BABA FARID SUGAR MILLS LIMITED

Condensed Interim Financial Statements (Un-Audited) For the 1st Quarter Ended December 31, 2014

BABA FARID SUGAR MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Muhammad Sarwar - Chief Executive
Mr. Shahid Mahmood Qureshi
Syed Qaissar Abbas Naqvi
Mrs. Naheed Roohi
Ms. Rafia Aslam
Mr. M irza Maqsood-ul-Hassan
Muhammad Ashraf

AUDIT COMMITTEE

Mr. Mirza Maqsood-ul-Hassan - Chairman
Syed Qaissar Abbas Naqvi - Member
Mr. Shahid Mahmood Qureshi - Member

COMPANY SECRETARY

Muhammad Ibrahim

AUDITORS

Sheikh & Chaudhri
Chartered Accountants
166-B, Upper Mall, Lahore.

SHARE REGISTRAR

M/s. Corplink (Pvt.) Ltd.
Wing Arcade, 1-K Commercial
Model Town, Lahore.

BANKERS

Bank Al-Habib Limited
United Bank Limited
Summit Bank Limited

REGISTERED OFFICE

Suite - T09, 3rd Floor, Hafeez Centre
75 - E/1, Main Boulevard, Gulberg III,
Lahore

MILLS

5 K.M. Faisalabad, Road, Okara.

BABA FARID SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND FIRST QUARTER ENDED DEC. 31, 2014

The Members,

Baba Farid Sugar Mill

Asslam-o-Alakum

Your Directors' have pleasure in presenting Un-audited Financial Statements of the Company for the 1st Quarter ended December 31,

OPERATIONAL PERFORMANCE

Operating results for the year under review are summarized below:

		1st Quarter ended December 31, 2014	1st Quarter ended December 31, 2013
Season started		November 28, 2014	November 25, 2013
Crushing days		34	37
Sugarcane crushed	M.Tons	90,474.336	138,775.208
Sugar recovery	%	8.828	9.154
Sugar produced	M.Tons	6,890	11,805
Molasses recovery	%	4.464	4.585
Molasses produced	M.Tons	4,039.205	6,362.501

The Crushing Season commenced on November 28, 2014 and during the first quarter Mill crushed 90,474 M.T. of sugarcane as compared to 138,775 M.T. of corresponding quarter of last year. The decrease in sugarcane crushing of 35% is due to market condition of sugarcane. Sugar recovery and production of sugar is also on lower side as compared to same quarter of last year.

Presently, sugar market is depressed and prices are below cost level due to surplus stock of last year. The Government of Punjab has increased the minimum support price of sugarcane to Rs.180 per 40 kg. This increase will further affect the cost- price gap and if the sugar price, do not improve, and its impact will be further on the financial results of the company. It will also affect the timely payment to cane growers / other liabilities and company's ability to meet the working capital requirements.

FINANCIAL RESULTS

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

	2014 (Million)	2013 (Million)
Total Revenue	237.670	288.137
Gross Profit	9.906	37.503
Operating Profit	0.278	29.588
After Tax Loss	(53.879)	(8.330)
(Loss) per share (Rs.)	(5.700)	(0.890)

The federal Government has allowed the export of sugar and it is hoped that the price of sugar will be improved after the end of crushing season 2014.15.

The Board of directors deeply express their appreciation and pay their gratitude to sugarcane growers, valuable customers, shareholders, banks and Government departments for their continued support, trust, persistent cooperation and patronage which gives strength to pursue our corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

By behalf of the Board

Lahore, January 27, 2015.

(Muhammad Sarwar)
Chief Executive

BABA FARID SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014

	Note	December 31, 2014 Rupees (Un-Audited)	September 30, 2014 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,067,114,609	2,082,672,808
Long term deposits		587,575	587,575
		2,067,702,184	2,083,260,383
CURRENT ASSETS			
Stores, spare parts and loose tools		39,641,676	39,366,037
Stock-in-trade		843,981,303	604,235,643
Trade debts (Considered good-unsecured)		512,548,923	173,434,138
Loans and advances		81,653,760	75,202,185
Trade deposits and short term prepayments		21,292,275	21,000,275
Cash and bank balances		15,214,483	4,258,798
		1,514,332,420	917,497,076
TOTAL ASSETS		3,582,034,604	3,000,757,459
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized			
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		(1,147,031,319)	(1,101,736,762)
		(1,052,531,319)	(1,007,236,762)
Surplus on revaluation on property, plant & equipment		1,424,131,864	1,433,431,861
NON-CURRENT LIABILITIES			
Long term financing-secured	6	33,333,334	41,666,667
Loan from holding company	7	500,000,000	500,000,000
Deferred liability		327,160,272	326,445,038
		860,493,606	868,111,705
CURRENT LIABILITIES			
Current portion of long term liabilities		78,965,333	78,965,333
Short term finance		477,307,239	527,797,959
Due to related party		449,425,092	683,195,817
Trade and other payables		1,175,192,285	283,523,925
Interest and mark-up accrued		162,842,446	136,474,552
Taxation		6,208,058	16,493,069
		2,349,940,453	1,706,450,655
Contingencies & commitments	8	-	-
TOTAL EQUITY & LIABILITIES		3,582,034,604	3,000,757,459

