to the profit of Rs. 154.017 million of the corresponding period of last year. The main reasons for variances are highlighted below in segment wise results.

OPERATING SEGMENT RESULTS

The division wise performance is presented below:

Sugar Division

The financial and operational performance of sugar division is given below:

Financial performance

	Six months ended March 31, 2015	Six months ended March 31, 2014
	(Rupees in thousand)	
Sales	927,918	1,015,731
Cost of sales	<u>(851,064)</u>	<u>(904,618)</u>
Gross profit	76,854	111,113
Distribution cost	<u>(6,882)</u>	<u>(23,418)</u>
Administrative expenses	<u>(31,793)</u>	<u>(35,875)</u>
Segment operating result	<u>38,179</u>	<u>51,820</u>
Operational performance	2014-15	2013-14
Date of start of season	December 08, 2014	November 01, 2013
No. of days worked	106	124
Crushing (M. Tons)	564,555	621,679
Production from sugarcane (M.Tons)	60,534	63,650
Sales (M. Tons)	20,110	21,338
Recovery (%)	10.72	10.23

During the ensuing season, crushing of sugarcane started bit late due to the fixation of sugarcane price. Keeping in view the current selling prices of both



local and international market there was a high disparity between input cost of sugar as compare to its selling price. The Pakistan Sugar Mills Association Sindh (PSMA - Sindh) had filed a petition in the Honorable High Court of Sindh for determination of sugar price based on notified sugarcane price. The petition was dismissed by the Honorable High Court of Sindh. The Company through PSMA Sindh preferred to file an appeal in Honorable Supreme Court of Pakistan against the decision of Honorable High Court of Sindh. The hearings are in progress, however an interim arrangement has been made between the Growers, the Mill Owners and the Government of Sindh that the Mill owner will purchase the sugarcane at the rate of 160/- per 40 kg, whereas, Rs. 12/- per 40 kg will be paid by Government of Sindh through sugar mills, totaling a price of Rs. 172/- per 40 kg. This arrangement is subject to the decision of Honourable Supreme Court of Pakistan and the fate of remaining amount of Rs. 10/- per 40 kg will also be dependent upon such decision.

The Government has allowed 650,000 M.T of export of sugar with cash subsidy of Rs. 8 per kg and freight subsidy of Rs. 2 per kg. However, so far not a single penny has been released against subsidy previously announced by ECC and huge amount against freight subsidy of sugar millers are stuck with the Government.

The plant operated for 106 days ending on March 23, 2015 as against 124 days of preceding season. The Sugarcane crushed during the current season was 564,555 M.Tons with average sucrose recovery of 10.72% and sugar production of 60,534 M.Tons as compared with crushing of 621,679 M.Tons with average sucrose recovery of 10.23% and sugar production of 63,650 M.Tons of same period last year.

Ethanol Division

The financial and operational performance of ethanol division is given below:

	Six months ended March 31, 2015	Six months ended March 31, 2014
	(Rupees in thousands)	
Sales	1,013,547	1,136,937
Cost of sales	<u>(752,484)</u>	<u>(853,919)</u>
Gross profit	261,063	283,018
Distribution cost	(44,767)	(34,286)
Administrative expenses	<u>(21,182)</u>	<u>(23,916)</u>
Segment operating result	<u>195,114</u>	<u>224,816</u>

The operational data is given below:

Operational data

Operational performance	2014-15	2013-14
Production (M.Tons) - Unit I and II	15,540	14,220
Sales (M.Tons)	12,578	13,538

During the period under review, this division produced 15,540 M.Tons ethanol as compared to corresponding period of 14,220 M.Tons. The operating result of this segment is reduced by Rs 29.702 million due to lower shipment, devaluation of Dollar against Pak rupees and increased cost of Molasses as compared to corresponding year.



Power, Chemical and Alloys Division

The operations for the chemical and power division were remained suspended during the period under review and the division has incurred operating segment loss of Rs. 27.776 million as compared to loss of Rs. 18.499 million for the same period last year. The loss mainly represents the fixed expenses. The Management of the Company is trying to restore the power generation operations in order to utilize the closed plant.

