BABA FARID

SUGAR MILLS LIMITED



CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND THIRD QUARTER ENDED

JUNE 30, 2016

BABA FARID SUGAR MILLS LIMITED

Corporate Information

Board Of Directors

Mrs. Naheed Roohi	Chairperson
Muhammad Sarwar	Chief Executive
Mr. Shahid Mahmood Quershi	Director
Syed Qaissar Abbas Naqvi	Director
Ms. Rafia Aslam	Director
Mr. Mirza Maqsood-ul-Hassan	Executive
Muhammad Ashraf	Independent Director

Audit Committee

Muhammad Ashraf
Mr. Mirza Maqsood-ul-Hassan
Syed Qaissar Abbas Naqvi
Mr. Shahid Mahmood Quershi

Human Resource & Remuneration

Mr. Shahid Mahmood Quershi	Member
Mrs. Naheed Roohi	Member
Ms. Rafia Aslam	Member

Company Secretary

Muhammad Ibrahim Raza

Chief Financial Officer

Muhammad Khalid Ali

Auditors

M/s Hasnain Ali & Co
Chartered Accountants
Room No 103, 1st Floor, Regency Plaza
Near Mini Market, Gulberg III, Lahore
Tel; 042-35755212, Fax; 042-35755213
Email ; info@hac.com.pk

Share Registrar

M/s. Corplink (Pvt.) Ltd.
Share Registrar & Corporate Consultants
Wing Arcade, 1-K, Commercial
Model Town, Lahore
Tel; 042-35916714, Fax; 042-35869037
Email ; corplink786@gmail.com

Mills

5. K.M. Faisalabad Road
Okara
Tel; 0442-522878, 511878, Fax; 0442-522978

Registered Office

Suite - T 09, 3rd Floor, Hafeez Centre 75 - E/1
Main Boulevard, Gulberg III, Lahore
Tel; 042-35884180-5, Fax; 042-35884138-39
Email ; info@bfsml.com
Website; www.bfsml.com

Bankers

Habib Bank Limited
Bank Al-Habib Limited
United Bank Limited
MCB Bank Limited

Legal Advisor

Muzamil Akhtar Shabir
(Advocate)

BABA FARID SUGAR MILLS LIMITED

DIRECTOR'S REVIEW

The Members,

On behalf of the Board of Directors its my privilege to present you the Un-audited Financial Statements of the Company for the third quarter (nine months) ended on 30 th June, 2016.

OPERATIONAL PERFORMANCE

Operating result for the year under review is summarized below:

		2015-16	2014 – 15
Crushing Season Started		November 27,2015	November 28,2014
Duration Of Season	Days	100	94
Sugarcane Crushed	M.Ton	261,930.97	249,227.70
Sugar Produced	M.Ton	23,946.25	21,845.00
Sugar Recovery	% age	9.165	8.82
Molasses produced	M.Ton	12,154.70	11,209.18
Molasses recovery	% age	4.65	4.524

The third quarter under review witnessed one of the toughest season of the sugar industry but Our shareholders will appreciate that by the grace of Allah, our technical performance for the season 2015-16 has been good. The crushing season commenced on November 27, 2015 and Mill crushed 261,930.97 M.T of sugarcane as compared to 249,227.70 M.Ton of corresponding of last year. The increase in sugarcane crushing of 9.62 %.The sugar recovery has been increased from 8.82% to 9.165%. You will observe that there is an improvement of sugar recovery is 3.91%.

FINANCIAL RESULTS

The comparative summarized financial results of the company are given below:

	2015-16 (Million)	2014 – 15 (Million)
Sales	1,077.68	1,264.27
Gross Profit	111.33	1.28
Operating Profit / (Loss)	81.46	(36.86)
Profit /(Loss)After Taxation	8.84	(174.95)
Earnings / (Loss)per share	0.94	(18.51)

FUTURE OUTLOOK

In the current year, we are expecting that prices of sugar will stabilize in the coming month.

