

*Nine Months Report*  
(June 30, 2015)

**Registered Office:**  
Flat # 2, B-2, 2nd Floor,  
Plot# 23-C, Stadium Laeno -1,  
Phase V, DHA Karachi,  
Karachi South Sindh.

Designed by: A.G Interactive 0321-4331235

*Nine Months Report*  
(June 30, 2015)



**MACCA GROUP**

**Abdullah Shah Ghazi**  
Sugar Mills Limited



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## Company Information

### Board Directors

Mr. Riaz Qadeer Butt	(Chairman/Chief Executive)
Muhammad Rashid Rana	
Atif Butt	
Muhammad Talib	
Yasir Iqbal	
Muhammad Nawaz	
Muhammad Dawood	

### Audit Committee

Mr. Riaz Qadeer Butt	(Chairman)
Muhammad Rashid Rana	(Member)
Yasir Iqbal	(Member)

### Chief Financial Officer

Imran Mirza

### Company Secretary

Malik Riaz Hussain

### Internal Auditors

Riaz Ahmad , Saqib , Gohar and Company  
Chartered Accountants

### Auditors

Faruq Ali And Company  
Chartered Accountants

### Registrar

Central Depository Company of Pakistan,  
CDC House, 99-B, Block-B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi, Pakistan.

### Registered Office

Flat # 2, B-2, 2nd Floor,  
Plot# 23-C, Stadium Laeno -1.  
Phase V, DHA Karachi,  
Karachi South Sindh.

### Mill

Abdullah Shah, Ghaizabad Garho, District Thatta, Sindh.

### Bankers

BankIslami Pakistan Limited  
Summit Bank Limited  
Bank Al-Falah Limited  
Silk Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Habib Metropolitan Bank Limited  
United Bank Limited  
Allied Bank Limited



## DIRECTOR'S REPORT

Dear Members,

The Directors of the Company have pleasure presenting to you the Nine Months performance report together with un-audited Condensed Interim Financial Statements for the period ended June 30, 2015.

The summarized operation result of the company are as follows:

Particulars	2014 - 2015	2013 - 2014
Crushing Days	87	127
Sugar Cane Crushed	267,160.135	249,886.963
Sugar produced	26,490.000	24,641.500
Sugar recovery	9.910	9.861

The company's operational performance improved, resulting in increased crushing & production within reduced no. of days. The prices though remain depressed thus eroding the margin. However prices have improved post reporting period and hopefully financial performance will recover in the coming period.

### Acknowledgments:

We like to put on record our appreciation for all our staff members for their dedication and hard work. The Board also like to thank the Financial Institution and Members for their trust and support to the company.

On Behalf of the Board

Muhammad Irshad Butt

Date: 31 July 2015

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2015

Notes	(UN-AUDITED) June 30, 2015	(AUDITED) September 30, 2014
<b>LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 100,000,000 (2014:100,000,000) ordinary shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	792,616,660	792,616,660
Accumulated loss	(890,522,550)	(595,159,449)
	(97,905,890)	197,457,211
Surplus on revaluation of property, plant and equipment	550,828,946	574,721,669
<b>NON-CURRENT LIABILITIES</b>		
Long term loans - Unsecured	123,416,314	123,416,314
Retirement benefits obligation	4,773,470	5,319,134
Deferred liabilities	333,307,137	345,615,509
<b>CURRENT LIABILITIES</b>		
Accrued markup	91,644,971	76,362,100
Trade and other payables	2,242,287,046	1,534,046,976
Borrowing from banks - Secured	456,754,702	721,607,328
Provision for taxation - Net	5,960,748	6,484,468
	2,796,647,466	2,338,500,872
<b>CONTINGENCIES</b>		
	--	--
	<b>3,711,067,443</b>	<b>3,585,030,709</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipments	2,074,045,456	1,900,957,525
Long term deposits	5,357,065	5,357,065
<b>CURRENT ASSETS</b>		
Stores and spares	630,630,938	279,070,919
Stock in trade	822,053,248	1,228,947,846
Advances, deposits and prepayments	175,039,893	159,309,032
Cash and bank balances	3,940,843	11,388,322
	1,631,664,922	1,678,716,119
	<b>3,711,067,444</b>	<b>3,585,030,709</b>

