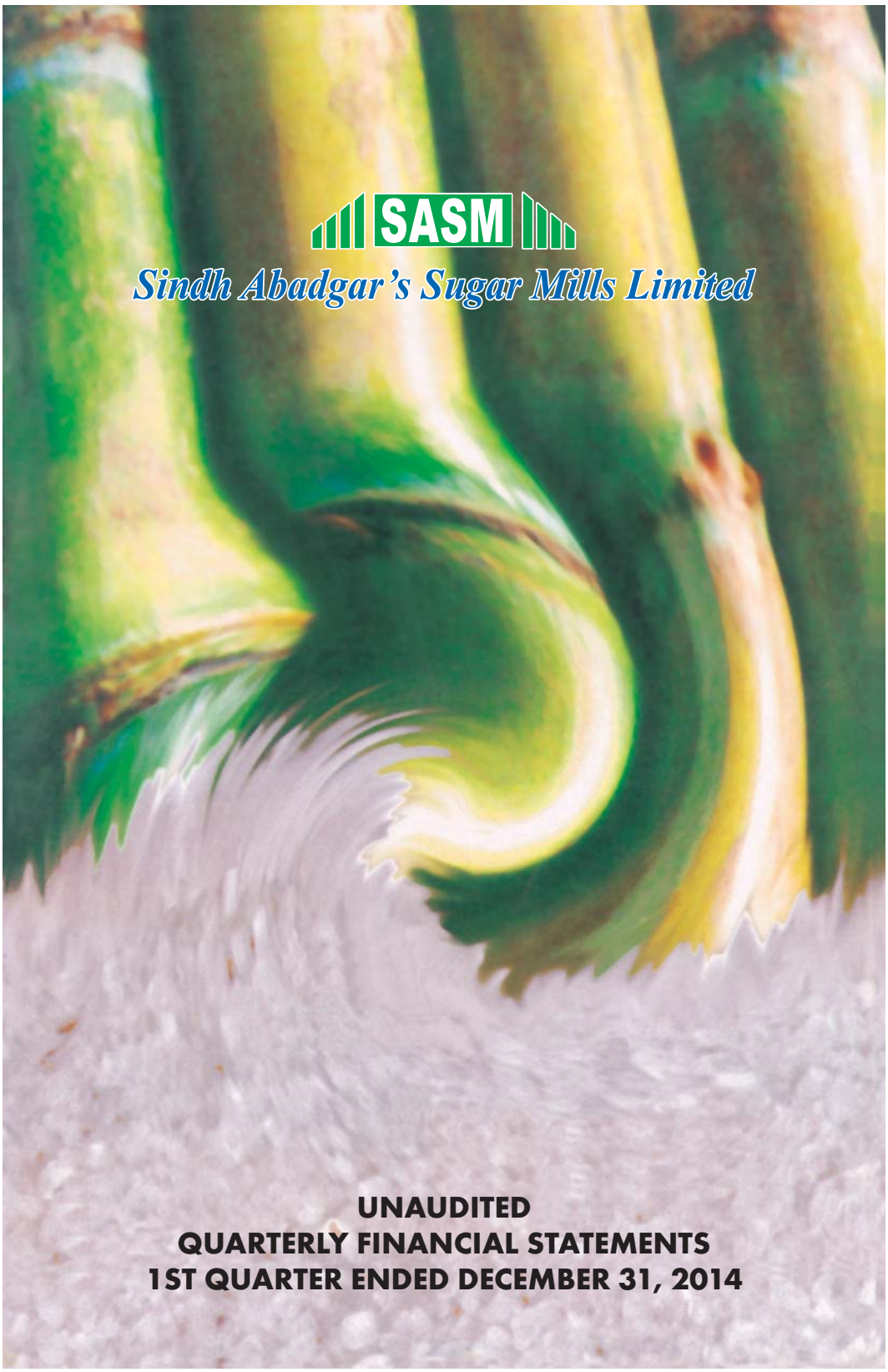


SASM

Sindh Abadgar's Sugar Mills Limited

UNAUDITED
QUARTERLY FINANCIAL STATEMENTS
1ST QUARTER ENDED DECEMBER 31, 2014

COMPANY PROFILE

DIRECTORS	Mr. Deoo Mal Essarani	Chairman
	Dr. Tara Chand Essarani	Chief Executive
	Mr. Dileep Kumar	Director
	Mr. Pehlaj Rai	Director
	Mr. Mohan Lal	Director
	Dr. Besham Kumar	Director
	Mr. Mahesh Kumar	Director
	Mr. Shafaqat Ali Shah	Director
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY	Mr. Nisar H. Virani	
BANKERS	Allied Bank Limited	
	Askari Bank Limited	
	Bank Al-Falah Limited	
	KASB Bank Limited	
	MCB Bank Limited	
NIB Bank Limited		
	United Bank Limited	
AUDIT COMMITTEE	Mr. Pehlaj Rai	Chairman
	Mr. Shafaqat Ali Shah	Member
	Mr. Dileep Kumar	Member
	Dr. Besham Kumar	Member
HR AND REMUNERATION COMMITTEE	Mr. Shafaqat Ali Shah	Chairman
	Mr. Mohan Lal	Member
	Mr. Dileep Kumar	Member
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
REGISTERED OFFICE	209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.	
MILLS	Deh: Deenpur, Taluka. Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.	
REGISTRAR	JWAFFS Registrar Services (Pvt) Ltd. 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Shahrah-e-Faisal, Karachi.	
EMAIL ADDRESS	sasm@unitedgroup.org.pk	

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the un-audited condensed interim financial statements of the Company for the first quarterended December 31, 2014.The crushing season 2014-15 commenced from December 08, 2014.

Financial Results :

		December 31, 2014	December 31, 2013
Season commenced on		08-12-2014	01-11-2013
Period reporting upto		31-12-2014	31-12-2013
Days worked (Gross)	- Days	24	47
Cane crushed	- Tons	102,680	171,243
Average Crushing per day	- Tons	4,278	3,643
Capacity utilization	- %	71	61
Sugar recovery	- %	8.919	8.787
Sugar produced	- Tons	7,735	13,320
Molasses % Cane	- %	5.073	5.493
Molasses produced	- Tons	4,600	8,990

The net turnover increased to Rs.309.095 million fromRs. 307.979 million of last year's same period.After tax loss amounted to Rs. 30.912 million as compared to after tax loss of Rs. 41.018 million of the 1st quarter of last year.

Despite all odds, the Company continued to focus its attention on sale of sugar but due to depressed prices, a substantial portion of sugar remained unsold. The value of stock in trade stood at Rs.414.044million as against Rs.236.999 million as on 30th September, 2014.

First quarter ended on 31st December,2014 does not properly reflect the correct view of the profit/loss of the company due to lesser operational days, lower crushing and lower sugar recovery. We anticipate higher sugarcane crushing and sugar recovery during the current season. We have undertaken BMRE process & added latest modernized equipments last year, to achieve better and efficient results which we are obtaining.

Future Prospects