ACKNOWLEDGEMENT

The Directors express their deep concern on the attitude of the sugarcane growers and the menace of middleman and appreciate the bank and the Government department of their continued support, which give strength to pursue our corporate objective with vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

For and on behalf of the Board

(Muhammad Sarwar)
Chief Executive

July 29, 2016

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT JUNE 30, 2016

	Note	June 30, 2016 Rupees (Un-Audited)	September 30, 2015 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid up capital		94,500,000	94,500,000
Accumulated (loss)		(1,222,670,582)	(1,266,087,217)
		(1,128,170,582)	(1,171,587,217)
Surplus on revaluation of property, plant & equipment		1,372,615,517	1,407,196,280
NON-CURRENT LIABILITIES			
Long term loans		-	8,333,334
Loan from holding company		500,000,000	500,000,000
Deferred liabilities		272,731,442	296,732,631
		772,731,442	805,065,965
CURRENT LIABILITIES			
Trade and other payables		770,578,026	467,794,368
Interest and mark-up accrued		121,578,514	63,057,318
Short term borrowings - secured		27,294,774	247,126,965
Due to related party		1,012,206,827	718,754,403
Current portion of long term liabilities		67,854,220	81,743,108
Provision for taxation		10,776,812	15,583,818
		2,010,289,173	1,594,059,980
TOTAL EQUITY & LIABILITIES		3,027,465,550	2,634,735,008
Contingencies & commitments	4		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,008,746,045	2,037,778,678
Long term deposits		587,575	587,575
		2,009,333,620	2,038,366,253
CURRENT ASSETS			
Stores, spares and loose tools		42,741,243	37,444,120
Stock-in-trade		577,632,803	252,997,843
Trade debts		150,944,266	98,574,506
Advances		101,673,647	77,055,602
Trade deposits and short term prepayments		129,962,908	20,636,150
Other receivables		2,921,669	107,742,500
Cash and bank balances		12,255,394	1,918,034
		1,018,131,930	596,368,755
TOTAL ASSETS		3,027,465,550	2,634,735,008

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2016

	Note	Nine Months Ended		Quarter Ended	
		June 30, 2016 Rupees	June 30, 2015 Rupees	June 30, 2016 Rupees	June 30, 2015 Rupees
Sales - net	6	1,077,681,217	1,264,273,382	740,098,091	718,814,411
Cost of sales	7	966,346,383	1,262,994,345	702,619,053	720,755,166
Gross profit/(Loss)		111,334,834	1,279,037	37,479,038	(1,940,755)
Distribution costs		2,393,289	14,681,284	128,101	5,438,897
Other expenses		-	37,748	-	-
Administrative expenses		27,482,074	23,415,268	6,883,782	6,356,989
		29,875,363	38,134,300	7,011,883	11,795,886
Operating profit / (loss)		81,459,472	(36,855,263)	30,467,156	(13,736,641)
Finance costs		85,847,977	147,288,335	25,500,501	46,829,442
		(4,388,505)	(184,143,598)	4,966,655	(60,566,083)
Other operating income		-	-	-	-
(Loss) / profit before taxation		(4,388,505)	(184,143,598)	4,966,655	(60,566,083)
Taxation					
- Deferred		(24,001,189)	(15,155,737)	(5,269,024)	(167,705)
- Current		10,776,812	5,964,502	6,740,980	3,984,871
		(13,224,377)	(9,191,235)	1,471,956	3,817,166
Profit / (Loss) after taxation		8,835,872	(174,952,363)	3,494,699	(64,383,249)
Earning / (Loss) per share - basic and diluted		0.94	(18.51)	0.37	(6.81)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2016

	Nine Months Ended		Quarter Ended	
	June 30, 2016 Rupees	June 30, 2015 Rupees	June 30, 2016 Rupees	June 30, 2015 Rupees
Profit / (Loss) after taxation	8,835,872	(174,952,363)	3,494,699	(64,383,249)
Other comprehensive income				
Total comprehensive profit / (loss) for the period	8,835,872	(174,952,363)	3,494,699	(64,383,249)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2016

	Note	Nine Months Ended June 30, 2016 Rupees	Nine Months Ended June 30, 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used) in operations	8	17,037,069	(55,047,494)
Finance costs paid		(27,326,781)	(52,947,798)
Taxes paid		(9,782,330)	(7,748,776)
Net cash (outflow) from operating activities		(20,072,043)	(115,744,068)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(20,988,609)	(6,849,846)
Net cash (outflow) from investing activities		(20,988,609)	(6,849,846)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loan		(22,222,224)	(35,383,331)
Due to related party		293,452,424	(112,726,823)
Repayment of loan from holding company		-	-
Net cash (outflow) from financing activities		271,230,200	(148,110,154)
Net (decrease) in cash and cash equivalents		230,169,549	(270,704,068)
Cash and cash equivalents at the beginning of the year		(245,208,931)	(523,539,161)
Cash and cash equivalents at the end of the period	9	(15,039,382)	(794,243,229)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2016

