



AL-NOOR SUGAR MILLS LIMITED

Half Yearly Results for the period
1st October 2014 to 31st March, 2015

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. YUSUF AYOOB
MR. ISMAIL H. ZAKARIA
MR. SULEMAN AYOOB
MR. A. AZIZ AYOOB
MR. NOOR MOHAMMAD ZAKARIA
MR. ZIA ZAKARIA
MR. SALIM AYOOB
MR. ZOHAIR ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Managing Director
Resident Director

Independent Director
(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

MR. A. AZIZ AYOOB
MR. ZIA ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Member
Independent Director
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. NOOR MOHAMMAD ZAKARIA
MR. ISMAIL H. ZAKARIA
MR. ZIA ZAKARIA

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

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

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA, TALUKA MORO,
DISTRICT SHAHEED BENAZIR BHUTTO ABAD (NAWABSHAH)

REGISTRAR & SHARE REGISTRATION OFFICE

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

WEBSITE

www.alnoorsugar.co

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, 2015. The auditors have reviewed these financial statements as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

Salient features of the Financial Statements are as under:

<u>PRODUCTION DATA</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Crushing commenced on	09-12-2014	01-11-2013
Crushing completed on	29-03-2015	31-03-2014
Duration of crushing (days)	110	151
Sugarcane crushed (M. Tons)	1,013,118	1,279,083
Sugar produced (M. Tons)	104,283	123,805
Sugar recovery rate	10.30%	9.78%
Molasses produced (M. Tons)	47,925	62,975
MDF Production (C. Meters)	29,016	25,054

<u>FINANCIAL DATA</u>	(Rupees in thousand)	
Sales	2,471,588	2,971,754
Cost of Sales	(1,785,527)	(2,388,075)
Gross Profit	686,061	583,679
Administrative Expenses	(198,461)	(204,197)
Financial cost	(178,703)	(148,774)
Profit Before Taxation	324,321	225,650
Provision for Taxation	(127,166)	(99,085)
Profit after taxation	197,155	126,565
Earning per share	Rs.9.63	Rs.6.18

SUGAR DIVISION:

During the period under review, the sugarcane crop was not abundant as last year and as a result the volume of crushing reduced by 265,965 metric tons or 20.79 percent. In 110 days of crushing, your mills crushed 1,013,118 metric tons of sugarcane as against 1,279,083 metric tons crushed in 151 days of crushing last year. Thus the per day crushing increased to 9,210 metric tons as against 8,471 metric tons crushed last year. The increase in volume of per day crushing was due to lower duration of the same to 110 days as against 151 days last year. The sugar produced was 104,283 metric tons as against 123,805 metric tons produced during the same period of last year posting a reduction of almost 16 percent. This year the crushing was commenced when the sugarcane was fully matured and as a result the recovery percentage increased to 10.30 percent as against 9.78 percent achieved last season.

AL-NOOR SUGAR MILLS LTD.

As per latest data available the country wide crushing of sugarcane is 49.441 million metric tons as against 52.692 million metric tons crushed during the previous year. The production of sugar is 4.978 million metric tons as compared to 5.176 million metric tons produced during 2013-14. The recovery percentage of the country is 10.07 percent as against 9.82 percent achieved last year, production of sugar for the current season plus carry over stock available with the sugar mill is in excess of the requirement of the country.

Keeping in view the excess availability of sugar in the country the Government has allowed the export of sugar. Unfortunately the international price of sugar remained under pressure due to large global stocks. The above factors have kept significant pressure on the price of sugar in local market.

MDF BOARD DIVISION:

During the period under review the MDF Board Division produced 29,016 cubic meters of final products in various thicknesses / sizes as against 25,054 cubic meters produced in the same period of last year. The production is higher than the last year's output as there was higher demand of some of the products which has now been enhanced.

FIRE INCIDENCE AT HEAD OFFICE BUILDING:

On May 2, 2015, an incidence of fire occurred on third floor of the Head Office building due to short circuit and as a result thereof MDF office situated in the same floor was completely burnt. The claim has been lodged with the insurance company and they have also conducted the survey but the final amount of loss has not yet been assessed. It is expected that the same would also be finalized soon. There is no significant effect over the operation of the company.

FUTURE OUTLOOK:

The area under cultivation of sugar crop is more or less the same but the availability of water is better and it appears that yield per acre would increase. It is expected that during the next crushing season the recovery percentage would enhance.