The prospects of the crushing season 2014-2015 are yet to improve and a lot of challenges to control the rising prices of sugarcane is required to face and to save totally uneconomical conditions. In view of higher crop and higher sugarcane prices, the sugar prices are likely to remain at lower side. The government has allowed exports also but the international sugar prices are also not very encouraging.Certain definite measures are needed to control the sugarcane prices to enable the sugar mills to sell their sugar at a reasonable price to the consumers. The Sugar Mills are approaching at various levels viz. at Govt., Sindh High Court and Supreme Court level to avail incentives in sugar price to get reasonable rate of return.

The future prospects of the Company are greatly dependent on the trend of sugar prices in the next three quarters in addition to the government policies. We understand the current sugar stock levels are more than sufficient for the present requirement. Therefore, proper planning should be made based on realistic and logical statistics of actual sugar production, its consumption and deficit or surplus etc., as the case may be. With the hope of stability in sugar prices during the next three quarters, we anticipate reasonably better financial results for the current year.

The Board of Directors wishes to keep on record and convey assurance to the respectable shareholders of our dedicated efforts and honest working which would strengthen our determination to achieve success with better planning to overcome the difficult situation and conditions. The Directors also place on record their appreciation of the devoted services and hard work put in by the officers and workers of the Company. Please pray to God to guide us and help us to achieve desired results and prosperous future.

On behalf of the Board of Directors

_____

Dr. Tara Chand Essarani
Chief Executive

Karachi: January 24, 2015

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014 Rupees	Audited September 30, 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized Capital 65,000,000 (2013: 65,000,000) Ordinary shares of Rs. 10/- each		650,000,000	650,000,000
Issued, subscribed and paid-up capital 10,425,000 ordinary shares of Rs. 10/- each		104,250,000	104,250,000
Accumulated loss		(127,762,085)	(111,470,680)
		(23,512,085)	(7,220,680)
Surplus on revaluation of Property, Plant and Equipment		398,257,519	430,504,817
Subordinated loans		260,000,000	260,000,000
NON-CURRENT LIABILITIES			
Long term finance - secured	6	213,500,000	247,000,000
Deferred liabilities		373,445,337	355,818,980
CURRENT LIABILITIES			
Trade and other payables		584,363,691	547,063,734
Accrued mark-up		13,771,909	11,742,913
Current portion of non current liabilities		128,000,000	128,000,000
Short term running finance		266,930,042	67,346,162
		993,065,642	754,152,809
CONTINGENCIES AND COMMITMENTS	7	-	-
		2,214,756,414	2,040,255,926
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,434,264,832	1,458,875,323
Long term loans		136,045	175,267
Long term deposits		756,527	755,527
CURRENT ASSETS			
Stores and spares		125,321,349	113,970,425
Stock-in-trade		414,044,299	236,998,928
Trade debts - unsecured		719,622	719,622
Short term loans and advances		82,431,320	88,190,556
Trade deposits and short term prepayments		669,462	667,962
Other receivables		76,028,636	76,028,636
Advance tax - net		55,438,290	55,226,147
Cash and bank balances		24,946,032	8,647,533
		779,599,010	580,449,809
		2,214,756,414	2,040,255,926

