



SHAHMURAD SUGAR MILLS LIMITED

3rd Quarterly Results for the period
1st October 2014 to 30th June, 2015

SHAHMURAD SUGAR MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman
MR. YUSUF AYOOB	Managing Director
MR. SULEMAN AYOOB	
MR. A. AZIZ AYOOB	
MR. ZIA ZAKARIA	Resident Director
MR. GHULAM MOHIUDDIN ZAKARIA	
MR. ZOHAIR ZAKARIA	
MR. NAEEM AHMED SHAFI	Independent Director (N.I.T. Nominee)
MR. KHURRAM AFTAB	

BOARD AUDIT COMMITTEE

MR. NAEEM AHMED SHAFI	Chairman
MR. SULEMAN AYOOB	Member
MR. ZOHAIR ZAKARIA	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. SULEMAN AYOOB	Chairman
MR. YUSUF AYOOB	Member
MR. GHULAM MOHIUDDIN ZAKARIA	Member

CHIEF FINANCIAL OFFICER

MR. IQBAL UMER

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

M/s. KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR
Advocate

REGISTERED OFFICE

96-A, SINDHI MUSLIM HOUSING SOCIETY,
KARACHI-74400
Tel: 34550161-63 Fax: 34556675

FACTORY

JHOK SHARIF,
TALUKA MIRPUR BATHORO,
DISTRICT SUJAWAL (SINDH)

REGISTRAR & SHARE REGISTRATION OFFICE

C & K MANAGEMENT ASSOCIATES (PVT) LTD.
404-TRADE TOWER,
ABDULLAH HAROON ROAD,
NEAR METROPOLE HOTEL,
KARACHI - 75530

WEBSITE

www.shahmuradsugar.co

SHAHMURAD SUGAR MILLS LTD.

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear members:

Assalam-o-Alaikum

On behalf of Board of Directors it is my pleasure to present the un-audited financial statements of your Company for the period ended June 30, 2015. During the period under review your company operated satisfactorily and earned after-tax profit of Rs.173.026 million as against Rs.269.700 million earned in the same period last year. Salient features of the financial results for the nine months period are summarized as under:

	<u>30-06-2015</u>	<u>30-06-2014</u>
PRODUCTION DATA		
Crushing commenced on	08-12-2014	01-11-2013
Crushing ended on	22-03-2015	16-03-2014
Duration of crushing (days)	95	136
Sugarcane crushed (M. Tons)	596,006	666,887
Sugar produced (M. Tons)	65,791	71,473
Sugar recovery percentage	11.02	10.72
Molasses produced (M. Tons)	26,850	30,525
Ethanol produced (M. Tons)	23,882	21,675
FINANCIAL DATA		
	(Rs. in thousands)	
Sales	3,557,530	3,629,568
Cost of sales	(2,910,864)	(2,853,828)
Gross profit	646,666	775,740
Other income	36,813	36,239
Administration expenses	(122,800)	(111,343)
Selling and distribution expenses	(97,110)	(102,614)
Other operating expenses	(18,821)	(23,348)
Financial cost	(225,761)	(283,976)
Profit before taxation	218,987	290,698
Provision for taxation	(45,961)	(20,998)
Profit after taxation	173,026	269,700
Earnings per share	Rs.8.20	Rs.12.77

PERFORMANCE REVIEW:

During the current crushing season sugarcane crop was less than last year. Consequently the volume of crushing declined by 10.63 percent or 70,881 metric tons during the period under consideration. Production of sugar also decreased to 65,791 metric tons as against 71,473 metric tons produced last year. However the recovery percentage improved to 11.02 percent as against 10.72 percent achieved last season. The mills operated for 95 days as against 136 days of operation last year. During the previous year the mill commenced crushing earlier as per directive of the Government in order to become eligible to export sugar.

