



SHAHMURAD SUGAR MILLS LIMITED

Half Yearly Results for the period
1st October 2009 to 31st March, 2010

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	(N.I.T. Nominee)
MR. AAMIR AMIN	(N.I.T. Nominee)
MR. SAJID HASSAN	(N.I.T. Nominee)

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

BOARD AUDIT COMMITTEE

MR. SULEMAN AYOOB	Chairman
MR. ZOHAIR ZAKARIA	Member
MR. AAMIR AMIN	Member

CHIEF FINANCIAL OFFICER

MR. IQBAL UMER

LEGAL ADVISOR

A. SATTAR PINGAR
Advocate

AUDITORS

HYDER BHIMJI & COMPANY
Chartered Accountants

REGISTERED OFFICE

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

FACTORY

JHOK SHARIF,
TALUKA MIRPUR BATHORO,
DISTRICT THATTA (S1NDH)

REGISTRAR & SHARE REGISTRATION OFFICE

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

Website

www.alnoorgroup.com.pk

DIRECTORS' REPORT

Dear Members - Assalam-o-Alaikum:

On behalf of the Board of Directors, it is my privilege to present to you the Un-audited Financial Statements of your Company for the period ended March 31, 2010. The auditors have reviewed these financial statements as required under the Code of Corporate Governance.

Salient features of the Financial Statements are as under:

PRODUCTION DATA	March 31, 2010	March 31, 2009
Crushing commenced on	4-12-2009	13-12-2008
Crushing terminated on	5-03-2010	15-03-2009
Duration of crushing (days)	92	92
Sugarcane crushed (M. Tons)	521,063	482,166
Sugar produced (M. Tons)	49,565	47,690
Sugar recovery rate	9.51%	9.85%
Molasses produced (M. Tons)	26,561	24,560
Ethanol produced (M. Tons)	9,736	11,385

FINANCIAL DATA	(Rupees in thousand)	
Sales	1,607,683	968,940
Cost of Sales	(1,329,971)	(729,956)
Gross Profit	277,712	238,984
Administrative Expenses	(54,373)	(41,974)
Selling and Distribution expenses	(32,042)	(27,532)
Financial Cost	(157,064)	(157,522)
Other Income and charges	(4,409)	4,883
Profit before taxation	29,824	16,839

SUGAR DIVISION

During the period under review, the sugarcane crop was slightly better than the preceding year and accordingly total sugarcane crushed was higher than last year. However the recovery rate has declined to 9.51% as against 9.85% achieved last year. The production of sugar was 49,565 metric tons as against 47,690 metric tons produced last year. Additionally the price of sugarcane remained much higher than the price fixed by the Government due to competition amongst the sugar mills. Unfortunately the international price of sugar dropped sharply losing more than 50% of its value and this has put severe pressure on local sugar price which has significantly deteriorated the bottom line.

DISTILLERY DIVISION:

During the period under review the Distillery Division produced 9,736 metric tons of Ethanol as against 11,385 metric tons produced last year. Production of Ethanol was low due to lesser demand of the product in the world market. The company exported 8,445 metric tons of Ethanol and earned \$ 6.505 million foreign exchange for the country. Orders for the Ethanol in hand are in place and the balance Ethanol is expected to be exported in the third quarter.

SHAHMURAD SUGAR MILLS LTD.

ELECTION OF DIRECTORS:

The tenure of the Board of Directors expired on March 29, 2010 and election was held on the same date in the Extra Ordinary General Meeting of the members and following persons were elected as Directors for a term of next three years.

01. Mr. Ismail H. Zakaria
02. Mr. Yusuf Ayoob
03. Mr. Suleman Ayoob
04. Mr. A. Aziz Ayoob
05. Mr. Zia Zakaria
06. Mr. Ghulam Mohiuddin Zakaria
07. Mr. Zohair Zakaria
08. Mr. Aamir Amin (N.I.T. Nominee)
09. Mr. Sajid Hassan (N.I.T. Nominee)

Board of Directors wish to assure to respectable stakeholders that dedicated efforts will be made to face all the problems and to overcome. The difficult situation presently being faced by the company and sugar industry.