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2014

	Note	December 2014 Rupees	December 2013 Rupees
Net Sales	9	309,094,917	307,979,740
Cost of sales	10	(306,691,684)	(310,253,730)
Gross profit / loss		2,403,233	(2,273,990)
Operating expenses			
Administrative expenses		(21,284,481)	(20,725,158)
Selling and distribution cost		(667,677)	(6,126,026)
		(21,952,158)	(26,851,184)
Operating loss		(19,548,925)	(29,125,174)
Finance cost		(13,843,300)	(13,551,955)
		(33,392,225)	(42,677,129)
Other income		2,479,879	1,658,612
Loss before taxation		(30,912,346)	(41,018,517)
Taxation - Current		-	-
Loss after taxation		(30,912,346)	(41,018,517)
Earning / loss per share - basic & diluted		(2.97)	(3.93)

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2014

	December 2014 Rupees	December 2013 Rupees
Loss for the quarter	(30,912,346)	(41,018,517)
Other comprehensive income		
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	14,620,941	16,245,490
Total comprehensive loss for the quarter transferred to equity	(16,291,405)	(24,773,027)

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE 1ST QUARTER ENDED DECEMBER 31, 2014

		December 2014 Rupees	December 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(30,912,346)	(41,018,517)
Adjustment for:			
Depreciation		33,752,844	35,224,524
Financial cost		13,843,300	13,551,955
Exchange loss / (gain)		-	(748,214)
Loss / (gain) on disposal of Property, Plant & Equipment		(1,029,156)	(5,000)
		46,566,988	48,023,265
Operating profit before working capital changes		15,654,642	7,004,748
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(11,350,924)	(41,337,132)
Stock in trade		(177,045,371)	(499,479,579)
Trade debts - Unsecured		-	(61,627,462)
Short term loans and advances		5,759,236	(42,448,235)
Trade deposits, prepayment and other receivables		(1,500)	(7,247,976)
Other receivables		-	-
		(182,638,559)	(652,140,384)
Increase in current liabilities			
Trade and other payables		37,299,957	(553,007,234)
		(145,338,602)	(99,133,150)
Cash generated from/(used in) operating activities		(129,683,960)	(92,128,402)
Finance cost paid		(11,742,938)	(10,685,626)
Taxes paid		(212,143)	(2,550,785)
Net cash generated from/(used in) operating activities		(141,639,041)	(105,364,813)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(10,966,676)	(5,992,403)
Capital work in progress		2,782,113	(12,723,105)
Long term loans		39,222	224,497
Long term deposits		(1,000)	4,000
Net cash (used in) investing activities		(8,146,341)	(18,487,011)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		(33,500,000)	(18,500,000)
Long term finance obtained		-	150,000,000
Net cash generated from/ (used in) financing activities		(33,500,000)	131,500,000
Net increase/(decrease) in cash and cash equivalents		(183,285,382)	7,648,176
Cash and cash equivalents at the beginning of the period		(58,698,629)	(28,903,113)
Cash and cash equivalents at the end of the period	11	(241,984,011)	(21,254,937)

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2014

	Issued, Subscribed and Paidup Capital Rupees	Accumulated Profit Rupees	Total Rupees
Balance as at October 1, 2013	104,250,000	(90,905,008)	13,344,992
Total comprehensive loss for the year	-	(20,565,672)	(20,565,672)
Balance as at September 30, 2013	104,250,000	(111,470,680)	(7,220,680)
Balance as at October 1, 2014	104,250,000	(111,470,680)	(7,220,680)
Total comprehensive loss for the quarter	-	(16,291,405)	(16,291,405)
Balance as at December 31, 2014	104,250,000	(127,762,085)	(23,512,085)

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on January 28, 1984 as a public limited company and its shares are quoted on all the Stock Exchanges in Pakistan. The mill is located at Deh Deenpur, District Tando Mohammed Khan in the province of Sindh and its registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi in the province of Sindh.The company is principally engaged in the manufacturing and sale of sugar.