The annexed notes 1 to 14 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 FIRST QUARTER ENDED DEC. 31, 2014

	Note	1st Quarter Ended December 31, 2014 Rupees	1st Quarter Ended December 31, 2013 Rupees
Sales-net	9	237,670,467	288,137,310
Cost of sales	10	227,764,038	250,634,197
Gross Profit		9,906,429	37,503,113
Distribution costs		424,222	498,729
Administrative expenses		9,203,902	7,415,989
		9,628,124	7,914,718
Operating Profit		278,305	29,588,395
Finance costs		47,911,819	33,670,258
		(47,633,514)	(4,081,863)
Other Expenses		(37,748)	-
(Loss) before taxation		(47,671,262)	(4,081,863)
Taxation		(6,208,058)	(4,250,728)
(Loss) after taxation		(53,879,320)	(8,332,591)
(Loss) per share - basic and diluted		(5.70)	(0.88)

The annexed notes 1 to 14 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 FIRST QUARTER ENDED DECEMBER 31, 2014

	Note	1st Quarter Ended December 31, 2014 Rupees	1st Quarter Ended December 31, 2013 Rupees
(Loss) for the 1st quarter		(53,879,320)	(8,332,591)
Other Comprehensive Income for 1st quarter:			
Total comprehensive (Loss) for 1st quarter transferred to equity:		(53,879,320)	(8,332,591)

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

CHIEF EXECUTIVE **DIRECTOR**

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital	Accumulated (Loss)	Total
Balance as at October 01, 2013	94,500,000	(1,142,516,857)	(1,142,516,857)
Current year incremental depreciation - net of deferred tax		32,066,043	32,066,043
Total comprehensive profit for the year		8,714,052	8,714,052
Balance as at September 30, 2014	94,500,000	(1,101,736,762)	(1,142,516,857)
Balance as at October 01, 2014	94,500,000	(1,101,736,762)	(1,142,516,857)
Current year incremental depreciation - net of deferred tax		8,584,763	32,066,043
Total comprehensive (loss) for the quarter	-	(53,879,320)	8,714,052
Balance as at December 31, 2014	94,500,000	(1,147,031,319)	(1,052,531,319)

The annexed notes 1 to 14 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 FIRST QUARTER ENDED DECEMBER 31, 2014

	Note	1st Quarter Ended December 31, 2014 Rupees	1st Quarter Ended December 31, 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	11	223,057,488	(253,702,874)
Finance costs paid		(21,543,925)	(16,301,193)
Taxes paid		(706,631)	(1,199,112)
Net cash generated from / (used in) operating activities		200,806,932	(271,203,179)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,103,497)	(7,262,899)
Net cash used in investing activities		(2,103,497)	(7,262,899)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from related party		(233,770,725)	291,608,699
Net cash used in/generated from financing activities		(233,770,725)	291,608,699
Net decrease /increase in cash and cash equivalents		(35,067,290)	13,142,621
Cash and cash equivalents at the beginning of the year		50,281,773	37,139,152
Cash and cash equivalents at the end of the period		15,214,483	50,281,773

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

CHIEF EXECUTIVE **DIRECTOR**

1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan in 1978 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-product i.e. molasses and V. Filter cake. The registered office of the Company is situated at Suite - T-09, 3rd Floor, Hafeez Center, Main Boulevard, Gulberg III, Lahore and its manufacturing facilities are located in the district Okara, Punjab.

1.2 **Going Concern assumption**

During the current financial period, the Company has earned a gross profit of Rs. 9,906,429 (2013: Rs. 37,503,113) and sustained loss for the quarter before tax amounting to Rs.47,671,262 (2013: Rs.4,081,863). Further, the Company's equity is in negative 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 these financial statements on going concern basis.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. ACCOUNTING POLICIES

3.1 These financial statements have been prepared on the historical cost basis except for freehold land, buildings on freehold land and plant & machinery which are stated at revalued amounts.

3.2 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.