Bulk Storage Terminal

During the period under review this division earned a profit of Rs. 42.738 million as against profit of Rs. 19.459 million of last year. The improved performance of this division is mainly due to full utilization of capacity.

FUTURE PROSPECTS

The future outlook of the sugar segment depends a lot on the selling price of the sugar which is soaring in the domestic market, while no similar trend is been observed in the international market. The arrival of Holy month of Ramadan in upcoming period usually surges sugar demand and may result in fetching higher prices. The decision of Honourable Supreme Court of Pakistan for the differential of Rs. 10/- will also affect the selling prices.

The prices of ethanol are expected to be on the same level, however, the expected shipment of ethanol in upcoming quarters will add some advantages to current situation.

As a whole, your Company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the productivity in all its divisions and overall profitability of the Company.

ACKNOWLEDGEMENT

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every staff member of the Company for significant contribution in delivering such a strong performance. We would also like to express our thanks to the customers for their trust in our products and look forward for their continued patronage. We also thank our shareholders, banks and financial institution for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming periods. May Allah bless us in our efforts. A'meen!

On behalf of Board of Directors

Shunaid Qureshi
Chief Executive Officer

Karachi: May 26, 2015



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Al-Abbass Sugar Mills Limited ("the Company") as at March 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof [here-in-after referred to as "condensed interim financial information"], for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2015 and March 31, 2014 have not been reviewed as we are required to review only the cumulative figures for the half year ended March 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2015, is not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 12.1.2 of the condensed interim financial information which describes the uncertainty related to the outcome of the lawsuit filed against the company and others by a non-executive Director of the company. Our conclusion is not qualified in respect of this matter.

Haroon Zakaria

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: May 26, 2015

Engagement Partner:
Mohammad Iqbal



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015

		March 31, 2015 Un-audited	September 30, 2014 Audited
	Note	(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	1,847,732	1,912,669
Investment property		401	422
Long term investments		156,811	212,271
Long term loans		1,145	1,353
Long term deposits		11,403	11,393
Deferred taxation	8	-	-
		2,017,492	2,138,108
Current Assets			
Stores and spares parts		149,119	140,750
Stock-in-trade	9	3,847,101	1,435,926
Trade debts		29,962	41,997
Loans and advances		201,195	231,153
Trade deposits and short term prepayments		18,422	12,593
Accrued income		274	1,300
Other receivables		62,846	69,505
Short term investments		205,305	232,479
Income tax refunds due from the Government		51,680	76,016
Cash and bank balances		26,088	17,394
		4,591,992	2,259,113
Total Assets		6,609,484	4,397,221
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital		400,000	400,000
Issued, subscribed and paid-up capital		173,623	173,623
Reserves		2,018,695	2,052,615
Shareholders' equity		2,192,318	2,226,238
Non - Current Liabilities			
Deferred liability		68,508	62,862
Current Liabilities			
Trade and other payables	10	1,362,719	898,731
Accrued mark-up		28,101	16,953
Short term borrowings	11	2,926,810	1,143,227
Current maturity of non-current liabilities		18,182	36,364
Provision for taxation		12,846	12,846
		4,348,658	2,108,121
Contingencies and Commitments	12	-	-
Total Equity and Liabilities		6,609,484	4,397,221

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Shunaid Qureshi
Chief Executive Officer