The Government of Sindh for the current crushing season increased the price of sugarcane to Rs.182/= per 40 kg of cane as against Rs.172/= fixed for the previous year. The high price was protested by the sugar mills and Government again issued a notification wherein the price was reduced to Rs.155/= per 40 kg of sugarcane. This was agitated by the growers as they were expecting good return on the basis of earlier notified price. Under the pressure the Government withdrew the notification maintaining the price of Rs.182/= The sugar mills

SHAHMURAD SUGAR MILLS LTD.

through the Association filed the case with the Honorable High Court of Sindh on the grounds of the low price of sugar in the domestic and international markets. The intention of the sugar mills was that there should be some relevance between the raw material cost and end product cost for survival of the sugar industry. The Sindh High Court decided that since the notification has been issued by the Government and has to be followed. Thereafter the Sugar Mills took up the case with the Honorable Supreme Court of Pakistan to review the decision of Honorable Sindh High Court. In the mean time the growers filed a contempt of court petition against the sugar mills for not following the decision of the Court. The Honorable Supreme Court of Pakistan directed the Honorable High Court of Sindh to decide the case amicably amongst the parties till the final decision is taken by the Supreme Court. The Honorable High Court of Sindh in consultation with stakeholders decided that the sugar mills would purchase the cane at Rs.160/= per 40 kg of sugarcane and Rs.12/= per 40 kg would be paid by the Sindh Government and the balance of Rs.10/= per 40 kg of cane will depend on the final decision of Honorable Supreme Court of Pakistan. The amount payable by the Government of Sindh has since been received by the sugar mills and the same is also passed on to the eligible growers.

The Government, keeping in view the surplus availability of sugar in the country allowed export of the same under a defined mechanism to be monitored by State Bank of Pakistan and approved cash subsidy @ Rs.10/= per kg on the sugar exported. Your Company availed this opportunity and exported 7,750 metric tons of sugar. The amount of subsidy, which has not yet been released by State Bank of Pakistan, has not been considered in the financial statements.

DISTILLERY DIVISION:

During the period under consideration the Distillery Division produced 23,882 metric tons of Ethanol as against 21,675 metric tons produced last year. The production is slightly higher than last year due to better molasses availability and timely procurement of the same. Due to lower price of the crude oil the same has also affected the price of ethanol in the international market. Organizations of oil Exporting Countries (OPEC) are reluctant to reduce the production thereof. As reported in the press the production of crude oil during the month of June 2015 was recorded high. The financial deal between world powers and Iran over nuclear work, if decided favorably, could add further improvement in the supplies of crude oil. This has placed much uncertainty in the prices of closely related products including ethanol. However current uncertainty in Middle East and high production of crude oil the price of the same had indicated an upward trend and expected that the price of ethanol would also revive in the near future.

BOARD OF DIRECTORS:

There was no change in the composition of Board of Directors during the period under review.

FUTURE OUTLOOK:

As always we look ahead with optimism that agriculture base in Pakistan will continue to grow. Availability of water in canals has been timely and regular which should greatly benefit the planted sugarcane. Under the circumstances it is expected that the recovery percentage during the next crushing season would improve.

The management and Directors are pleased to place on record their appreciation for the dedicated and devoted efforts of officers, staff and workers of the company.

Karachi:
Dated: July 24, 2015


YUSUF AYOOB
Managing Director

SHAHMURAD SUGAR MILLS LTD.

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT JUNE 30, 2015**

		Un-Audited June 2015	Audited September 2014
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	2,391,764	2,425,608
Intangible Asset	5	1,001	2,480
Long Term Investments in associate		5,101	5,101
Long Term Loans		2,680	2,841
Long Term Deposits		1,896	2,390
		2,402,442	2,438,420
CURRENT ASSETS			
Stores, spare parts and loose tools		176,517	186,179
Stock-in-trade		3,186,942	1,755,960
Trade debts		232,242	35,370
Loans and advances - unsecured considered good		106,732	108,404
Trade Deposits and short term prepayments		4,262	1,576
Other receivables		61,839	47,005
Income tax refundable-Payments less Provision		56,852	61,960
Cash and bank balances		132,627	32,922
		3,958,013	2,229,376
		6,360,455	4,667,796
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital 25,000,000 ordinary shares of Rs. 10 each		250,000	250,000
Issued, subscribed and paid-up capital		211,187	211,187
General reserve		80,000	80,000
Share of associate's unrealized (loss) on re-measurement of investment		(780)	(780)
Un-appropriated Profit		809,225	656,894
		1,099,632	947,301
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		590,350	611,888
NON CURRENT LIABILITIES			
Long Term Financing		638,785	530,833
Loan from Related Parties	6	230,836	230,836
Deferred taxation		45,416	28,842
		915,037	790,511
CURRENT LIABILITIES			
Trade & other payables		387,923	420,015
Accrued mark-up/finance cost		73,586	45,737
Short term borrowings		3,055,657	1,662,755
Current portion of long term financing and liabilities against assets subject to finance lease		238,270	189,589
		3,755,436	2,318,096
CONTINGENCIES AND COMMITMENTS	7	-	-
		6,360,455	4,667,796