Karachi:
Dated: 28th May, 2010


YUSUF AYOOB
Managing Director

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS ON
REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

We have reviewed the accompanying condensed interim balance sheet of **SHAHMURAD SUGAR MILLS LIMITED (the Company)** as at March 31, 2010, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity (here-in-after referred to as the 'interim financial information') for the six-months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the three months ended March 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the six months ended March 31, 2010 and 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended March 31, 2010 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi:
Dated: 28th May, 2010



HYDER BHIMJI & CO.
Chartered Accountants
ENGAGEMENT PARTNER
SHAIKH MOHAMMAD TANVIR

SHAHMURAD SUGAR MILLS LTD.

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2010**

	Un-Audited March 2010	Audited September 2009
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,889,011	1,918,684
Long Term Investments	4,362	4,362
Long Term Deposits	1,945	2,462
	<u>1,895,318</u>	<u>1,925,508</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	151,159	120,998
Stock-in-trade	3,161,463	831,543
Trade debts	9,300	8,478
Loans and advances - unsecured considered good	251,613	141,600
Short term prepayments	8,232	359
Other receivables	4,771	9,699
Income tax recoverable net of provision	8,474	12,794
Cash and bank balances	97,708	9,644
	<u>3,692,720</u>	<u>1,135,115</u>
	<u>5,588,038</u>	<u>3,060,623</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised Capital 25,000,000 ordinary shares of Rs. 10 each	<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid-up capital	211,187	211,187
General reserve	80,000	80,000
Unrealised loss on remeasurement of investment	(404)	(638)
Un-appropriated Profit	<u>106,304</u>	<u>105,167</u>
	397,087	395,716
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	485,085	496,561
NON CURRENT LIABILITIES		
Long Term Financing	554,635	702,556
Loan from Related Parties	230,855	271,360
Deferred liabilities	<u>180,351</u>	<u>182,822</u>
	965,841	1,156,738
CURRENT LIABILITIES		
Trade and other Payables	1,122,453	81,782
Accrued markup	73,750	23,811
Short term borrowings	2,260,614	643,997
Current portion of long term financing and finance lease	<u>283,208</u>	<u>262,018</u>
	3,740,025	1,011,608
CONTINGENCIES AND COMMITMENTS	3	-
	<u>5,588,038</u>	<u>3,060,623</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.


ZIA ZAKARIA
 Director

SHAHMURAD SUGAR MILLS LTD.

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010**

	Notes	For the half year October to March		For the Quarter January to March	
		2010	2009	2010	2009
		(Rupees in thousand)			
Sales		1,607,683	968,940	642,652	599,853
Cost of Sales	4	(1,329,971)	(729,956)	(577,095)	(446,302)
Gross profit		277,712	238,984	65,557	153,551
Distribution expenses		(32,042)	(27,532)	(16,662)	(19,952)
Administration expense		(54,373)	(41,974)	(32,420)	(22,292)
		(86,415)	(69,506)	(49,082)	(42,244)
Operating Profit		191,297	169,478	16,475	111,307
Other Operating Income		1,166	6,946	3,713	5,567
		192,463	176,424	20,188	116,874
Finance Cost		(157,064)	(157,522)	(104,744)	(93,796)
Other Operating Charges		(5,575)	(2,063)	(862)	(1,714)
		(162,639)	(159,585)	(105,606)	(95,510)
Profit/(Loss) before taxation		29,824	16,839	(85,418)	21,364
Taxation		(8,251)	292	18,794	(1,840)
Profit/(Loss) for the period after taxation		21,573	17,131	(66,624)	19,524
Earning per share-Basic and diluted-Rupees		1.02	0.81	(3.15)	0.92

The annexed notes from 1 to 9 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 HALF YEAR ENDED MARCH 31, 2010**