Asim Ghani
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015**

Note	Half Year Ended		Quarter Ended		
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
	(Rupees in thousand)				
Sales	13	1,941,465	2,152,668	500,306	1,090,002
Cost of sales		(1,603,548)	(1,758,537)	(276,527)	(791,342)
Gross profit		337,917	394,131	223,779	298,660
Net profit from storage tank terminal		42,738	19,459	21,659	13,376
Net loss from chemical, alloys and power segment and fixed expenses due to suspension		(27,776)	(18,499)	(13,748)	(10,580)
		352,879	395,091	231,690	301,456
Distribution cost		(51,649)	(57,704)	(30,522)	(29,707)
Administrative expenses		(52,975)	(59,791)	(26,929)	(31,079)
Other operating expenses		(25,762)	(17,070)	(11,343)	(14,532)
		(130,386)	(134,565)	(68,794)	(75,318)
Operating profit		222,493	260,526	162,896	226,138
Other income	14	104,924	68,685	(48,496)	30,231
		327,417	329,211	114,400	256,369
Finance cost		(64,513)	(118,510)	(46,067)	(79,896)
Profit before taxation		262,904	210,701	68,333	176,473
Taxation		(31,397)	(56,684)	(16,574)	(44,813)
Profit after taxation		231,507	154,017	51,759	131,660
Earnings per share - Basic and diluted		13.33	8.87	2.98	7.58

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Shunaid Qureshi
Chief Executive Officer



Asim Ghani
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015

	Half Year Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousand)			
Profit after taxation	231,507	154,017	51,759	131,660
Other comprehensive income for the period				
(a) Items to be classified to profit and loss account in subsequent period				
Unrealized (loss) / gain on remeasurement of available for sale investments	(16,233)	23,987	(58,473)	16,740
(b) Reclassification adjustment				
Reclassification to profit and loss account for (gain) / loss on sale of available for sale investments	(32,165) (48,398)	- 23,987	47,228 (11,245)	- 16,740
Total comprehensive income for the period	<u>183,109</u>	<u>178,004</u>	<u>40,514</u>	<u>148,400</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Shunaid Qureshi
Chief Executive Officer


Asim Ghani
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015

Note	Half Year Ended	
	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from operating activities		
Cash used in operations	15 (1,616,499)	(1,928,709)
Finance cost paid	(53,365)	(133,629)
Income tax paid	(7,061)	(29,692)
Long term loans recovered	208	530
Long term deposits paid	(10)	(19)
	(60,228)	(162,810)
Net cash used in operating activities	(1,676,727)	(2,091,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(2,110)	(20,357)
Proceeds from disposal of property, plant and equipment	550	2,500
Purchase of long term investments	(168,117)	-
Proceeds from disposal of long term investments	275,644	-
Proceeds from disposal of short term investments	14,519	-
Interest/markup received	2,525	2,935
Dividend received	1,655	6,271
Net cash generated from / (used in) investing activities	124,666	(8,651)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(18,182)	(92,881)
Dividend paid	(204,646)	(85,995)
Proceeds from Short term borrowings - net	1,783,583	2,136,385
Net cash generated from financing activities	1,560,755	1,957,509
Net increase/(decrease) in cash and cash equivalents	8,694	(142,661)
Cash and cash equivalents at beginning of the period	17,394	178,979
Cash and cash equivalents at the end of the period	26,088	36,318

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Shunaid Qureshi
Chief Executive Officer

Asim Ghani
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015

	Reserves										Total Shareholder's Equity
	Revenue Reserves			Capital Reserves			Sub total	Total Reserves	Total Reserves	Total Shareholder's Equity	
	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	Sub total	Gain/(loss) on remeasurement of obligation	Available for sale investment					
	173,623	1,458,000	329,573	1,787,573	20,431	821	21,252	1,808,825	1,808,825	1,982,448	
Balance as at October 1, 2013 - restated	-	-	154,017	154,017	-	-	-	154,017	154,017	154,017	
Total comprehensive income for the year	-	-	-	-	-	23,987	23,987	23,987	23,987	23,987	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	-	-	-	-	-	
Reclassification to profit and loss account for gain realized on sale of available for sale investments	-	-	154,017	154,017	-	23,987	23,987	23,987	23,987	23,987	
Transactions with owners	-	-	-	-	-	-	-	-	-	-	
Final Dividend 2013: Rs. 5 per share	-	-	(86,812)	(86,812)	-	-	-	(86,812)	(86,812)	(86,812)	
Balance as at March 31, 2014 - restated	173,623	1,458,000	396,778	1,854,778	20,431	24,808	45,239	1,900,017	1,900,017	2,073,640	
Balance as at October 1, 2014	173,623	1,458,000	540,914	1,998,914	23,621	30,080	53,701	2,052,615	2,052,615	2,226,238	
Total comprehensive income for the year	-	-	231,507	231,507	-	-	-	231,507	231,507	231,507	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Unrealized loss on remeasurement of available for sale investments	-	-	-	-	-	(16,233)	(16,233)	(16,233)	(16,233)	(16,233)	
Reclassification to profit and loss account for gain realized on sale of available for sale investments	-	-	-	-	-	(32,165)	(32,165)	(32,165)	(32,165)	(32,165)	
Transactions with owners	-	-	231,507	231,507	-	(48,398)	(48,398)	183,109	183,109	183,109	
Final Dividend 2014: Rs. 10.00 per share	-	-	(173,623)	(173,623)	-	-	-	(173,623)	(173,623)	(173,623)	
Interim Dividend 2015: Rs 2.50 per share	-	-	(43,406)	(43,406)	-	-	-	(43,406)	(43,406)	(43,406)	
Balance as at March 31, 2015	173,623	1,458,000	555,392	2,015,392	23,621	(18,318)	5,303	2,018,695	2,018,695	2,192,318	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Shumaid Qureshi
Chief Executive Officer