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


YUSUF AYOOB
Managing Director


ZIA ZAKARIA
Director

SHAHMURAD SUGAR MILLS LTD.

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

	Notes	For the Nine Months October to June		For the Quarter April to June	
		2015	2014	2015	2014
		(Rupees in thousand)			
Sales		3,557,530	3,629,568	1,323,773	1,500,850
Cost of Sales	8	(2,910,864)	(2,853,828)	(1,165,894)	(1,255,368)
Gross profit		646,666	775,740	157,879	245,482
Distribution cost		(97,110)	(102,614)	(38,108)	(42,164)
Administration expenses		(122,800)	(111,343)	(40,964)	(31,680)
Other Operating Charges		(18,821)	(23,348)	73	(3,273)
		(238,731)	(237,305)	(78,999)	(77,117)
Operating Profit		407,935	538,435	78,880	168,365
Other Income		36,813	36,239	5,699	28,829
		444,748	574,674	84,579	197,194
Finance Cost		(225,761)	(283,976)	(90,998)	(126,157)
Profit/(loss) before taxation		218,987	290,698	(6,419)	71,037
Taxation		(45,961)	(20,998)	19,622	608
Profit for the period after taxation		173,026	269,700	13,203	71,645
Earning per share					
- Basic and Diluted - Rupees		8.20	12.77	0.63	3.39

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


YUSUF AYOOB
 Managing Director


ZIA ZAKARIA
 Director

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

	For the Nine Months October to June 2015		For the Quarter April to June 2015	
	2015	2014	2015	2014
(Rupees in thousand)				
Profit for the period after taxation	173,026	269,700	13,203	71,645
Other Comprehensive Income				
Items that shall not be reclassified subsequently to profit and loss account				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	21,538	13,871	7,180	4624
Total Comprehensive Income for the period	<u>194,564</u>	<u>283,571</u>	<u>20,383</u>	<u>76,269</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


YUSUF AYOOB
Managing Director


ZIA ZAKARIA
Director

SHAHMURAD SUGAR MILLS LTD.

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

	June 2015	June 2014
(Rupees in thousand)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	218,987	290,698
Adjustment for :		
Depreciation	95,661	82,965
Amortisation	1,479	1,560
Profit on disposal of property, plant and equipment	(266)	(434)
Provision for obsolescence and slow moving items	1,070	951
Finance cost	225,761	283,976
	323,705	369,018
	542,692	659,716
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	8,592	(4,470)
Stock in trade	(1,430,982)	(2,202,731)
Trade debts	(196,872)	(310,360)
Loans & advances	1,672	(183,650)
Trade Deposits and short term prepayments	(2,686)	(4,625)
Other receivables	(14,834)	(132)
	(1,635,110)	(2,705,968)
Increase in current liabilities		
Trade and Other payables	(33,271)	587,685
Short term borrowings	1,392,902	2,080,266
	1,359,631	2,667,951
Cash generated from operations	267,213	621,699
Increase /(decrease) in long term Loan	161	540
Decrease in long term deposits	494	-
Income tax paid	(24,279)	(48,755)
Finance cost paid	(197,912)	(222,737)
	(221,536)	(270,952)
Net cash in flow from operating activities	45,677	350,747
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Property, Plant & Equipment	(61,911)	(113,751)
Sale proceeds from disposal of Property, Plant and Equipment	360	1,279
Net cash out flow from investing activities	(61,551)	(112,472)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan received	300,000	-
Repayment of liabilities against assets subject to finance lease	(4,704)	(4,160)
Repayment of long term financing	(138,663)	(148,248)
Dividend Paid	(41,054)	(31,376)
Net cash inflow/(outflow) from financing activities	115,579	(183,784)
Net increase in cash and bank balances (A+B+C)	99,705	54,491
Cash and bank balance at the beginning of the period	32,922	29,994
Cash and bank balance at the end of period	132,627	84,485

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


YUSUF AYOOB
Managing Director


ZIA ZAKARIA
Director

SHAHMURAD SUGAR MILLS LTD.