	For the half year October to March		For the Quarter January to March	
	2010	2009	2010	2009
Notes	(Rupees in thousand)			
Profit/(Loss) for the period after taxation	21,573	17,131	(66,624)	19,524
Other Comprehensive Income/ (Loss)				
Incremental depreciation arising due to surplus on revaluation of fixed assets-net of deferred tax	11,476	7,921	5,727	3,960
Total Comprehensive Income for the period	<u>33,049</u>	<u>25,052</u>	<u>(60,897)</u>	<u>23,484</u>

The annexed notes from 1 to 9 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
FOR THE HALF YEAR ENDED MARCH 31, 2010**

	March 2010	March 2009
	(Rupees in thousand)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	29,824	16,839
Adjustment for non cash charges and other items:		
Depreciation	48,811	42,543
Profit on disposal of property, plant & equipments	(325)	(1,229)
Finance cost	157,064	157,522
	<u>205,550</u>	<u>198,836</u>
Cash generated before working capital changes (Increase) / decrease in current assets	235,374	215,675
Stores spares and loose tools	(30,161)	2,428
Stock in trade	(2,329,920)	(1,261,677)
Trade debts	(822)	205,240
Loans & advances	(110,013)	44,189
Short term prepayments	(7,873)	1,161
Other receivables	4,928	
	<u>(2,473,861)</u>	<u>(1,008,659)</u>
Increase / (decrease) in current liabilities		
Trade and Other payables	1,040,671	220,713
Short term borrowings	1,616,617	854,896
	<u>2,657,288</u>	<u>1,075,609</u>
Cash generated from operations	418,801	282,625
Taxes paid	(6,402)	(7,223)
Finance cost paid	(107,125)	(132,073)
	<u>(113,527)</u>	<u>(139,296)</u>
Net cash in flow from operating activities	<u>305,274</u>	<u>143,329</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(19,139)	(53,677)
Long term deposits	517	586
Sale proceeds of operating assets	325	1,490
Net cash out flow from investing activities	<u>(18,296)</u>	<u>(51,601)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loan from Related Parties	(40,505)	(34,759)
Repayment of long term financing and lease	(126,731)	(25,235)
Dividend Paid	(31,678)	(10,559)
Net cash inflow / (outflow) from financing activities	<u>(198,914)</u>	<u>(70,553)</u>
Net increase in cash and bank balances (A+B+C)	88,064	21,175
Cash and bank balance at the beginning of the period	9,644	6,007
Cash and bank balance at the end of period	<u>97,708</u>	<u>27,182</u>

The annexed notes from 1 to 9 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
FOR THE HALF YEAR ENDED MARCH 31, 2010**

	Issued, Subscribed & paid up capital	General reserves	Unrealized (loss on)/profit remeasurement of investment	Accumulated Loss/ Un-appropriated profit	Total
----- (Rupees in thousand) -----					
Balances as at October 01, 2008	211,187	80,000	(431)	(3,164)	287,592
Final Dividend for 30-September-2008 @ 0.50 Per Share				(10,559)	(10,559)
Total Comprehensive Income for the Period -31-March-2009				25,052	25,052
Balances at March 31, 2009	211,187	80,000	(431)	11,329	302,085
Reversal due to diminution in the value of investment	-	-	27	-	27
Total Comprehensive Income for the Period -30-September-2009	-	-	-	93,604	93,604
Balances as at September 30, 2009	211,187	80,000	(404)	104,933	395,716
Final Dividend for 30-September-2009 @ 0.50 per share				(31,678)	(31,678)
Total Comprehensive Income for the Period -31-March-2010				33,049	33,049
Balances at March 31, 2010	211,187	80,000	(404)	106,304	397,087

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.


YUSUF AYOOB
Managing Director


ZIA ZAKARIA
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2010**

1 SELECTED EXPLANATORY NOTES TO THE ACCOUNTS

1.1 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 ethyl Alcohol units which are located at Jhoke Sharif, District Thatta in the province of Sindh. While Company's registered office is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

1.2 Accounting Convention

These financial statements have been prepared under "Historical cost convention" as modified by revaluation of certain property, plant and equipments, and long term investments, which is stated at fair value. The Financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

1.3 Basis of Preparation

These financial statements are unaudited and are 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.