	Share Capital	Accumulated (Loss)	Total
	Rupees	Rupees	Rupees
Balance as at October 01, 2014 (Audited)	94,500,000	(1,101,736,762)	(1,007,236,762)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	25,754,289	25,754,289
Comprehensive (loss) for Nine Months ended June 30, 2015	-	(174,952,363)	(174,952,363)
Balance as at June 30, 2015 - (Un-audited)	94,500,000	(1,250,934,836)	(1,156,434,836)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	9,097,287	9,097,287
Comprehensive (loss) for the Three Months ended September 30, 2015	-	(24,249,668)	(24,249,668)
Balance as at September 30, 2015	94,500,000	(1,266,087,217)	(1,171,587,217)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	34,580,763	34,580,763
Comprehensive profit for the Nine Months ended June 30, 2016	-	8,835,872	8,835,872
Balance as at June 30, 2016 - (Un-Audited)	94,500,000	(1,222,670,582)	(1,128,170,582)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2016

1 STATUS AND NATURE OF BUSINESS

1.1 Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Ordinance, 1984) as a Public Limited Company and its shares are quoted at Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake. The registered office of the Company is situated at 1st Floor, Panorama Center, Raja Ghanzafar Ali Khan Road, Sadar, Karachi and its manufacturing facilities are located in the district Okara,

1.2 Going Concern Assumption

During the current financial period, the Company has suffered loss before tax amounting to Rs. 4,388,504(June 30, 2015: Rs. 184,143,598)and at balance sheet date its accumulated losses have stood up to Rs.1,222,670,581(June 30, 2015:Rs.1,250,934,836).Further, the Company's equity is in negative and its current liabilities have exceeded its current assets by Rs.992,157,243(June 30, 2015: Rs.955,304,894). These conditions may cast significant doubt on Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management has taken various measures to improve the financial position of the Company which include the sponsors' continued assurance for arrangement of funds as and when required, prompt discharging of its liabilities including financial obligations, securing growers' commitments for availability of quality sugarcane and hiring of competent management personnel for managing Company's affairs.

The management has firm belief that the above stated measures shall mitigate the doubt about the Company's ability to continue as a going concern and also justifies the preparation of this condensed interim financial information on going concern basis.

2 ACCOUNTING POLICIES

2.1 Accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial information of the Company for the year ended September 30, 2015.

2.2 The provision for the current taxation for the period represents the minimum tax on turnover and final liabilities will be determined on the basis of annual results. However, deferred taxation has been provided / reversed in this condensed interim financial information. The Company has accounted for deferred tax assets to the extent of un-absorbed tax depreciation.

2.3 Due to seasonal availability of sugar cane the manufacturing of sugar is carried out during the period of sugar cane 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 financial information.

3 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect and application of accounting policies and the reported amount of assets, liabilities, income and expenses. However, actual results may differ from these estimates.

In preparing this condensed interim financial information the significant estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainties are the same as those was that applied to the financial information as at and for the year

4 CONTINGENCIES AND COMMITMENTS

There are no changes in the status of contingencies and commitments since the year ended September, 30, 2015. In addition to this the company (Baba Farid Sugar Mills Limited - BFSML)has issued corporate guarantee amounting Rs. 150 Million in favour of Apna Micro Finance Bank Limited. Against the said guarantee the Bank agreed to finance facility to the local sugar cane growers upto an aggregate amount of Rs.150 Million.

	Nine Months ended June 30, 2016 Rupees	Nine Months ended June 30, 2015 Rupees
5 PROPERTY, PLANT & EQUIPMENT		
Operating fixed assets	2,024,402,735	2,080,134,681
Capital work-in-progress	34,364,552	9,387,973
	2,058,767,287	2,089,522,654
Depreciation during the period/year	(50,021,242)	(53,002,952)
	2,008,746,045	2,036,519,702

	Nine Months ended June 30, 2016 Rupees	Nine Months ended June 30, 2015 Rupees
6 SALES - NET		
Sugar - Local	1,163,895,730	421,762,901
- Export	-	722,160,900
Less : Sales tax and special excise duty	(86,214,513)	(38,250,419)
Add : Subsidy on export	-	158,600,000
	1,077,681,217	1,264,273,382