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

	Issued, Subscribed & paid up capital	General reserves	Share of Associate's unrealised (loss)/gain on remeasurement of investment	Un-appropriated profit	Total
----- (Rupees in thousand) -----					
Balances as at October 01, 2013	211,187	80,000	(1,378)	443,147	732,956
During the nine month period ended June 30, 2014					
Total Comprehensive Income for the nine months period ended June 30, 2014					
Profit after taxation	-	-	-	269,700	269,700
Other comprehensive income Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	13,871	13,871
	-	-	-	283,571	283,571
Transactions with owners					
Final Dividend for 30-September-2013 @ Re. 1.50 Per Share	-	-	-	(31,678)	(31,678)
Balances at June 30, 2014	211,187	80,000	(1,378)	695,040	984,849
During the quarter ended September 30, 2014					
Total Comprehensive Income for the period ended September 30, 2014					
Profit after taxation	-	-	-	(42,959)	(42,959)
Other comprehensive income Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	4,813	4,813
Share of Associate's unrealised (loss)/gain on remeasurement of investment	-	-	598	-	598
	-	-	598	(38,146)	(37,548)
Balances as at September 30, 2014	211,187	80,000	(780)	656,894	947,301
During the nine month period ended June 30, 2015					
Total Comprehensive Income for the nine months period ended June 30, 2015					
Profit after taxation	-	-	-	173,026	173,026
Other comprehensive income Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	21,538	21,538
	-	-	-	194,564	194,564
Transactions with owners					
Final Dividend for 30-September-2014 @ Re. 1.50 Per Share	-	-	-	(42,233)	(42,233)
Balances at June 30, 2015	211,187	80,000	(780)	809,225	1,099,632

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


YUSUF AYOUB
Managing Director


ZIA ZAKARIA
Director

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

1. The Company and its Operations

The Company was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company. Its shares are listed in Karachi stock Exchange. The Company owns and operate sugar and Ethanol manufacturing units which are located at Jhoke Sharif, District Sujawal in the province of Sindh. The company's registered office is located at 96-A, Sindh Muslim Cooperative Housing Society, Karachi, Sindh.

2. Basis of Preparation

2.1 This condensed interim financial information is being submitted to the shareholders as required under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differs, the provisions of or directives issues under the Companies Ordinance, 1984 have been followed. The condensed interim 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.

2.2 The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended June 30, 2015 and 2014 are not subject to review.

3. Significant accounting policies and disclosures

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

Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane 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 interim and annual financial statements.

		Un-Audited June 2015	Audited September 2014
(Rupees in thousand)			
4. Property, Plant and Equipment			
Operating assets	4.1	2,374,455	2,383,222
Capital work in progress	4.2	17,309	42,386
		2,391,764	2,425,608

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	Un-Audited June 2015	Audited September 2014
	(Rupees in thousand)	
4.1 OPERATING ASSETS		
Opening book value	2,383,222	2,104,891
Direct Additions during the period / year		
Owned		
Furniture, Fixture and Fittings	-	278
Office Equipment	1,514	3,997
Plant and machinery	-	1,370
Vehicle	2,584	5,454
	4,098	11,099
Transfer from CWIP during the period / year		
Owned		
Factory building	3,081	44,546
Non Factory building	684	641
Plant and Machinery	79,125	86,779
	82,890	131,966
Revaluation surplus on fresh revaluation	-	248,600
Disposals - Operating assets (net book value)		
Vehicles	(94)	(846)
Depreciation Charged for the period / year	(95,661)	(112,488)
Closing book value	<u>2,374,455</u>	<u>2,383,222</u>
4.2 CAPITAL WORK IN PROGRESS		
Opening balance	42,386	37,082
Additions during the period / year		
Civil Works	11,678	53,164
Plant & Machinery - owned	46,135	84,106
	57,813	137,270
Capitalization during the period/year		
Civil Works	(3,765)	(45,187)
Plant & Machinery - owned	(79,125)	(86,779)
	(82,890)	(131,966)
Closing balance	<u>17,309</u>	<u>42,386</u>
5. INTANGIBLE ASSET		
Opening balance	2,480	4,452
Amortization charged during the period / year	(1,479)	(1,972)
	<u>1,001</u>	<u>2,480</u>

SHAHMURAD SUGAR MILLS LTD.