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

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

Board of Directors wish to assure to respectable stakeholders for dedicated efforts to achieve the success with better planning to overcome, Insha Allah, the difficult situation presently being faced by the sugar industry. Please pray to Almighty Allah to guide / help us to achieve the desired goals (Ameen).

Karachi:
Dated: May 25, 2015


ISMAIL H ZAKARIA
MANAGING DIRECTOR



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **AL-NOOR SUGAR MILLS LIMITED** ("the Company") as of March 31, 2015, 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 together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review. The figures for the quarters ended March 31, 2015 and March 31, 2014 in the interim financial statement have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended March 31, 2015.

Scope of Review

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim financial information Performed by the Independent Auditor of the Entity". A review of condensed Interim financial statement 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 condensed interim financial statements as at and for the half year ended March 31, 2015 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Shaikh Mohammad Tanvir

Karachi:
Dated: May 25, 2015

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AL-NOOR SUGAR MILLS LTD.

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015**

	Note	Un-Audited March 2015 (Rupees in '000)	Audited September 2014
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	3,650,812	3,706,951
Long term investments	5	265,256	246,884
Long term loans		4,456	3,516
Long term deposits		38,257	46,954
		3,958,781	4,004,305
CURRENT ASSETS			
Stores, spare parts and loose tools		403,056	298,554
Stock in trade		5,335,440	1,794,897
Trade debts		293,589	55,320
Loans and advances		121,236	103,541
Trade deposit and short term prepayments		13,547	3,767
Other receivables		416,787	95,980
Income tax refundable-Payment less provision		-	60,241
Cash and bank balances		128,177	148,509
		6,711,832	2,560,809
		10,670,613	6,565,114
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital 50,000,000 (2014 : 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital		204,737	204,737
General reserve		1,000,000	1,000,000
Share of associate's unrealised gain on remeasurement of investments		(1,005)	(1,005)
Unappropriated profit		235,907	29,814
		1,439,639	1,233,546
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		1,201,328	1,230,740
NON-CURRENT LIABILITIES			
Long term financing		1,154,063	1,111,433
Liabilities against assets subject to finance lease		44,332	62,238
Deferred liabilities - Deferred taxation		676,683	655,049
Excise duty		35,120	35,120
		711,803	690,169
Long term deposits		450	402
		1,910,648	1,864,242
CURRENT LIABILITIES			
Trade and other payables		2,780,618	457,217
Accrued markup / Finance cost		74,800	65,433
Short term borrowings		2,783,884	1,306,299
Current portion of long term financing and liabilities against assets subject to finance lease		468,536	407,637
Provision for taxation		11,160	-
		6,118,998	2,236,586
CONTINGENCIES AND COMMITMENTS	6	-	-
		10,670,613	6,565,114

The annexed notes from 1 to 13 form an integral part of this financial information.


ISMAIL H ZAKARIA
Managing Director


SULEMAN AYOB
Director

AL-NOOR SUGAR MILLS LTD.

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015**

	Note	For the half year		For the quarter	
		October-March 2015	2014	Jan-March 2015	2014
(Rupees in '000)					
Sales		2,471,588	2,971,754	778,302	1,108,921
Cost of sales	7	(1,785,527)	(2,388,075)	(318)	(517,316)
Gross profit		686,061	583,679	777,984	591,605
Profit from trading activities		904	824	886	(151)
		686,965	584,503	778,870	591,454
Distribution Cost		(16,552)	(20,769)	(12,679)	(12,795)
Administration expenses		(198,461)	(204,197)	(103,404)	(105,270)
Other operating expenses		(24,782)	(18,763)	(24,782)	(18,763)
		(239,795)	(243,729)	(140,865)	(136,828)
		447,170	340,774	638,005	454,626
Other income		30,882	2,704	10,474	1,704
		478,052	343,478	648,479	456,330
Finance cost		(178,703)	(148,774)	(94,626)	(89,518)
		299,349	194,704	553,853	366,812
Share of profit from associate		24,972	30,946	41,032	30,687
Profit before taxation for the half year		324,321	225,650	594,885	397,499
Taxation		(127,166)	(99,085)	(127,535)	(112,866)
Profit for the half year after taxation		197,155	126,565	467,350	284,633
Earnings per share					Restated
- Basic and diluted- (Rupees)		9.63	6.18	22.83	13.90

The annexed notes from 1 to 13 form an integral part of this financial information.


