

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	Director
Mr. Muhammad Iqbal Hussain	Director
Mr. Naeemuddin Butt	Director

AUDIT COMMITTEE

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Tariq Faruque	Member

CHIEF FINANCIAL OFFICER

Mr. Wasif Khalid

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

BANKERS

MCB Bank Ltd.
Habib Bank Ltd.
United Bank Ltd.
NIB Bank Ltd.
Bank Al-Habib Ltd.
Allied Bank Ltd.
National Bank of Pakistan

REGISTERED OFFICE

Modern Motors House
Beaumont Road
Karachi-75530

FACTORY

Post Office Jamrao
District Mirpurkhas.

Directors' Review

The Board of Directors presents the un-audited financial results of the company for the nine months period ended June 30, 2009.

Overview

For the season 2008/09, the quantum of crushing performed by the company remained low compared to last season due to shortage of sugarcane crop. As a result, the factory only operated for 115 days as against 138 days last season. For the season the price of sugarcane was fixed by Sind Government at Rs. 81 per maund compared to Rs. 63 per maund last season. This increased the cost of production from last year. Production costs also remained higher from last season due to competition amongst sugar mills for cane.

Production

Key comparative data for the current period and the corresponding period last year is as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Sugar cane crushed (metric tons)	435,690	563,057
Sucrose recovery	10.61%	10.34%
Sugar production (metric tons)	46,235	58,224
Molasses production (metric tons)	22,509	28,770

Financial Performance

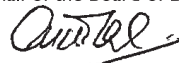
During the period under review, the company achieved a turnover of PKR 1,243.09 million against PKR 726.89 million in the same period last year, reflecting a rise of 71%. The increase in turnover can be attributed to increase in the quantity of sugar sold by 12,631 metric tons and adjustment in the selling price of sugar because of increase in the cost of production for reasons explained above. During the nine months under review, the company sold 45,527 metric tons of sugar compared with 32,896 metric tons sold in the corresponding period last year. The company has also accounted for its share of profit amounting to Rs. 15.53 million, being its one-third share in Unicol Limited, and adjusted its investment in the associate by the same amount. After taking into consideration the above adjustments together with various expenses and government taxes, the after tax profit comes to Rs. 60.90 million for the period under review.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
	(Rs. in million)	
Net Sales	1,243.09	726.89
Cost of Sales	(1,056.11)	(625.88)
Gross Profit	186.98	101.01
Other income	3.19	10.89
Share of profit / (loss) in associate	15.53	7.79
Other expenses & taxes	(144.80)	(111.69)
Net Profit	<u>60.90</u>	<u>8.00</u>

Acknowledgment

The management would like to thank 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



AKBARALI PESNANI
Chairman of the meeting

Karachi: July 17, 2009



Condensed Interim Balance Sheet

As at June 30, 2009

	Note	Jun. 30, 2009 (Un-audited)	Sep. 30, 2008 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	496,786	417,044
Long-term investment	6	150,783	135,257
Long-term deposits		701	803
		648,270	553,104
CURRENT ASSETS			
Stores, spare parts and loose tools		73,495	75,483
Stock-in-trade		519,226	426,595
Loans and advances		130,088	43,087
Trade deposits and short-term prepayments		47,139	48,743
Other receivables		4,333	91
Short-term investments		61,015	80,229
Taxation-net		5,480	11,780
Cash and bank balances		10,323	13,297
		851,099	699,305
TOTAL ASSETS		1,499,369	1,252,409
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		63,888	63,888
Reserves		189,238	153,942
		253,126	217,830
SURPLUS ON REVALUATION OF FIXED ASSETS		46,559	46,559
NON-CURRENT LIABILITIES			
Long-term financing		155,556	177,778
Deferred liabilities		199,850	190,194
		355,406	367,972
CURRENT LIABILITIES			
Trade and other payables		299,906	456,517
Accrued mark-up		28,202	9,729
Short-term borrowings		471,726	99,754
Current portion of long-term financing		44,444	54,048
		844,278	620,048
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		1,499,369	1,252,409