Asim Ghani
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2015

1 THE COMPANY AND ITS OPERATIONS

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi Stock Exchange. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16. Old Queens Road, Karachi, Pakistan. The principal activities of the Company under following business segments / divisions comprises of :

S.NO	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol (note 1.1)	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Chemical, alloys and **Power (note 1.2)	*Manufacturing and sales of calcium carbide and ferro alloys. **Generation and sales of electricity.	Dhabeji, Thatta.	*November 1, 2006 **April 06, 2010
4	Tank Terminal	Providing bulk storage facility	Oil industrial area, Kamari, Karachi.	October 15, 2012

1.1 The Company has also entered into agreement for supply of CO2 gas at its ethanol division. The same is not a reportable segment as per criteria defined in IFRS-8.

1.2 The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions. However, the management of the Company is in process of negotiation with K-Electric for resumption of power supply to them for which budgets have been approved by the Board of Directors. Tariff has been filed with NEPRA. Once tariff is approved by NEPRA, the management of the Company will place the Power Acquisition Contract and Tariff before the Board of Directors for their approval.

2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the half year ended March 31, 2015 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 The figures of condensed interim profit and loss account for the quarter ended March 31, 2015 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended March 31, 2015. This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2014.

2.3 These condensed interim financial information have been prepared under 'historical cost convention' except for investments classified as available for sale and at fair value through profit and loss account and financial assets and liabilities which are carried out at their fair values.

2.4 These condensed interim financial information are presented in Pakistani Rupees which is also the Company's functional currency.



2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended September 30, 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the unaudited condensed interim financial information for the half year ended March 31, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2014 except as disclosed below.

The company has adopted the following amended standards and interpretations of IFRSs which became effective during the current period.

IAS 19 - Amendment related to Employee Benefits: Employee contributions

IAS 32 - Financial Instruments: Presentation - (Amendment)
- Offsetting financial assets and financial liabilities

IAS 36 - Impairment of Assets - (Amendment)
- Recoverable Amount Disclosures for Non-financial assets

IAS 39 - Financial Instruments: Recognition and Measurement (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 - Levies

The adoption of the above amendments and interpretation of the standards did not have any effect on these condensed interim financial information.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2014.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2014.

5 INCOME TAX, WORKERS' PROFIT PARTICIPATION FUND AND WORKERS' WELFARE FUND

Provision in respect of income tax, workers' profit participation fund and workers welfare fund are estimated only and final liabilities will be determined on the basis of annual results.