ISMAIL H ZAKARIA
Managing Director


SULEMAN AYOB
Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015**

	For the half year		For the quarter	
	October-March		Jan-March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Profit for the half year after taxation	197,155	126,565	467,350	284,633
Other Comprehensive Income				
Items that shall not be reclassified subsequently to profit and loss				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:				
Company's revaluation surplus	26,659	27,863	13,833	14,390
Shares of associate's incremental depreciation of revaluation surplus	2,244	1,445	1,522	723
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery	509	-	509	-
	29,412	29,308	15,864	15,113
Total Comprehensive Income for the half year	226,567	155,873	483,214	299,746

The annexed notes from 1 to 13 form an integral part of this financial information.


ISMAIL H ZAKARIA
Managing Director


SULEMAN AYOOB
Director

AL-NOOR SUGAR MILLS LTD.

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015**

	March 31, 2015	March 31, 2014
	Rupees in '000	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	324,321	225,650
Adjustments for:		
Depreciation of property, plant and equipment	118,210	108,133
Amortization of intangible assets	-	983
Gain on disposal of property, plant and equipment	(3,783)	-
Provision for obsolescence and slow moving items	2,596	2,040
Finance cost	178,703	148,774
Share of profit from associate	(24,972)	(30,946)
Cash generated before working capital changes	270,754	228,984
	595,075	454,634
(Increase) in current assets		
Stores, spare parts and loose tools	(107,098)	(84,224)
Stock in trade	(3,540,543)	(3,636,118)
Trade debts	(238,269)	(218,877)
Loans and advances	(17,051)	(727)
Trade deposits and short term prepayments	(9,780)	(17,234)
Other receivables	(320,807)	623
	(4,233,548)	(3,956,557)
Increase in current liabilities		
Trade and other payables	2,323,401	1,794,548
Short term bank borrowings	1,477,585	2,179,384
	3,800,986	3,973,932
Cash generated from operations	162,513	472,009
Income tax paid	(34,131)	(66,954)
Finance cost paid	(169,336)	(135,153)
Increase in long term loans	(1,584)	(769)
Decrease / (Increase) in long term deposits - assets	8,697	(9,021)
Increase in long term deposits - liability	48	6,903
	(196,306)	(204,994)
Net cash used in operating activities	(33,793)	267,015
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in Property, Plant & Equipment	(69,369)	(320,663)
Sale proceeds from disposal of property, plant and equipment	11,081	-
Dividend received	6,600	4,950
Net cash flow from investing activities	(51,688)	(315,713)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long term financing	285,000	278,733
Repayment of liabilities against assets subject to finance lease	(15,794)	(14,026)
Repayment of long term financing	(183,583)	(131,667)
Dividend paid	(20,474)	(9,749)
Net cash flow from financing activities	65,149	123,291
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(20,332)	74,593
Cash and cash equivalents at the beginning of the period	148,509	98,123
Cash and cash equivalents at the end of the period	128,177	172,716

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


ISMAIL H ZAKARIA
Managing Director


SULEMAN AYOB
Director

AL-NOOR SUGAR MILLS LTD.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015**

	Issued, Subscribed & paid up capital	General reserves	Unrealised (loss) on remeasurement of investments	Unappro- priated profit	Total
	-----Rupees in '000-----				
Balance as at October 1, 2013	194,988	-	(1,603)	957,995	1,151,380
Total Comprehensive Income for the half year ended 31-March-2014					
Profit for the half year ended 31, March-2014	-	-	-	126,565	126,565
Other Comprehensive Income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's Reevaluation Surplus	-	-	-	27,863	27,863
Shares of associates incremental depreciation of revaluation surplus	-	-	-	1,445	1,445
	-	-	-	29,308	29,308
Transaction with owners					
Final dividend for the year ended September 30, 2013 @ Rs. 0.50 per share	-	-	-	(9,749)	(9,749)
Issued Bonus Shares for the year ended September 30, 2013 @ Rs. 0.50 per share	9,749	-	-	(9,749)	-
Balance as at March-2014	204,737	-	(1,603)	1,094,370	1,297,504
Total Comprehensive Income for the half year ended 30-September-2014					
(Loss) for the half year ended 30, September-2014				(95,232)	(95,232)
Other Comprehensive Income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's Reevaluation Surplus	-	-	-	29,202	29,202
Shares of associates incremental depreciation of revaluation surplus	-	-	-	1,474	1,474
Shares of associate's unrealized gain on remeasurement of investment	-	-	598	-	598
	-	-	598	30,676	31,274
Transfer from un-appropriated profit to general reserve	-	1,000,000	-	(1,000,000)	-
Balance as at September-2014	204,737	1,000,000	(1,005)	29,814	1,233,546
During the Half-Year ended March 31, 2015					
Total Comprehensive Income for the half year ended 31-March-2015					
Profit for the half year ended 31, March-2015	-	-	-	197,155	197,155
Other Comprehensive Income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's Reevaluation Surplus	-	-	-	26,659	26,659
Shares of associates incremental depreciation of revaluation surplus	-	-	-	2,244	2,244
	-	-	-	28,903	28,903
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery	-	-	-	509	509
Transaction with owners					
Final dividend for the year ended September 30, 2014 @ Re. 1 per share	-	-	-	(20,474)	(20,474)
Balance as at March 31, 2015	204,737	1,000,000	(1,005)	235,907	1,439,639