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


ASLAM FARUQUE
Chief Executive


AKBARALI PESNANI
Director

Condensed Interim Profit and Loss Account (Un-audited)

For the period ended June 30, 2009

	Period ended		Quarter ended	
	Jun. 30, 2009	Jun. 30, 2008	Jun. 30, 2009	Jun. 30, 2008
	(Rupees in '000)			
Turnover - net	1,243,090	726,890	676,656	346,364
Cost of sales	(1,056,108)	(625,883)	(543,408)	(304,920)
Gross profit	186,982	101,007	133,248	41,444
Distribution cost	(1,589)	(32,943)	(294)	(32,160)
Administrative expenses	(41,625)	(33,063)	(15,441)	(9,633)
Other operating expenses	(4,349)	(793)	(3,984)	513
	(47,563)	(66,799)	(19,719)	(41,280)
Other operating income	3,190	10,890	695	522
Operating profit	142,609	45,098	114,224	686
Finance cost	(68,497)	(40,395)	(28,449)	(11,045)
	74,112	4,703	85,775	(10,359)
Share of profit / (loss) in an associate	15,526	7,792	(7,260)	1,174
Profit / (loss) before taxation	89,638	12,495	78,515	(9,185)
Taxation				
- Current	(7,000)	(4,491)	(7,000)	(1,919)
- Deferred	(21,739)	-	(24,761)	-
	(28,739)	(4,491)	(31,761)	(1,919)
Profit / (loss) after taxation	60,899	8,004	46,754	(11,104)
Earnings per share - basic (Rs.)	9.53	1.25	7.32	(1.74)

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


ASLAM FARUQUE
 Chief Executive


AKBARALI PESNANI
 Director

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended June 30, 2009

	June 30, 2009	June 30, 2008
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	89,638	12,495
Adjustments for :		
Depreciation	16,828	15,871
Dividend income from a related party	(486)	(3,946)
Share of (profit) / loss in an associate	(15,526)	(7,792)
Gain on disposal of operating property, plant and equipment	(129)	(2,025)
Finance cost	68,497	40,395
	69,184	42,503
Operating profit before working capital changes	158,822	54,998
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	1,988	(12,022)
Stock-in-trade	(92,631)	(489,205)
Loans and advances	(87,001)	(29,605)
Trade deposits and short-term prepayments	1,604	(57,994)
Other receivables	(4,242)	(23,532)
	(180,282)	(612,358)
Increase / (decrease) in current liabilities		
Trade and other payables	(156,871)	524,106
Short-term borrowings	371,972	35,870
	215,101	559,976
Cash generated from operations	193,641	2,616
Finance cost paid	(50,024)	(38,150)
Income tax paid - net	(700)	(9,291)
Decrease / (increase) in long-term deposits	102	(13)
(Decrease) / increase in deferred liabilities	(12,083)	118,234
	(62,705)	70,780
Net cash generated from operating activities	130,936	73,396
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(17,379)	(8,613)
Addition to capital work in progress	(79,227)	-
Sale proceeds of operating property, plant and equipment	165	3,843
Long-term investment	-	(5,000)
Dividend received from a related party	486	3,946
Net cash used in investing activities	(95,955)	(5,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(192)
Long-term financing-net	(31,826)	(66,906)
Payment of dividend	(6,129)	-
Net cash used in financing activities	(37,955)	(67,098)
Net (decrease) / increase in cash and cash equivalents	(2,974)	474
Cash and cash equivalents at the beginning of the period	13,297	10,064
Cash and cash equivalents at the end of the period	10,323	10,538

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


ASLAM FARUQUE
Chief Executive


AKBARALI PESNANI
Director

Condensed Interim Statement of Changes in Equity (Un-audited)
For the period ended June 30, 2009