These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the company for the year ended September 30, 2009.

1.4 Accounting Policies

The accounting policies and methods of computation followed in these financial statements are the same as those of the published annual financial statements for the year ended September 30, 2009, except the following.

The Company has applied revised IAS-1 "Presentation Of Financial Statement", which becomes effective as on January 01, 2009. As a result, the company presents in the statements of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of other comprehensive income. This presentation has been applied in these condensed interim financial information. Comparative information has been re-presented so that it is also in conformity with the revised standards. Since this change in accounting policy only impacts the presentation aspects, there is no impact on Company's earnings per share.

IFRS-8 "Operating Segments" requires disclosure of information about the company's operating segments and replaces the requirements to determine primary and secondary reporting segments. Adoption of this standard did not have any effect on the financial position or performance of the Company. The Company determined that the operating segments were the same as the business segments previously identified under IAS-14 "Segment Reporting".

During the period, the Company has decided to account for investment in associates on equity method instead of fair value though the Company shares of investment is less than 20%. Consequently, the change has been incorporated retrospectively and comparative figures have been restated. As a result of this change there is no impact during the current & corresponding period. However, prior year profit and unappropriated profit as at September 30, 2009 has been decreased by 234 thousand as a result thereof.

- 1.5 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 upto 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.

SHAHMURAD SUGAR MILLS LTD.

	March, 2010	March, 2009
(Rupees in thousand)		
2 ADDITIONS AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Additions:		
Factory Building	-	7,830
Residential Quarter	-	1,075
Plant and machinery	67,458	51,620
Furniture and fixtures	49	285
Vehicles	1,161	2,246
Office equipment	907	462
	69,575	63,518
Disposal of Vehicle (W.D.V) :	524	261
CAPITAL WORK IN PROGRESS		
Sugar Division		
Plant and machinery under erection	2,334	51,081
Civil works	-	9,272
	2,334	60,353
Ethanol Division		
Plant and machinery under erection	-	17,706
Civil works	5,715	9,945
	5,715	27,651
	8,049	88,004

3 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no material change in the status of contingencies as disclosed in the published annual audited financial statements for the year ended September 30, 2009.

	March, 2010	September, 2009
(Rupees in thousand)		
Letter of credit	-	10,200

SHAHMURAD SUGAR MILLS LTD.

	For the half year		For the Quarter	
	October to March 2010	2009	January to March 2010	2009
(Rupees in thousand)				
4 COST OF GOODS SOLD				
Cost of goods manufactured (4.1)	3,154,829	1,744,016	2,683,334	1,503,050
Finished goods (Opening stock)	695,612	741,501	414,231	698,812
Finished goods (Closing stock)	<u>(2,520,470)</u>	<u>(1,755,560)</u>	<u>(2,520,470)</u>	<u>(1,755,560)</u>
	<u>(1,824,858)</u>	<u>(1,014,059)</u>	<u>(2,106,239)</u>	<u>(1,056,748)</u>
	<u>1,329,971</u>	<u>729,956</u>	<u>577,095</u>	<u>446,302</u>
4.1 Cost of goods manufactured				
Raw material consumed	3,195,251	1,715,410	2,704,110	1,488,689
Salaries, wages and benefits	28,984	28,014	16,987	18,053
Stores and spares consumed	35,255	30,832	20,717	18,980
Packing materials	18,120	14,590	15,897	13,317
Chemical and process	12,581	12,690	10,314	9,835
Fuel and oil	29,572	13,545	16,435	7,452
Power and water	6,597	7,558	2,253	4,391
Repair and maintenance	18,892	11,555	11,382	5,636
Insurance	3,899	2,941	2,299	1,657
Depreciation	43,398	38,638	21,908	19,694
Cane Development Cess	3,257	3,014	2,618	2,659
Other manufacturing expenses	7,505	10,717	4,444	7,523
	<u>3,403,311</u>	<u>1,889,503</u>	<u>2,829,364</u>	<u>1,597,886</u>
Less: by product transfer/sale				
Molasses	(244,349)	(147,825)	(197,436)	(128,248)
Scrape	(621)	(342)	(621)	(275)
	<u>(244,970)</u>	<u>(148,167)</u>	<u>(198,057)</u>	<u>(128,523)</u>
Work-in-process				
Opening stock	5,974	8,385	61,513	39,392
Closing stock	<u>(9,486)</u>	<u>(5,705)</u>	<u>(9,486)</u>	<u>(5,705)</u>
	<u>(3,512)</u>	<u>2,680</u>	<u>52,027</u>	<u>33,687</u>
	<u>3,154,829</u>	<u>1,744,016</u>	<u>2,683,334</u>	<u>1,503,050</u>