6 SEASONAL PRODUCTION

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



	(Un-audited) March 31, 2015 (Rupees in thousand)	(Audited) September 30, 2014
7	PROPERTY, PLANT AND EQUIPMENT	
	Additions	
	Plant and machinery	6,119
	Vehicles	4,123
	Office equipment	294
	Computers	206
	Transferred from CWIP to operating assets	
	Plant and machinery	86,181
	Additions to CWIP	
	Plant and machinery	37,851
	Disposal	
	Vehicle - at cost	3,826
	Office equipment - at cost	522
8	DEFERRED TAXATION	
	Deferred tax liability arising in respect of :	
	Accelerated tax depreciation for tax purposes	(288,010)
	Less: Deferred tax asset arising in respect of:	
	Available Tax losses	260,869
	Minimum tax	92,861
	Provisions	32,937
		<u>386,667</u>
		104,113
	Less deferred tax asset not recognized	(98,657)
		<u>-</u>
8.1	Deferred tax asset as at March 31, 2015 of Rs. 104.113 million (September 30,2014: Rs. 98.657) has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.	
	(Un-audited) March 31, 2015 (Rupees in thousand)	(Audited) September 30, 2014
9	STOCK-IN-TRADE	
	Raw materials	327,600
	Work-in-process	3,485
	Finished goods	1,104,841
		<u>1,435,926</u>
		<u>3,847,101</u>
9.1	Value of stock of sugar pledged as at March 31, 2015 amounting to Rs. 1,458 million (September 30, 2014 Rs. 119.410 million).	
9.2	Finished goods include stock items valued at net realisable value (NRV) amounting to Rs. 17.210 (September 30, 2014 Rs. 4.565) million as against their cost amounting to Rs.30.903 (September 30,2014 Rs. 16.062) million respectively.	



		(Un-audited) March 31, 2015 (Rupees in thousand)	(Audited) September 30, 2014
10	TRADE AND OTHER PAYABLES	10.1	1,362,719
			<u>898,731</u>
10.1	The Company, as the matter of prudence, has recorded liability in respect of sugarcane purchases considering the notifications issued by Cane Commissioner Sindh on November 07, 2014 and December 09, 2014. However these notifications have been challenged by Pakistan Sugar Mills Association and other sugar mills in Honourable Supreme Court Of Pakistan. The case has been pending with the Honourable Court as at March 31, 2015.		
		(Un-audited) March 31, 2015 (Rupees in thousand)	(Audited) September 30, 2014
11	SHORT TERM BORROWINGS		
	From banking companies - secured		
	Under Mark up arrangements		
	Cash / Running finances	1,901,810	321,552
	Export refinance	<u>1,025,000</u>	<u>821,675</u>
		<u>2,926,810</u>	<u>1,143,227</u>
11.1	The available aggregate finance facilities (short term funded) amounting to Rs. 3.760 billion (September 30, 2014: Rs. 3.805 billion) which have been arranged from various commercial banks out of which Rs. 2.960 billion (September 30, 2014: 2.960 billion) is interchangeable with export refinance and FE 25. The terms and conditions relating to these finance facilities are same as disclosed in annual financial statements for the year ended September 30, 2014.		
12	CONTINGENCIES AND COMMITMENTS		
12.1	Contingencies		
12.1.1	As per notification No. 4(142) S.O (Ext) 95-XXIII dated December 11, 2013, Government of Sindh has directed sugar factories in the province to pay quality premium to the cane growers in respect of crushing season 2013-14 @ 0.50 paise per 40 Kg for each 0.1% (including fraction thereof to be calculated prorata) of excess sucrose recovery of above 8.7% determined on overall sucrose recovery basis on each mill. However, as the matter is pending in Supreme Court of Pakistan and as per decisions of Federal Government, Steering Committee meeting held on 16-07-2007, the quality premium shall remain suspended till decision of Supreme Court / Consensus on uniform formula is developed in Federal Government. In view of the given circumstances and as per the decision of the Punjab High Court in a similar case in which it was declared that the demand of quality premium is unlawful, the management of the company is confident that case will be decided in favor of sugar mills, therefore no provision has been made in this interim financial information for liability of quality premium in respect of crushing season 2014-15 amounting to Rs.142.720 million (2013-14: Rs. 82.225 million).		
12.1.2	A suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi by Mr. Suleman Lalani, (non-executive and minority Director) against the Company, its Chief Executive and eight others, alleging mismanagement in the company's affairs including siphoning off and divergence of Company's funds by the Chief Executive and others. The prayer sought in the suit mainly comprises of Rs. 236.716 million retrieval of the Company's funds along-with costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive. In response to the aforementioned, the		



Company and its management denied all allegations of the plaintiff. The hearings are in progress.