6. LOAN FROM RELATED PARTIES

This represents loan from Directors and their related parties for which they have given subordination to certain financial institutions that the funds will not be withdrawn till the improvement in equity or the achievement of leverage of 3.5:1. The loans are subject to markup at the prevailing financing rates; however considering the financial position of the Company the related parties have waived off the markup up for the current year hence no markup is charged in the financial statements in this respect.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no material change in status of contingencies as disclosed in note No. 26 (a) of the annual financial statements for the year ended September 30, 2014 except as disclosed in note 8.4.

7.2 Commitments

	Un-Audited June 2015	Audited September 2014
(Rupees in thousand)		
Letter of credit for Store and Spares	969	7,610
Bank Gurantees in favor of Trading Corporation of Pakistan (TCP) against sugar sale contracts in favor of Excise and Taxation Department	0 500 500	8,855 500 9,355

	For the Nine Month October to June 2015	2014	For the Quarter April to June 2015	2014
(Rupees in thousand)				

8. COST OF GOODS SOLD

Cost of goods manufactured Note 8.1	4,016,266	4,284,390	533,630	634,465
Finished goods (Opening stock)	1,350,522	854,077	3,088,188	2,905,542
Finished goods (Closing stock) Note 8.2	(2,455,925)	(2,284,639)	(2,455,925)	(2,284,639)
	(1,105,403)	(1,430,562)	632,263	620,903
	<u>2,910,863</u>	<u>2,853,828</u>	<u>1,165,893</u>	<u>1,255,368</u>

SHAHMURAD SUGAR MILLS LTD.

	For the Nine Month		For the Quarter	
	October to June		April to June	
	2015	2014	2015	2014
	(Rupees in thousand)			
8.1 Cost of goods manufactured				
Raw material consumed Note 8.3 & 8.4	3,722,668	4,134,481	421,515	524,106
Salaries, wages and benefits	84,777	76,674	23,609	24,084
Stores and spares consumed	67,776	69,675	14,706	8,926
Packing materials	32,537	40,153	-	-
Chemical process and material	74,891	58,091	14,916	10,136
Fuel and oil	59,767	52,229	12,273	26,213
Power and water	17,746	18,294	5,816	5,710
Repair and maintenance	34,692	33,806	7,353	6,831
Insurance	7,879	8,349	2,804	2,918
Depreciation	84,697	73,227	28,999	24,658
Cane Development Cess	-	4,155	-	-
Other manufacturing expenses	26,128	18,646	1,690	1,199
	4,213,558	4,587,780	533,681	634,781
Less: by product transfer/sale				
Molasses transfer to Ethanol division	(201,750)	(303,010)	-	-
Sale of Scrap	-	(2)	-	-
	(201,750)	(303,012)	-	-
Work-in-process				
Opening stock	8,283	7,794	3,774	7,856
Closing stock	(3,825)	(8,172)	(3,825)	(8,172)
	4,458	(378)	(51)	(316)
	4,016,266	4,284,390	533,630	634,465

8.2 It includes certain stock of refined sugar at the end of nine months valued at Net Realizable value amounting to Rs. Nil (June, 2014 Rs. 30.531 million).

8.3 It includes Molasses transferred from sugar unit to distillery unit of Rs. 201.750 million (2014: Rs. 303.010 million).

8.4 Against the sugarcane purchase price of Rs. 172 per 40 kg as fixed for the season 2013-2014, the company had filed a case before the Honorable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honorable Supreme Court. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 Kg for the current season in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honorable High Court of Sindh. The Honorable Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kg for crushing season 2014-15 whereas Rs. 12 per 40 kg will be paid by the Government of Sindh. The Honorable Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honorable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honorable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10/- per 40 kgs in the accounts aggregating to Rs. 149.0 millions.

SHAHMURAD SUGAR MILLS LTD.