	Nine Months ended June 30, 2016 Rupees	Nine Months ended June 30, 2015 Rupees
7 COST OF SALES		
Raw materials and expenses thereon	1,221,762,434	1,158,070,933
Manufacturing expenses	135,218,942	157,931,912
	1,356,981,376	1,316,002,845
Work in process		
Opening	12,671,829	4,041,321
Closing	(13,325,241)	(13,892,419)
	(653,413)	(9,851,099)
	1,356,327,964	1,306,151,747
Sale of by-products		
Molasses-net	(66,000,033)	(53,294,322)
V.F. Cakes	-	(1,021,756)
	(66,000,033)	(54,316,078)
Cost of goods manufactured	1,290,327,931	1,251,835,669
Finished goods		
Opening	240,326,014	600,194,323
Closing	(564,307,562)	(589,035,646)
	(323,981,548)	11,158,676
	966,346,383	1,262,994,345
8 CASH (USED IN) OPERATIONS		
(Loss) before taxation	(4,388,505)	(184,143,598)
Adjustment for non cash charges and other items:		
Depreciation	50,021,242	53,002,952
Provision for gratuity	-	-
Finance costs	85,847,977	147,288,335
Provision for doubtful debt	-	-
Working capital changes	(114,443,645)	(71,195,182)
	21,425,574	129,096,104
	17,037,069	(55,047,494)

	Nine Months ended June 30, 2016 Rupees	Nine Months ended June 30, 2015 Rupees
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(5,297,123)	1,345,234
Stock-in-trade	(324,634,960)	1,307,578
Trade debts	(52,369,760)	(93,377,122)
Advances	(30,419,533)	(9,832,879)
Trade deposits and short term prepayments	(109,326,758)	(100,292,000)
Other receivables	104,820,831	(2,352,054)
Increase / (decrease) in current liabilities		
Interest and mark-up accrued	302,783,658	132,006,061
	(114,443,645)	(71,195,182)

9 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of:

Cash and bank balances	12,255,394	8,736,783
Short term borrowings - secured	(27,294,774)	(802,980,012)
	(15,039,380)	(794,243,229)

10 TRANSACTION WITH RELATED PARTIES

Detail of transactions with related parties is as follows:

Name of related party	Nature of relationship	Nature of transaction	Amount (Rupees)
Imporient Chemicals (Pvt) Limited	Associate	Purchase of chemicals	15,278,180
Pattoki Sugar Mills Limited	Holding	Loan including mark-up	1,615,296,764

11 DATE OF AUTHORIZATION

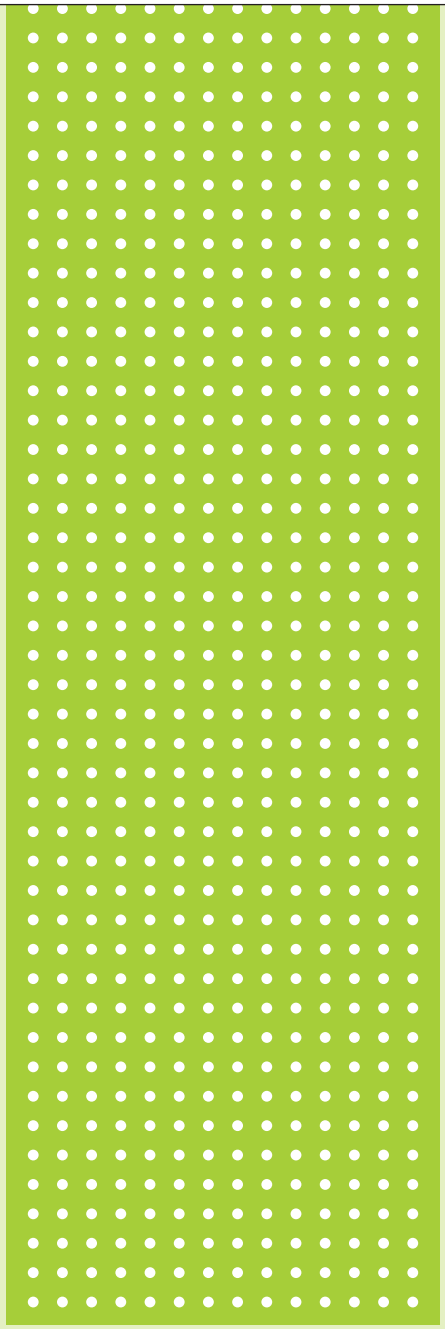
This condensed interim financial information was authorized for issue on July 29, 2016 by the Board of Directors' of the Company.

12 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary for better presentation. However no material reclassification has been made.

Figures in this condensed interim financial statements have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE **DIRECTOR**



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