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

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2015**

	9 months		3 months	
	Oct 2014 to Jun 2015	Oct 2013 to Jun 2014	Apr 2015 to Jun 2015	Apr 2014 to Jun 2014
	RUPEES		RUPEES	
Sales - Net	1,468,572,693	943,101,244	345,801,350	181,244,874
Cost of sales	1,710,715,571	997,197,625	429,146,120	259,693,492
Gross profit	(242,142,878)	(54,096,381)	(83,344,770)	(78,448,618)
<b>OPERATING EXPENSES</b>				
Administrative and general expenses	23,793,202	22,309,947	7,280,004	9,802,319
Distribution expenses	1,802,794	3,111,779	302,921	870,020
	25,595,996	25,421,726	7,582,925	10,672,339
Operating profit	(267,738,874)	(79,518,107)	(90,927,695)	(89,120,957)
Finance cost	57,240,591	72,743,599	16,067,504	24,118,309
Workers' profit participation fund	--	--	--	--
Workers' welfare fund	--	--	--	--
	57,240,591	72,743,599	16,067,504	24,118,309
Profit / (loss) for the period	(324,979,465)	(152,261,706)	(106,995,199)	(113,239,266)
Other income	758,133	521,963	3,325	520,000
Profit / (loss) before taxation	(324,221,332)	(151,739,743)	(106,991,874)	(112,719,266)
Provision for taxation				
- Current	(7,342,863)	(4,833,343)	(7,342,863)	(906,224)
- Deferred	12,308,372	13,899,563	(38,358,503)	5,160,465
	4,965,509	9,066,220	(45,701,366)	4,254,241
Profit / (loss) after taxation	(319,255,824)	(142,673,523)	(152,693,241)	(108,465,025)
Earnings / (loss) per share - Basic and diluted	(4.03)	(1.80)	(1.93)	(1.37)

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2015**

	9 months		3 months	
	Oct 2014 to Jun 2015	Oct 2013 to Jun 2014	Apr 2015 to Jun 2015	Apr 2014 to Jun 2014
	RUPEES		RUPEES	
Profit / (loss) for the period	(319,255,824)	(142,673,523)	(152,693,241)	(108,265,025)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment	36,201,095 (12,308,372)	39,713,038 (13,899,563)	12,067,031 (4,102,790)	14,009,847 (5,160,465)
Related deferred tax	23,892,723	25,813,475	7,964,241	8,849,382
Total comprehensive income / (loss) for the period	(295,363,101)	(116,860,048)	(144,729,000)	(99,415,643)

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



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2015

	Jun 2015 RUPEES	Jun 2014 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(324,221,332)	(151,739,743)
<b>Adjustments for non cash and other items:</b>		
Depreciation	63,205,178	67,175,133
Financial charges	57,240,591	72,743,599
Provision for gratuity	--	2,200,000
	120,445,769	142,118,732
Cash flow before working capital changes	(203,775,564)	(9,621,011)
<b>Movement in working capital (increase) / decrease in current assets</b>		
Stores and spares	(351,560,019)	(88,390,388)
Stock in trade	406,894,598	(321,193,763)
Trade debts	--	(418,129)
Advances, deposits and prepayments	(15,730,861)	(41,758,426)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	708,240,074	605,871,589
	747,843,792	154,110,883
<b>Cash (used) in operations</b>	544,068,228	144,489,872
Payments for:		
Taxes	(7,866,584)	(4,993,363)
Financial charges	(41,957,720)	(67,628,798)
Gratuity	(545,664)	(434,500)
	(50,369,968)	(73,056,661)
<b>Net cash used from operating activities</b>	493,698,260	71,433,211
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(236,293,109)	(37,223,621)
Net cash used in investing activities	(236,293,109)	(37,223,621)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Shot term borrowings - Net	(264,852,626)	(22,310,103)
Net cash generated from financing activities	(264,852,626)	(22,310,103)
<b>Net decrease in cash and cash equivalent</b>	(7,447,475)	11,899,487
Cash and bank balances at the beginning of the period	11,388,322	4,875,446
Cash and bank balances at the end of the period	3,940,847	16,774,933

The annexed notes form an integral part of the interim condensed financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2015

	Share capital	Accumulated loss	Total
	Rupees		
<b>Balance as at October 01, 2013</b>	792,616,660	(697,947,398)	94,669,262
Total comprehensive income for the period			
Loss for the period	--	(142,673,523)	(142,673,523)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation - Net of tax	--	25,813,475	25,813,475
	--	(116,860,048)	(116,860,048)
<b>Balance as at June 30, 2014</b>	792,616,660	(814,807,446)	(22,190,786)
<b>Balance as at October 01, 2014</b>	792,616,660	(595,159,449)	197,457,211
Total comprehensive income for the period			
Loss for the period	--	(319,255,824)	(319,255,824)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation - Net of tax	--	23,892,723	23,892,723
	--	(295,363,101)	(295,363,101)
<b>Balance as at June 30, 2015</b>	792,616,660	(890,522,550)	(97,905,890)

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
( UN - AUDITED ) FOR THE NINE MONTHS ENDED JUNE 30, 2015**

**1- STATUS AND NATURE OF BUSINESS**

The Company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The company is listed in Karachi and Lahore Stock Exchanges. The principal business of the Company is manufacturing and selling of refined sugar. The Mill is located at Garho, Sindh.