3.3 Due to seasonal availability of sugar cane the manifesting 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.

4. ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Staff retirement benefits - gratuity
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

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 were the same as those that applied to the financial information as at and for the year ended September 30, 2014

	1st Quarter Ended Dec. 31, 2014 Rupees	Year Ended Sept. 30, 2014 Rupees
5 PROPERTY, PLANT & EQUIPMENT		
Operating fixed assets	1,976,089,302	1,991,361,762
Assets subject to finance lease	86,262,974	87,354,910
	2,062,352,276	2,078,716,672
Capital Work in Progress	4,762,333	3,956,136
	2,067,114,609	2,082,672,808

6. LONG TERM FINANCING SECURED

Bank Al Habib Limited	66,666,667	75,000,000
Less: Current portion	(33,333,333)	(33,333,333)
	33,333,334	41,666,667

6.1 This represents term finance facility obtained from Bank Al Habib Limited for purchase of plant and machinery and increasing godown capacity. It shall be repaid through 36 equal monthly installments starting from December 2013. It carries mark up at the rate of average 6 month KIBOR plus 1.75% per annum, mark up shall be serviced on quarterly basis. It is secured by way of first charge over plant and machinery of the Company amounting to Rs.170 million and personal guarantees of directors and corporate guarantee of M/s Pattoki Sugar Mills Limited.

7. LOAN FROM HOLDING COMPANY

Pattoki Sugar Mills Limited	525,000,000	525,000,000
Less: Current portion	(25,000,000)	(25,000,000)
	500,000,000	500,000,000

7.1 The Company obtained unsecured loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up rate charged by PSML during the year ranged from 11.39% to 12.17% (2014: 11.16% to 12.27%) per annum and this loan is subordinate to the loan from Bank AL Habib Limited.

8. CONTINGENCIES & COMITMENTS

There are no changes in the status of contingencies and commitments since the year ended September 30, 2013

	1st Quarter Ended Dec. 31, 2014 Rupees	1st Quarter Ended Dec. 31, 2013 Rupees
9. SALES - NET		
Local Sales	256,857,800	290,018,000
Export Sales	--	--
	256,857,800	290,018,000
Less: sales tax and special excise duty	(19,187,333)	(1,880,690)
	237,670,467	288,137,310

BABA FARID SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2014

	1st Quarter Ended December 31, 2014 Rupees	1st Quarter Ended December 31, 2013 Rupees
10 COST OF SALES		
Raw materials and expenses thereon	414,598,461	599,289,600
Manufacturing expenses	53,932,993	50,752,031
	468,531,454	650,041,631
Work in process		
Opening	4,041,321	2,990,796
Closing	(75,141,379)	(55,834,388)
	(71,100,058)	(52,843,592)
	397,431,395	597,198,039
Sale of by-products		
V.F. Cakes	(1,021,756)	-
	(1,021,756)	-
Cost of goods manufactured	396,409,639	597,198,039
Finished goods		
Opening	600,194,323	341,819,604
Closing	(768,839,924)	(688,383,446)
	(168,645,602)	(346,563,842)
	227,764,038	250,634,197
11 CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) before tax	(47,671,262)	(4,081,863)
Adjustment for:		
Depreciation	17,661,696	15,743,228
Finance costs	47,911,819	33,670,258
	65,573,515	49,413,486
Operating Profit before working capital changes	17,902,253	45,331,624
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(275,639)	(6,681,468)
Stock-in-trade	(239,745,660)	(399,407,433)
Trade debts (Considered good-unsecured)	(339,114,785)	(5,961,425)
Loans and advances	(6,451,575)	21,352,657
Trade deposits and short term prepaymen	(292,000)	(427,000)
Other receivable	-	(3,090,475)
	(585,879,659)	(394,215,144)
Increase in current liabilities		
Trade and other payables	791,034,894	95,180,647
	205,155,235	(299,034,497)
	223,057,488	(253,702,874)

12. Transaction with related parties

Detail of transactions with related parties is as follows:

Name Of Related Party	Basis Of Relationship	Nature of Transaction	Amount (Rupees)
Imporient Chemicals (Pvt) Limited	Common Directorship	Purchase of Chemicals	5,618,330
Pattoki Sugar Mills Limited	Holding Compan	Loan Including Markup	1,120,925,963

13. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 27, 2015 by the Board of Directors' of the Company.

14. C0RRESPONDING FIGURES

-- This condensed interim financial information was authorized for issue on January 27, 2015 by the Board of Directors' of the Company.

-- Corresponding figures have been re-arranged, wherever necessary for the purpose of better comparison.

CHIEF EXECUTIVE **DIRECTOR**

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SUGAR MILLS
LIMITED

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