The annexed notes from 1 to 13 form an integral part of this financial information.


ISMAIL H ZAKARIA
Managing Director


SULEMAN AYOB
Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED MARCH 31, 2015**

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 and Lahore stock Exchanges. The principal activities of the Company are manufacturing and sale of sugar, medium density fiber (MDF) board and power generation. The registered office of the company is situated at 96-A, Sindhi Muslim Society, Karachi and the manufacturing facilities are located at Shahpur Jahania, District Shaheed Benazir Bhutto Abad (Nawabshah) in the province of 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 differ, the provisions of and directives issued 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** This condensed Interim financial Information comprises of the condensed Interim balance sheet as at March 31, 2015 and the condensed interim profit & loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and the condensed interim cash flow statement for the half year then ended which have been subjected to review and are not audited. This also includes the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended March 31, 2015. The comparative balance sheet presented in these condensed interim financial information has been extracted from the audited financial statements of the company for the year ended September 30, 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement figures have been extracted from the financial information for the half year ended March 31, 2014.
- 2.3** The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended March 31, 2015 and 2014 are not subject to review.

AL-NOOR SUGAR MILLS LTD.

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 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.

	Unaudited March 31, 2015	Audited September 30, 2014
Rupees in '000		
4. Property Plant and Equipment		
Operating fixed Assets	3,604,827	3,662,694
Capital Work in Progress	45,985	44,257
	<u>3,650,812</u>	<u>3,706,951</u>
4.1 Operating Fixed Assets:		
Opening Book Value	3,662,694	3,463,920
Direct Additions during the period/year		
Owned		
Plant and Machinery	4,747	46,620
Furniture, Fixture and Fittings	-	171
Office Equipment	1,360	3,927
Vehicle	12,642	4,452
	18,749	55,170
Transfer from CWIP during the period/year		
Owned		
Factory Building	3,533	41,622
Non-Factory Building	-	8,055
Power Plant	-	9,747
Plant and Machinery	38,758	314,095
Office Equipment	739	-
Furniture & Fixture	5,862	-
	48,892	373,519
Book Value of Asset disposed off during the period/year		
Vehicles	(2,642)	(2,462)
Plant & Machinery	(4,656)	(8)
	(7,298)	(2,470)
Depreciation Charged for the period/year	(118,210)	(227,445)
Closing Book Value	3,604,827	3,662,694

AL-NOOR SUGAR MILLS LTD.

Unaudited **Audited**
March 31, **September 30,**
2015 **2014**
Rupees in '000

4.2 CAPITAL WORK IN PROGRESS

Opening	44,257	16,002
Addition during the half year		
Civil Work	15,450	71,792
Plant & Machinery-Owned	35,170	329,982
	50,620	401,774
Capitalization during the half-year		
Civil Work -factory building	(3,533)	(49,677)
Plant & Machinery-Owned	(38,758)	(323,842)
Office Equipment	(739)	-
Furniture & Fixture	(5,862)	-
	(48,892)	(373,519)
Closing Balance	<u>45,985</u>	<u>44,257</u>

5. Long Term Investment

Investment in associated undertakings:-

	Shahmurad Sugar Mills Limited	Al Noor Management Modaraba (Pvt) Limited	Total March 31, 2015	Total September 30, 2014
Opening balance	241,783	5,101	246,884	182,158
Share of profit of associate for the half year / year	24,972	-	24,972	35,585
Share of unrealised gain on remeasurement of associates' securities for the half year / year	-	-	-	598
Shares of associate's surplus on fresh revaluation of its property, plant and equipment net of deferred tax	-	-	-	33,493
Dividend received during the half year / year	(6,600)	-	(6,600)	(4,950)
	18,372	-	18,372	64,726
	<u>260,155</u>	<u>5,101</u>	<u>265,256</u>	<u>246,884</u>