**2- BASIS OF PREPARATION**

These interim condensed financial statements are un audited but subject to limited scope review by the auditors. These are required to be presented to the share holders under section 245 of the ordinance and have been prepared in a condensed form in accordance with the requirements of the international accounting standard (IAS-34)"interim financial reporting" as applicable in Pakistan. The figures of the interim condensed profit and loss account for the quarters ended 30, June 2015 and 2014 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31, March 2014 and 2015. These interim condensed financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended September 30, 2014.

**3- SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies and estimates adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended September 30, 2014.

3.2 The Preparation of interim condensed financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Estimates and judgement applied by the management in preparation of this interim condensed financial information is same as those applied in preparation of Annual financial statements of the company for the year ended September 30, 2014.

**4- ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

79,261,666 (Sep 2014: 79,261,666) ordinary shares of Rs. 10/- each fully paid in cash

Un - Audited June 30, 2015	Un - Audited June 30, 2014
RUPEES	

792,616,660	792,616,660
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4.1 77,691,800 (Sep 2014 : 77,691,800) shares are held by Haq Bahu Sugar Mill (Private) Limited (holding company) representing 98.02% (Sep 2014: 98.02%) shareholding in the company.

**5- Long Terms Loans - unsecured**

Subordinated Sponsors' loan	5.1	123,416,314	166,457,861
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123,416,314	166,457,861
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**5.1 Subordinated Sponsors Loan:**

The loan has been advanced by M/s Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBOR plus 1% (2014 @six month KIBOR plus1%) payable half yearly. Since the loan will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to the short term finance facility obtained by the company.

Un - Audited June 30, 2014	Un - Audited June 30, 2014
RUPEE	

**6- BORROWING FROM BANKS - Secured**

Short term finances	456,754,702	767,881,813
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6.1 During the year , company had available short term limits of PKR 613.00 millions. (September 2014 , Rs. 1,037.24 millions). These facilities are secured on all present & future fixed assets of the company, pledge of refined sugar stock and personal guarantees of directors.

6.2 The facilities amounting to Rs. NIL millions (September 2014: Rs. 334.606 million) from the banks remained un-availed at the balance sheet date.

**7. CONTINGENCIES:**

The Status of contingencies and commitments are same as reported in the annual financial statements for the year ended September 30, 2014.

**8. PROPERTY, PLANT AND EQUIPMENTS:**

Operating fixed assets - At cost less accumulated depreciation	8.1	1,482,814,804	1,567,563,230
Capital work in progress - At cost	8.2	591,230,652	214,156,475
		2,074,045,456	1,781,719,705

**8.1 Additions in property, plant and equipments during the period**

<b>Owned</b>		
Non-Factory Building	-	3,652,617
Plant and Machinery	-	353,600
Electric equipment	35,400	258,950
Furniture and fixture	72,000	268,049
Tents and Tarpaulins	43,500	839,500
Computers	15,900	43,230
Vehicles	453,520	230,000
Tools and equipment	64,000	85,640
Office equipment	-	179,020
	684,320	5,910,606

**8.2 Capital work in progress - At cost**

Opening balance	214,156,475	182,843,460
Additions during the period	377,074,177	31,313,015
	591,230,652	214,156,475
	<u>591,230,652</u>	<u>214,156,475</u>

**8.2.1 Breakup is as follows**

Plant and machinery	575,040,104	198,986,759
Civil works	16,190,458	15,169,716
	<u>591,230,652</u>	<u>214,156,475</u>

**9. STOCK IN TRADE**

Work in process		997,265	1,526,715
Finished goods	9.1	821,055,983	1,335,346,920
		<u>822,053,248</u>	<u>1,336,873,635</u>

9.1 Finished goods stock valuing Rs. 200.00 million (September 2014: Rs. 519.302 million) were pledged as security for the finances obtained from commercial banks.

**10. TRANSACTION WITH RELATED PARTIES**

**Holding Company**

Considering the financial position of the company, markup for the period amounting to Rs. 9.479 (June 2014: Rs. 11.026) million has been accrued.

**11. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

**12. DATE OF AUTHORIZATION FOR ISSUE**

The interim condensed financial information was authorized for issue on 31-07-2015 in accordance with the resolution of the Board of Directors of the company.

**13. GENERAL**

These interim condensed financial information is presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees have been rounded off to nearest rupees.