BABA FARID

SUGAR MILLS LIMITED



CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE FIRST QUARTER ENDED
DECEMBER 31, 2015


BABA FARID SUGAR MILLS LTD.
OKARA

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

Human Resource & Remuneration Committee

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

Sheikh & Chaudhri
Chartered Accountants
166-B, Upper Mall Scheme
Lahore
Tel; 042-35751138, Fax; 042-35751128
Email ; info@schcho.com

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

DIRECTO'S REVIEW

Dear Members - Asslam-o-Alakum

Your Directors' have pleasure in presenting Un-audited Financial Statements of the Company for the 1st Quarter ended December 31, 2015

OPERATIONAL PERFORMANCE

Operating results for the year under review are summarized below:

		1st Quarter ended	
		December 31, 2015	December 31, 2014
Season started		November 27, 2014	November 28, 2014
Crushing days		35.00	34.00
Sugarcane crushed	M.Tons	107,060.05	90,474.34
Sugar recovery	%	8.86	8.83
Sugar produced	M.Tons	8,795.00	6,890.00
Molasses recovery	%	4.58	4.46
Molasses produced	M.Tons	4,901.25	4,039.21

The crushing season 2015-16 commenced on November 27, 2015 and upto December 31, 2015, mill crushed 107,060.05M.Tons of sugarcane as compared to 90,474.34M. Tones of corresponding quarter of last year. The increase in sugar production is 27.65 % which reduces the cost of production. Sugar recovery and production of sugar also increases as compared to same quarter of previous year.

FINANCIAL RESULTS

The comparative summarized financial results of the company are given below

	For the period ended December 31	
	2015	2014
	Rupees in thousands	
Net Sales	21,520	237,670
Gross Profit / Loss	11,554	9,906
Operating Profit / Loss	744	278
(Loss) after tax	(15,794)	(53,879)
(Loss) per share - basic & diluted	(1.67)	(5.70)

The depressed picture of sugar sector continuous due to high cane cost and low sale price of sugar as a result of which losses are being incurred.

FUTURE OUTLOOK

The Federal Government has allowed the export of sugar and it is hopped that the price of sugar will stabilize in the coming months

ACKNOWLEDGEMENT

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 28, 2016.

(Muhammad Sarwar)
Chief Executive

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015

	Note	December 31, 2015 Rupees (Un-Audited)	September 30, 2015 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,022,979,727	2,037,778,678
Long term deposits		587,575	587,575
		2,023,567,302	2,038,366,253
CURRENT ASSETS			
Stores, spare parts and loose tools		43,226,710	37,444,120
Stock-in-trade		766,423,872	252,997,843
Trade debts (Considered good-unsecured)		100,938,593	98,574,506
Loans and advances		83,492,323	77,055,602
Trade deposits and short term prepayments		20,850,000	20,636,150
Other receivables		112,634,527	107,742,500
Cash and bank balances		35,329,146	1,918,034
		1,162,895,171	596,368,755
TOTAL ASSETS		3,186,462,473	2,634,735,008
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		(1,273,742,411)	(1,266,087,217)
		(1,179,242,411)	(1,171,587,217)
Surplus on revaluation on property, plant & equipment		1,399,057,960	1,407,196,280
NON-CURRENT LIABILITIES			
Long term financing-secured	6	4,754,776	8,333,334
Loan from holding company	7	500,000,000	500,000,000
Deferred liability		288,786,761	296,732,631
		793,541,537	805,065,965
CURRENT LIABILITIES			
Current portion of long term liabilities		78,965,333	81,743,108
Short term finance		243,654,003	247,126,965
Due to related party		946,353,967	718,754,403
Trade and other payables		817,715,539	467,794,368
Interest and mark-up accrued		86,176,914	63,057,318
Taxation		239,631	15,583,818
		2,173,105,387	1,594,059,980
Contingencies & commitments	8	-	-
TOTAL EQUITY & LIABILITIES		3,186,462,473	2,634,735,008