The company holds 14.285% (September 2014:14.285%) interest in Al-Noor Modaraba Management (Pvt) Ltd, and holds 15.625% (September 2014:15.625%) interest in Shahmurad Sugar Mills Limited. Since the financial statements of Al Noor Modaraba Management (Pvt) Limited are not prepared except on year end June 30; hence no effect of results of Al-Noor Modaraba Management (Pvt) Ltd has been taken in this condensed interim financial information, however in the case of Shahmurad Sugar Mills Ltd, the shares of profit and other comprehensive income has been taken on the basis of its reviewed condensed interim financial information for the half year ended March 31, 2015.

6. CONTINGENCIES AND COMMITMENTS

6.1 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, 2014 except that;

- a) During the period an order was issued by Large Taxpayer Unit Karachi for recovery of Rs.31,733,361 including additional tax and penalty amounting, being alleged inadmissible input tax claimed by the company. The amount of alleged inadmissible input tax was deposited by the company after receipt of order. However, the company filed an appeal before the Commissioner Inland Revenue Karachi. The Commissioner Inland Revenue decided the matter in favour of the company, declaring the input tax adjustment claimed by the company as admissible against which Large Taxpayer Unit Karachi has filed an appeal before Sales Tax Appellate Tribunal Inland Revenue Karachi. However the Company has applied for refund of the amount deposited and is confident for outcome in favour of the company so no provision is made in this respect.
- b) The matter of sugarcane price as disclosed under note No. 7.3.

6.2 Commitments

Letters of credit

	Unaudited March 31, 2015	Audited September 30, 2014
Rupees in '000		
Stores	21,914	8,477
Raw Material	18,776	101,307
Plant and Machinery	99,425	40,936
	140,115	150,720

Bank Guarantees

In favour of Trading of Corporation of Pakistan (TCP)	-	34,731
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AL-NOOR SUGAR MILLS LTD.

		For the half year October-March		For the quarter Jan-March	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
7. COST OF GOODS SOLD					
Cost of goods manufactured	7.1	5,276,245	6,055,889	3,849,145	4,037,634
Finished goods					
Opening stock		1,620,785	1,479,010	1,262,676	1,626,506
stock	7.2	(5,111,503)	(5,146,824)	(5,111,503)	(5,146,824)
		(3,490,718)	(3,667,814)	(3,848,827)	(3,520,318)
		<u>1,785,527</u>	<u>2,388,075</u>	<u>318</u>	<u>517,316</u>
7.1 Cost of goods manufactured					
Raw material consumed	7.3	4,913,264	6,060,123	3,684,453	4,041,893
Salaries, wages and benefits		108,615	102,253	60,992	52,156
Stores and spares consumed		116,792	113,332	62,724	63,628
Process Chemical consumed		37,376	44,019	30,354	30,350
Packing materials		57,627	60,664	47,632	44,205
Fuel and oil		83,554	72,325	46,578	39,934
Power and water		86,458	57,692	23,434	(2,546)
Repair and maintenance		74,762	77,336	43,114	39,065
Insurance		7,289	7,196	4,021	4,956
Other manufacturing expenses		25,443	27,649	19,905	11,067
Cane development cess and surcharge		-	7,994	(1,305)	5,434
Depreciation		97,665	86,771	48,968	44,337
		<u>5,608,845</u>	<u>6,717,354</u>	<u>4,070,870</u>	<u>4,374,479</u>
Less: by product sale					
Molasses		(223,335)	(424,650)	(183,817)	(294,803)
Power Generation		(102,176)	(171,288)	(98,149)	(85,109)
Sander dust		(353)	(615)	(231)	(396)
Baggase		(4,102)	(1,152)	698	(1,152.00)
		<u>(329,966)</u>	<u>(597,705)</u>	<u>(281,499)</u>	<u>(381,460)</u>
Work-in-process					
Opening stock		6,082	4,834	68,490	113,209
Closing stock		(8,716)	(68,594)	(8,716)	(68,594)
		<u>(2,634)</u>	<u>(63,760)</u>	<u>59,774</u>	<u>44,615</u>
		<u>5,276,245</u>	<u>6,055,889</u>	<u>3,849,145</u>	<u>4,037,634</u>

7.2 It includes stock of refined sugar and molasses at the half year ended valued at net realisable value amounting of Rs. 134.612 million (2014: Rs. 4,406 million).