9. TRANSACTION WITH RELATED PARTIES.

Related parties comprises of associated companies, staff retirement funds, directors and key management personnel. The transactions with related parties during the period are given below:

Relationship with the Company	Nature of Transactions	June 2015	June 2014
		(Rupees in thousand)	
Associates			
Al-Noor Sugar Mills Limited	Purchase of Goods	362,738	574,278
Reliance Insurance Company Ltd	Insurance premium	13,963	10,471
Reliance Insurance Company Ltd	Insurance claim	360	2,345
Other related parties			
Directors' and key management personnel	Directors remuneration	14,295	10,552
	Executive remuneration	31,956	30,211
	Directors' meeting fee	145	155
Staff provident fund	Contribution during the period	2,784	2,155

10. SEGMENT INFORMATION

The Company's operating businesses are organized and managed separately according to the nature of products produced with each segment representing a strategic business unit that offer different products and serves different markets. The sugar segment is the manufacturer of the sugar and ethanol segment is a manufacturer of Ethanol. The following tables represents revenue and profit information regarding business segment for the nine months period ended June 30, 2015 and June 30, 2014 and assets and liabilities information regarding business segments as at June 30, 2015 and September 30, 2014.

	Sugar		Ethanol		Consolidated	
	Nine months period ended June 30, 2015		Nine months period ended June 30, 2014		Nine months period ended June 30, 2015	
(Rupees in thousand)						
REVENUE						
External Sales	1,769,702	1,812,325	1,787,828	1,817,243	3,557,530	3,629,568
Inter segment transfer	201,750	303,010	-	-	201,750	303,010
Total	1,971,452	2,115,335	1,787,828	1,817,243	3,759,280	3,932,578
RESULTS						
Profit from operation	209,836	217,067	198,099	321,368	407,935	538,435
Other income					36,813	36,239
Finance cost					(225,761)	(283,976)
Profit before tax					218,987	290,698
Taxation					(45,961)	(20,998)
Profit for the period					173,026	269,700
Other comprehensive Income					21,538	13,871
Total Comprehensive Income for the period					194,564	283,571
SEGMENT ASSETS AND LIABILITIES						
	June 2015	September 2014	June 2015	September 2014	June 2015	September 2014
(Rupees in thousand)						
Assets						
Segment Assets	3,893,260	2,556,743	2,292,643	1,931,394	6,185,903	4,488,137
Un-allocated Assets					169,451	174,558
Long Term Investment					5,101	5,101
Total Assets					6,360,455	4,667,796
Liabilities						
Segment Liabilities	3,219,121	1,665,021	1,428,347	1,423,811	4,647,468	3,088,832
Unallocated Liabilities					23,005	19,775
					4,670,473	3,108,607

SHAHMURAD SUGAR MILLS LTD.

Nine Month June 30, 2015	Nine Month June 30, 2014	Nine Month June 30, 2015	Nine Month June 30, 2014	Nine Month June 30, 2015	Nine Month June 30, 2014
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(Rupees in thousand)

OTHER INFORMATION

Additions to property, plant and equipment	46,051	61,220	15,860	52,531	61,911	113,751
Depreciation	50,361	45,269	45,300	37,696	95,661	82,965
Amortization	855	855	624	705	1,479	1,560

Major customers and Geographical Information

During the period external sales to major customers amount to Rs. 1,323 millions. Company's local sales represent sales to external customers in Pakistan whereas export sales amounting to Rs. 1,293 million represent sales to customers in various countries (other than Pakistan) of Asia and export sales amounting to Rs. 497 million represent sales to customers in various countries of Europe. All non-current assets of the Company are located in Pakistan.

11. WORKERS PROFIT PARTICIPATION FUND, WORKERS WELFARE FUND AND TAXATION

Allocation to the Worker's Profit Participation Fund, Worker's Welfare Fund and provision for taxation are provisional. Final Liability would be determined on the basis of annual results.

12. AUTHORIZATION

These financial statements were authorized for issue on 24th July 2015 by the Board of Directors of the Company.

13. GENERAL

13.1 Figures have been rounded off nearest to thousand rupees.


YUSUF AYOOB
 Managing Director


ZIA ZAKARIA
 Director

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