5 AGGREGATE TRANSACTION WITH ASSOCIATED UNDERTAKINGS

The associated undertakings and related parties comprises associated companies staff retirement funds, directors and key management personnel. The significant transactions with associated undertakings and related parties other than contribution to retirement benefits scheme during the period are given below:

	March, 2010	March, 2009
	(Rupees in thousand)	
Insurance premium	5,725	3,199
Key Management Personnel		
Directors remuneration	4,323	1,655
Executive remuneration	6,290	5,101
	10,613	6,756
Directors' meeting fee	40	10
Purchase of Goods	192,986	152,421
Insurance Claim received	-	613

SHAHMURAD SUGAR MILLS LTD.

6 SEGMENT INFORMATION

The company 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 Ethyl Alcohol (rectified spirit). The following tables represents revenue and profit information regarding business segment for the period ended March 31, 2010 and March 31, 2009 and certain assets and liabilities information regarding business segments as at March 31, 2010 and September 30, 2009.

	(Rupees in thousand)					
	Sugar		Ethanol		Consolidated	
	Half year ended March 31, 2010	2009	Half year ended March 31, 2010	2009	Half year ended March 31, 2010	2009
REVENUE						
External Sales	1,060,265	733,520	547,419	235,420	1,607,684	968,940
Total Revenue	<u>1,060,265</u>	<u>733,520</u>	<u>547,419</u>	<u>235,420</u>	<u>1,607,684</u>	<u>968,940</u>
RESULTS						
Profit/(Loss) from operation	82,736	105,069	108,561	64,409	191,297	169,478
Other Operating Income					1,166	6,946
Finance charges					(157,064)	(157,522)
Other charges					(5,575)	(2,063)
Profit before tax					29,824	16,839
Taxation (net)					(8,251)	292
Profit for the period					21,573	17,131
Other comprehensive Income					11,476	7,921
Total Comprehensive Income for the Period					<u>33,049</u>	<u>25,052</u>
OTHER INFORMATION						
Additions in Property, Plant & Equipment	67,198	63,090	2,377	428	69,575	63,518
Depreciation	30,545	28,323	18,266	14,220	48,811	42,543
Disposal	524	261	-	-	524	261

	March 2010	September 2009	March 2010	September 2009	March 2010	September 2009
BALANCE SHEET						
Assets						
Segment Assets	3,772,212	1,640,904	1,743,766	1,347,659	5,515,978	2,988,563
Un-allocated Assets					72,060	72,060
Consolidated total Assets					<u>5,588,038</u>	<u>3,060,623</u>
Liabilities						
Segment Liabilities	3,698,562	1,518,424	1,492,389	1,146,483	5,190,951	2,664,907

7 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.

8 Authorization

These financial statements were authorized for issue on May 28, 2010 by the Board of Directors of the Company.

9 GENERAL

9.1 Figures have been rounded off nearest to thousand rupees.


YUSUF AYOOB
Managing Director


ZIA ZAKARIA
Director

BOOK POST
PRINTED MATTER

If undelivered please return to :

SHAHMURAD SUGAR MILLS LTD.

96-A, SINDHI MUSLIM SOCIETY,
KARACHI-74400.