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 DECEMBER 31, 2015

	Note	1st Quarter Ended December 31, 2015 Rupees	1st Quarter Ended December 31, 2014 Rupees
Sales-net	9	21,519,906	237,670,467
Cost of sales	10	9,965,538	227,764,038
Gross Profit		11,554,368	9,906,429
Distribution costs		837,039	424,222
Administrative expenses		9,973,791	9,203,902
		10,810,830	9,628,124
Operating Profit		743,538	278,305
Finance costs		24,243,291	47,911,819
		(23,499,753)	(47,633,514)
Other operating (loss)		-	(37,748)
(Loss) before taxation		(23,499,753)	(47,671,262)
Taxation		7,706,239	(6,208,058)
(Loss) after taxation		(15,793,514)	(53,879,320)
(Loss) per share - basic and diluted		(1.67)	(5.70)

CHIEF EXECUTIVE **DIRECTOR**

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015

	Note	Quarter Ended December 31, 2015 Rupees	1st Quarter Ended December 31, 2014 Rupees
(Loss) for the 1st quarter		(15,793,514)	(53,879,320)
Other Comprehensive Income for the 1st quarter:			
Other Comprehensive Income for 1st quarter:			
Total comprehensive (loss) for 1st quarter transferred to equity:		(15,793,514)	(53,879,320)

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, 2015

	Issued, subscribed and paid-up capital	Accumulated (Loss)	Total
Balance as at October 01, 2014	94,500,000	(1,101,736,762)	(1,007,236,762)
Current year incremental depreciation - net of deferred tax		34,851,576	34,851,576
Total comprehensive (loss) for the year		(199,202,031)	(199,202,031)
Balance as at September 30, 2015	94,500,000	(1,266,087,217)	(1,171,587,217)
Balance as at October 01, 2015	94,500,000	(1,266,087,217)	(1,171,587,217)
Current year incremental depreciation - net of deferred tax		8,138,320	8,138,320
Total comprehensive (loss) for the quarter	-	(15,793,514)	(15,793,514)
Balance as at December 31, 2015	94,500,000	(1,273,742,411)	(1,179,242,411)

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

CHIEF EXECUTIVE **DIRECTOR**

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015

	Note	1st Quarter Ended December 31, 2015 Rupees	1st Quarter Ended December 31, 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) /generated from operations	11	(202,127,180)	223,057,488
Finance costs paid		(1,123,695)	(21,543,925)
Taxes paid		(2,505,756)	(706,631)
Net cash (used in) / generated from operating activities		(205,756,631)	200,806,932
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,728,270)	(2,103,497)
Net cash (used in) investing activities		(1,728,270)	(2,103,497)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from related party		227,599,564	(233,770,725)
Net cash generated from / (used in) financing activities		227,599,564	(233,770,725)
Net increase / decrease in cash and cash equivalents		20,114,663	(35,067,290)
Cash and cash equivalents at the beginning of the year		15,214,483	50,281,773
Cash and cash equivalents at the end of the period		35,329,146	15,214,483

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

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015

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 Centre, 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. 11,554,368 (2014: Rs. 9,906,429) and sustained (loss) for the quarter before tax amounting to Rs. 23,499,753 (2014: Rs.47,671,262). 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, 2015.

	Note	1st Quarter Ended December 31, 2015 Rupees	Year Ended September 30, 2015 Rupees
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets		1,910,928,197	1,926,272,181
Assets subject to finance lease		81,949,825	82,987,164
		1,992,878,022	2,009,259,345
Capital Work in Progress		30,101,705	28,519,333
		2,022,979,727	2,037,778,678

6 LONG TERM FINANCING-SECURED

Bank Al Habib Limited	**6.1**	38,088,109	44,444,442
Less: Current portion		(33,333,333)	(36,111,108)
		4,754,776	8,333,334

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 8.45% to 9.15% (2015: 9.01% to 11.63%) per annum and this loan is subordinate to the loan from Bank AL Habib Limited

8 CONTINGENCIES & COMMITMENTS

There are no changes in the status of contingencies and commitments since the year ended September 30, 2015.