The Company's legal counsel have stated that considering the vagaries of litigation, no definite prediction can be made regarding the outcome of the case at this stage. However, in view of the Company's management, no adverse inference is likely to materialize in the suit.

However, Mr. Lalani also filed another Civil Miscellaneous Application No. 9973 of 2013, seeking to refrain the Board of Directors of the Company from specifically approving any investment in Javedan Corporation Limited ("JCL"), a separate and unrelated public limited company. The said CMA was argued before the Sindh High Court by both parties which the High Court restrained the defendant no to take any decision for investment in JCL until the final outcome of the suit and directed the Securities Exchange Commission of Pakistan ("SECP") to treat the plaint filed in this matter as a complaint under Section 263 of the Companies Ordinance, 1984 and accordingly investigate the affairs of the Company and submit a report on the same.

The said Order of the Court has been challenged by the Company before the Division Bench of the High Court of Sindh through appeal bearing No. HCA-124, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench, and as per view of the legal advisor, the Company has fair chance to succeed in the said case.

12.1.3 There were no major changes in the status of other contingencies except as reported in 12.1.1 above in the annual financial statements for the year ended September 30, 2014.

12.2 Commitments

Commitments in respect of letter of credit amounts to Rs. 12.617 million (September 30, 2014: Rs. 3.655 million).

Bank guarantees of Rs. 54.6 (September 30, 2014: Rs. 61.412) million have been issued by the banking companies on behalf of the Company in favour of customers and suppliers.

13 SALES

	Half Year Ended March 31		Quarter Ended March 31	
	2015	2014	2015	2014
	----- Rupees -----			
Sales- gross	2,022,771	2,199,418	51,751	1,116,185
Federal excise duty /Sales tax	(81,306)	(46,750)	(11,445)	(21,062)
	<u>1,941,465</u>	<u>2,152,668</u>	<u>500,306</u>	<u>1,095,123</u>

March 31, March 31,
2015 2014
(Rupees in thousand)

14 OTHER INCOME

Income from financial assets		
Dividend income	1,655	4,396
Gain on long term / short term investments	100,466	48,138
	102,121	52,534
Income from other than financial assets	2,803	16,151
	<u>104,924</u>	<u>68,685</u>



	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
15 CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	262,904	210,701
Adjustments for:		
Depreciation on property, plant and equipment	66,816	68,387
Depreciation on investment property	21	23
Gain on disposal of property, plant and equipment - net	(319)	(1,199)
Unrealized loss / (gain) on short term investment carried at fair value through profit or loss	5,844	(48,138)
Capital gain on sale of long term investments	(100,466)	-
Mark-up on loan to growers	(945)	-
Dividend income	(1,655)	(4,396)
Income on term deposit receipts	(553)	(216)
Finance cost	64,513	118,510
Increase in deferred liability - market fee	5,646	6,216
	38,902	139,187
Cash generated from operating activities before working capital changes	301,806	349,888
(Increase) / decrease in current assets		
Stores and spares	(8,369)	(4,290)
Stock-in-trade	(2,411,175)	(2,540,235)
Trade debts	12,035	(88,939)
Loans and advances	29,958	170,612
Trade deposits and short term prepayments	(5,829)	(23,048)
Other receivables	6,659	710
Short term investments	6,811	(6,811)
	(2,369,910)	(2,492,001)
Increase / (decrease) in current liabilities		
Increase / (decrease) in trade and other payables	451,605	213,404
Net cash used in operations	(1,616,499)	(1,928,709)