2 BASIS OF PREPARATION

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 “Interim Financial Reporting” as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures 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

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2014.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, 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. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial information of the Company as at and for the year ended September 30, 2014.

5 SEASONALITY OF OPERATIONS

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

	Unaudited December 2014 Rupees	Audited September 2014 Rupees
6 LONG TERM FINANCES - SECURED		
Opening balance	375,000,000	323,000,000
Obtained during the period	-	150,000,000
	375,000,000	473,000,000
Less: Repaid during the period	(33,500,000)	(98,000,000)
Current portion	(128,000,000)	(128,000,000)
	(161,500,000)	(226,000,000)
Closing balance	213,500,000	247,000,000

7 CONTINGENCIES & COMMITMENTS

7.1 Contingencies

There is no change in the status of contingencies as disclosed in the published annual financial statements for the year ended September 30, 2014.

7.2 Commitments

In respect of the quantity of 6,204 M.T (September 30, 2014 : 5,067 M.T) representing sale commitments of sugar having aggregate value of Rs.306.942 million (September 30, 2014 : Rs. 264.474 million).

8 PROPERTY, PLANT AND EQUIPMENT	Unaudited December 2014 Rupees	Audited September 2014 Rupees
Operating fixed assets	1,350,943,000	1,376,403,054
Capital work in progress	83,321,832	82,472,269
	1,434,264,832	1,458,875,323

8.1 Operating fixed assets	Unaudited December 2014 Rupees Acquisitions	Audited September 2014 Rupees Acquisitions
Factory building on free hold land	-	-
Plant & machinery	7,969,086	68,866,067
Office equipment	41,571	648,821
Furniture & fixture	5,060	231,551
Computers	191,149	259,620
Vehicles	2,716,400	12,090,161
Tools & tackles	43,410	755,105
	10,966,676	82,851,325

		Unaudited December 2013 Rupees	Unaudited December 2013 Rupees
9 SALES			
Local		337,535,400	145,010,150
Export		-	164,814,388
Less: Sales Tax		(28,440,483)	(1,844,798)
		309,094,917	307,979,740
10 COST OF GOODS SOLD			
Sugarcane consumed		401,526,970	753,792,184
Manufacturing expenses	10.1	82,210,083	93,430,435
		483,737,053	847,222,619
Stock in process - opening		6,053,331	8,104,762
Stock in process - closing		(72,601,965)	(88,492,319)
		(66,548,634)	(80,387,557)
		417,188,419	766,835,062
Stock of by-product - opening		-	-
Sale of by-product		-	(37,489,310)
Stock of by-product - closing		(34,500,000)	(65,895,690)
		(34,500,000)	(103,385,000)
Cost of goods manufactured		382,688,419	663,450,062
Stock of finished goods - opening		230,945,598	91,195,669
Stock of finished goods - closing		(306,942,333)	(444,392,001)
		(75,996,735)	(353,196,332)
		306,691,684	310,253,730
10.1 Manufacturing Expenses			
Salaries, wages and other benefits		19,840,627	25,726,056
Production stores consumed		8,287,176	13,292,689
Fuel and power		2,149,799	2,327,498
Repairs and maintenance		17,089,974	17,166,626
Vehicle running and maintenance		425,740	410,725
Insurance		2,986,381	1,056,952
Depreciation		30,377,560	31,702,072
Others		1,052,826	1,747,817
		82,210,083	93,430,435

11 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents include cash in hand and in banks and investments having maturity of less than 3 months and insignificant risk of changes in value till maturity, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the condensed interim cash flow statement are reconciled to the related items as follows:

	Unaudited December 2014 Rupees	Audited September 2014 Rupees
Cash and bank balances	24,946,032	8,647,533
Short term running finance	(266,930,042)	(67,346,162)
	(241,984,010)	(58,698,629)

12 RELATED PARTY TRANSACTIONS

Related parties constitute transactions with Directors, key management personnel and retirement benefit plan. Material transactions with related parties are given below:

	Unaudited December 2014 Rupees	Audited September 2014 Rupees
Directors	1,500,000	4,582,113
Key Management personnel	1,207,147	7,022,660
Provident fund contribution	743,870	2,385,899
Loans from Directors	183,000,000	183,000,000
Loans from Related Parties	77,000,000	77,000,000
	260,000,000	260,000,000

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company at their meeting held on January 24, 2015.

14 GENERAL

14.1 Figure have been rounded off to the nearest Rupee.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

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Sindh Abadgar's Sugar Mills Limited

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Mill: Deh: Deenpur, Taluka: Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.
Tel : 03152001617 E-mail : sasmtmk@unitedgroup.org.pk

CORPORATE