7.3 Against the cane purchase price of Rs.172 per 40 kg as fixed for the previous year,, the company filed a suit before the Honorable High Court of Sindh during the season 2013-14 which was dismissed and the matter was taken up with the Honorable Supreme Court. In 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 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 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 in the accounts aggregating to Rs.253.279 million.

AL-NOOR SUGAR MILLS LTD.

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement funds, directors and key management personnel. The transaction with related parties are carried out in the normal course of business.

Relationship with the company	Nature of Transactions	March 31,	March 31,
		2015	2014
		Rupees in '000	
Associates			
Shahmurad Sugar Mills Ltd	Sale of molasses	228,135	373,800
Reliance Insurance Company Ltd	Insurance premium paid	18,338	6,674
Reliance Insurance Company Ltd	Insurance claim received	49,277	-
Other Related Parties			
Directors' and key management personnel	Director's remuneration	11,600	19,147
	Directors meeting fee	119	115
	Executives remuneration	48,115	50,564
Staff provident fund	Contribution made during period	5,542	5,759

9. 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 offers different products and serves different markets. The sugar segment is the manufacturer of sugar and board segment is a manufacturer of Medium Density Fiber (MDF) board. The following tables represent revenue and profit information regarding business segment for the period ended March 31, 2015 and March 31, 2014 and assets and liabilities information regarding business segments as at March 31, 2015 and September 30, 2014:

	Sugar		MDF Board		Total	
	Half year ended		Half year ended		Half year ended	
	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,
	2015	2014	2015	2014	2015	2014
----- (Rupees in '000) -----						
External Sales	1,300,988	1,927,536	1,170,600	1,044,218	2,471,588	2,971,754
External Sales of						
By-product & electricity	329,613	597,090	353	615	329,966	597,705
Inter segment transfer	46,183	42,488	-	-	46,183	42,488
Segment Results	1,676,784	2,567,114	1,170,953	1,044,833	2,847,737	3,611,947

RESULTS

Profit from operation	421,533	299,134	56,519	44,344	478,052	343,478
Finance charges					(178,703)	(148,774)
Share of profit of investment in associate					24,972	30,946
Profit before tax					324,321	225,650
Taxation					(127,166)	(99,085)
Profit after taxation					197,155	126,565
Other Comprehensive Income					29,412	29,308
Total Comprehensive Income for the period					226,567	155,873

OTHER INFORMATION

Capital expenditure	21,127	173,398	48,242	147,265	69,369	320,663
Depreciation	63,545	62,165	54,665	45,968	118,210	108,133
Amortisation	-	-	-	983	-	983

AL-NOOR SUGAR MILLS LTD.

	Sugar		MDF Board		Total	
	Half year ended		Half year ended		Half year ended	
	March 31,		March 31,		March 31,	
	2015	2014	2015	2014	2015	2014
----- (Rupees in '000) -----						
BALANCE SHEET						
Assets						
Segment assets	8,133,447	3,956,614	2,271,910	2,301,375	10,405,357	6,257,989
Investment in associates	265,256	246,884	-	-	265,256	246,884
Unallocated assets	-	-	-	-	-	60,241
Total assets					<u>10,670,613</u>	<u>6,565,114</u>
Liabilities						
Segment liabilities	7,299,498	3,319,777	718,988	769,409	8,018,486	4,089,186
Unallocated liabilities					11,160	11,642
					<u>8,029,646</u>	<u>4,100,828</u>

Geographical Information

All non-current assets of the Company are located in Pakistan. Company's local sales represent sales to various external customers in Pakistan whereas export sales represent sales to customers in various countries of Asia.

10. WORKER'S 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.

11. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date an incidence of fire occurred on May 02, 2015 due to short circuit as a result of which MDFB office situated on the third floor the building has been completely burnt. The premises were fully insured and a claim has been lodged with the insurance company but the quantum of the same is yet to be assessed and finalized by the surveyors. The incidence has no significant effect on operations of the company.

12. GENERAL

Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on 25th May, 2015 by the Board of Directors of the Company.


ISMAIL H ZAKARIA
Managing Director


SULEMAN AYGOB
Director

Lasari
WOOD

BOOK POST
PRINTED MATTER



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