16 SEGMENT REPORTING

	(Rupees in thousand)					
	Half year ended March 31			Total		
	2015	2014	2015	2014	2015	2014
	Sugar			Ethanol		
Sales	927,918	1,015,731	1,013,547	1,136,937	1,941,465	2,152,668
Cost of sales	(851,064)	(904,618)	(752,484)	(853,919)	(1,603,548)	(1,758,537)
Gross profit	76,854	111,113	261,063	283,018	337,917	394,131
Net profit from storage tank terminal and fixed expenses due to suspension					42,738	19,459
Distribution cost					(27,776)	(18,499)
Administrative expenses	(6,882)	(23,418)	(44,767)	(34,286)	352,879	395,091
Operating segment results	(31,793)	(35,875)	(21,182)	(23,916)	(51,649)	(57,704)
Other operating expenses	38,179	51,820	195,114	224,816	(52,975)	(59,791)
Other income					248,255	277,596
Finance cost					(25,762)	(17,070)
Taxation					104,924	68,685
Net profit for the period					(64,513)	(118,510)
					(31,397)	(56,684)
					231,507	154,017



(Rupees in thousand)

	Quarter ended March 31					
	2015		2014		2014	
	Sugar	Ethanol	Sugar	Ethanol	Sugar	Total
Sales	63,225	332,789	437,081	757,213	500,306	1,090,002
Cost of sales	5,734	(262,977)	(282,261)	(528,365)	(276,527)	(791,342)
Gross profit	68,959	69,812	154,820	228,848	223,779	298,660
Net profit from storage tank terminal and fixed expenses due to suspension					21,659	13,376
Distribution cost					(13,748)	(10,580)
Administrative expenses	(4,792)	(9,260)	(25,730)	(20,447)	231,690	301,456
Operating segment results	(16,151)	(18,478)	(10,778)	(12,601)	(80,522)	(29,707)
Other operating expenses	48,016	42,074	118,312	195,800	(26,929)	(31,079)
Finance cost					174,239	240,670
Other operating (loss) / other income					(11,343)	(14,532)
Taxation					(46,067)	(79,896)
Net profit for the period					(48,496)	30,231
					(16,574)	(44,813)
					51,759	131,660



		(Rupees in thousand)									
		March 31, 2015	September 30, 2014	March 31, 2015	September 30, 2014	March 31, 2015	September 30, 2014	March 31, 2015	September 30, 2014	March 31, 2015	September 30, 2014
Segment assets - Allocated	Sugar										
		3,374,606	1,980,349	1,947,832	1,441,832	525,439	539,766	209,831	220,429	6,057,808	4,182,376
Segment assets - Unallocated										551,676	214,845
										<u>6,609,484</u>	<u>4,397,221</u>
Segment liabilities - Allocated		3,105,532	1,175,206	1,146,709	837,586	67	67	16,740	19,123	4,269,048	2,031,982
										148,118	139,001
Segment liabilities - Unallocated										<u>4,417,166</u>	<u>2,170,983</u>
Capital expenditure - Allocated		-	-	-	13,292	-	6,119	-	24,559	-	43,970
										2,110	4,623
Capital expenditure - Unallocated										<u>2,110</u>	<u>48,593</u>
		(Rupees in thousand)									
Depreciation	Sugar										
		23,395	50,282	19,671	37,897	14,021	29,856	9,729	19,816	66,816	137,851
Non cash expenses other than depreciation											
			66,142	-	39,935	-	-	-	-	-	106,077
Allocated											
										5,844	-
Unallocated											
			66,142	-	39,935	-	-	-	-	5,844	106,077



17 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown in under respective note to the financial statement. Transactions with related parties are as follows:

	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
Associated Companies		
Dividend Income	1,149	4,131
Rental Income	-	662
Commission on sale and purchase of shares	1,266	-
Employees Gratuity Fund		
Installment received from employees on behalf of Fund	6,920	5,355
Paid to Fund the installments recovered from employees	8,000	9,054
Key management personnel		
Remuneration of chief executive, directors and executives.	34,207	29,919

During the period the company has paid dividends to director and associated company amounting to Rs. 137.437 million (March 31, 2014: Rs. 71.646 million).

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue on May 26, 2015 by Board of Directors' of the Company.

19 GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

Shunaid Qureshi
Chief Executive Officer

Asim Ghani
Director