	Issued subscribed and paid-up capital	Reserves			Total	Total
		General reserves	Fair value gain / (loss) on available -for-sale securities	Unappropriated profit		
(Rupees in '000)						
Balance as at October 01, 2007	63,888	14,250	201,369	32,960	248,579	312,467
Fair value changes on available-for-sale securities	-	-	(78,334)	-	(78,334)	(78,334)
Profit for the period ended June 30, 2008	-	-	-	8,004	8,004	8,004
Balance as at June 30, 2008	63,888	14,250	123,035	40,964	178,249	242,137
Balance as at October 01, 2008	63,888	14,250	69,382	70,310	153,942	217,830
Fair value changes on available-for-sale securities	-	-	(19,214)	-	(19,214)	(19,214)
Cash dividend for the year ended Sep. 30, 2008 @ Re.1 per share (10%)	-	-	-	(6,389)	(6,389)	(6,389)
Transfer to General Reserve	-	20,000	-	(20,000)	-	-
Profit for the period ended June 30, 2009	-	-	-	60,899	60,899	60,899
Balance as at June 30, 2009	63,888	34,250	50,168	104,820	189,238	253,126

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


ASLAM FARUQUE
Chief Executive


AKBARALI PESNANI
Director



Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended June 30, 2009

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, 2008.

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, 2008.

4. TAXATION

a) Current

The Finance Act 2009 has reintroduced the concept of minimum tax on resident companies effective tax year 2010. The provision for current taxation for the period represents the minimum tax on turnover and the final liability will be determined on the basis of annual results.

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

	Jun. 30, 2009	Sep. 30, 2008
	(Rupees in '000)	
Operating property, plant and equipment	417,559	417,044
Capital work in progress	79,227	-
	<u>496,786</u>	<u>417,044</u>

5.1 Additions & disposals in operating property, plant and equipment

	Additions		Disposals at book value	
	Jun. 30, 2009	Sep. 30, 2008	Jun. 30, 2009	Sep. 30, 2008
	(Rupees in '000)			
Land - Free hold	3,500	-	-	-
Building - Factory	-	2,244	-	-
Building - Non-factory	1,345	251	-	-
Plant and machinery	11,534	35,490	-	1,798
Furniture & fittings	-	10	-	3
Vehicles	246	3,571	36	566
Computers & accessories	697	786	-	-
Office and other equipment	57	1,011	-	15
	<u>17,379</u>	<u>43,363</u>	<u>36</u>	<u>2,382</u>

6. LONG-TERM INVESTMENT

The Company holds 33.33 percent (2008: 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, 2008. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended June 30, 2009.

7. CONTINGENCIES AND COMMITMENTS

Jun. 30, 2009	Sep. 30, 2008
(Rupees in '000)	
45,885	20,943

7.1 Letters of credit issued by a commercial bank.

7.2 The status of other contingencies and commitments as at June 30, 2009 is same as reported in the annual financial statements for the year ended September 30, 2008.

8. 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 annual financial statements.

9. 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	Period ended		Quarter ended	
		Jun. 30, 2009	Jun. 30, 2008	Jun. 30, 2009	Jun. 30, 2008
(Rupees in '000)					
Group companies	Goods purchased	2,646	7,181	21	5,945
	Services received	878	1,191	293	492
	Sales made	157,617	89,146	33,849	37,139
	Investment made	-	5,000	-	-
	Dividend received	486	3,946	-	-
	Dividend paid	2,798	-	-	-
Other related parties	Charge for staff provident and gratuity funds	2,426	2,039	798	656
	Insurance premium	1,010	1,303	403	570
Chief Executive	Remuneration	9,020	6,310	3,480	2,270
Directors	Remuneration	12,620	9,460	4,680	3,320
Executives	Remuneration	8,964	3,847	3,136	1,372

In addition, certain actual administrative expenses are being shared amongst the group companies.

10. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on July 17, 2009 by the Board of Directors of the Company.

11. 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


AKBARALI PESNANI
Director