	1st Quarter Ended December 31, 2015 Rupees	1st Quarter Ended December 31, 2014 Rupees
9 SALES-NET		
Local Sales	23,241,500	256,857,800
Export Sales	-	-
	23,241,500	256,857,800
Less : Sales tax and special excise duty	(1,721,594)	(19,187,333)
	21,519,906	237,670,467

	1st Quarter Ended December 31, 2015 Rupees	1st Quarter Ended December 31, 2014 Rupees
10 COST OF SALES		
Raw materials and expenses thereon	478,398,512	414,598,461
Manufacturing expenses	47,436,244	53,932,993
	525,834,756	468,531,454
Work in process		
Opening	12,671,829	4,041,321
Closing	(44,771,934)	(75,141,379)
	(32,100,105)	(71,100,058)
	493,734,650	397,431,395
Finished goods		
Opening	240,326,014	600,194,323
Closing	(721,651,938)	(768,839,924)
	(481,325,924)	(168,645,602)
Sale of by-products		
Molasses	(2,443,188)	-
V.F. Cakes	-	(1,021,756)
	(2,443,188)	(1,021,756)
	491,291,462	396,409,639
	9,965,538	227,764,038
11 CASH (USED IN) /GENERATED FROM OPERATIONS		
(Loss) before tax	(23,499,753)	(47,671,262)
Adjustment for:		
Depreciation	16,527,222	17,661,696
Finance costs	24,243,291	47,911,819
	40,770,513	65,573,515
Operating profit before working capital changes	17,270,760	17,902,253
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(5,782,590)	(275,639)
Stock-in-trade	(513,426,030)	(239,745,660)
Trade debts (Considered good-unsecured)	(2,364,087)	(339,114,785)
Loans and advances	(6,436,721)	(6,451,575)
Trade deposits and short term prepayments	(213,850)	(292,000)
Other receivables	(4,892,027)	-
	(533,115,305)	(585,879,659)
Increase in current liabilities		
	313,717,365	791,034,894
	(219,397,940)	205,155,235
	(202,127,180)	223,057,488

12 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**	**Common directorship**	**6,287,245**
Pattoki Sugar Mills Limited	**Associate**	**Holding company**	**1,544,119,242**

13 DATE OF AUTHORIZATION

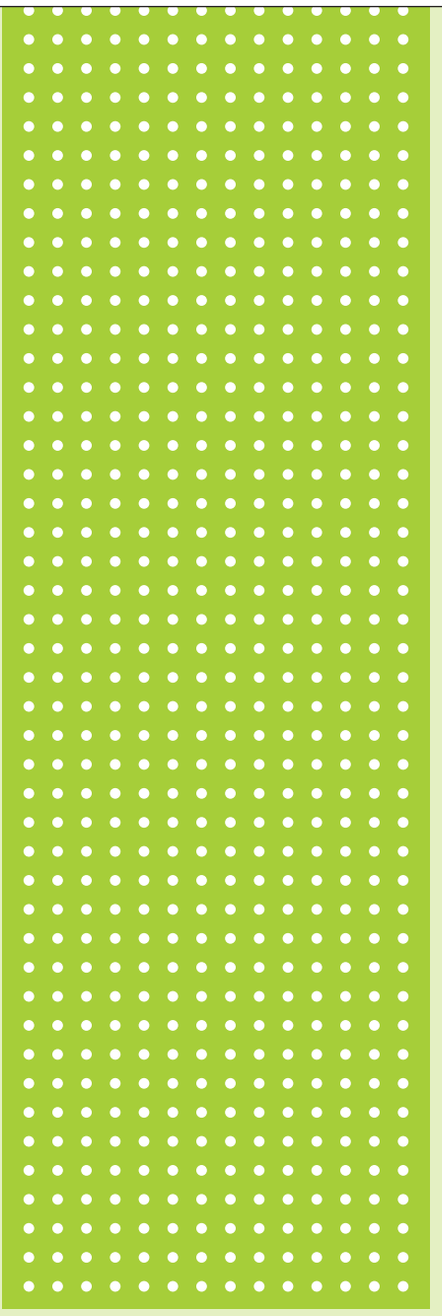
This condensed interim financial information was authorized for issue on January 28, 2016 by the Board of Directors' of the Company.

14 CORRESPONDING FIGURES

- Figures in this condensed interim financial information have been rounded-off to the nearest Rupee; and

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

CHIEF EXECUTIVE **DIRECTOR**



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BABA FARID SUGAR MILLS LIMITED
Suite-T-09., 3rd Floor, Hafeez Center,
75-E/1, Main Boulevard,
Gulberg III, Lahore.