



COMPANY INFORMATION

BOARD OF DIRECTORS

Haji Khuda Bux Rajar	(Chairman / Chief Executive)
Jam Mitha Khan	
Mr. Ghulam Dastagir Rajar	
Qazi Shamsuddin	
Mr. Mohammad Aslam	
Mr. Gul Mohammad	
Mr. Shahid Aziz	(Nominee of NIT)
Mr. Rana Ahmed Khan	(Nominee of NIT)

BOARD AUDIT COMMITTEE

Mr. Ghulam Dastagir Rajar	(Chairman)
Mr. Shahid Aziz	(Member)
Mr. Gul Mohammad	(Member)

COMPANY SECRETARY

Mr. Abdul Ghafoor Ateeq

CHIEF FINANCIAL OFFICER

Mr. Mohammad Jawad Durrani

STATUTORY AUDITORS

Hyder Bhimji & Co
Chartered Accountants
(Member of Kreston International)

COST AUDITORS

Siddiqi & Company
Cost & Management Accountants

BANKERS

Allied Bank Ltd.
Askari Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.

SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Ltd.
5th Floor, Karachi Chamber,
Hasrat Mohani Road, Karachi.
Phone : 021 – 2411474 – 2212754
Fax : 021 – 2424835

REGISTERED OFFICE

101– First Floor, Ocean Centre,
Talpur Road, Karachi.
Phone : 021-2427171–72, 2416554
Fax No : 021–2410700
E-mail: ssml@cyber.net.pk

FACTORY

13th Km, Sanghar – Sindhri Road,
Deh Kehar, District Sanghar, Sindh.
Phone : 0235 – 542158
0345 – 3737001
0345 – 8222911

DIRECTORS' REVIEW

On behalf of the Board of Directors, it is my pleasure to present the un-audited condensed interim Financial Information of the Company for the half year ended March 31, 2008.

Review of the performance of the Company within the Economy

The crushing season for the year 2007-2008 commenced on October 25, 2007 and closed on April 23, 2008. The current season has been a peculiar one for the sugar industry during which high production levels were achieved on the one hand, and on the other hand high sugarcane price was maintained by the government. The Trading Corporation of Pakistan (TCP), as per decision of the government, offered to help the industry by purchasing excess production of sugar in the country whereas TCP, on the other hand, was selling its stock in the open market nullifying the effect on the price of sugar in the local market which continued to plummet to new levels. Under the prevailing circumstances, however, the Company has tried its best to monitor the situation and played its part rationally by taking its social responsibility in order to continue its important role to have economic well-being and development of the country.

Operating Results

A brief summary of operating results of the Company with the comparatives for the corresponding period are given as under:

	Oct – Mar 2008	Oct – Mar 2007
Season started on	25-10-2007	03-11-2006
Operating days	159	146
Sugarcane crushed (M. Tons)	778,048	526,439
Sugar Produced (M. Tons)	74,145	45,602
Sucrose Recovery %	9.49	8.68

Review of Operation

The above operating results clearly validate the Company's decision for balancing, modification and rehabilitation of the plant and machinery which helped in improving its operational efficiency in terms of crushing of sugarcane, sucrose recovery and production of sugar during the period under review as compared with the corresponding period.

Financial Results

The key financial figures of the Company with the comparatives for the corresponding period are summarized as under:

	Oct – Mar 2008 (Rupees'000)	Oct – Mar 2007 (Rupees'000)
Net profit before taxation	85,775	29,488
Taxation	(30,245)	(16,701)
Net profit after taxation	<u>55,530</u>	<u>12,787</u>
Earning per share-basic and diluted (Rupees)	<u>4.65</u>	<u>1.07</u>

Review of Financial Results

As mentioned above that the Company was able to operate more efficiently due to the improvements made in the plant and machinery which consequently helped in achieving better financial results as compared with corresponding period. The Company, as previously reported, has participated in the sale of sugar through open tenders to Trading Corporation of Pakistan (TCP) and entered into sale contracts against which stock of sugar was held on behalf of TCP valued at average cost being lower than net realizable value of stock as per requirement of International Accounting Standard No. IAS-2.

Future Prospects

Keeping in view the better performance achieved due to improvements made in the plant and machinery, the Company further intends to undertake the balancing, modification and rehabilitation of plant and machinery during the following period in order to have benefit of more improvement in the efficiency and productivity of plant and machinery during the next season.

As mentioned earlier, TCP has procured sugar directly from the sugar industry as per decision of the government in order to help / stabilize the depressed sugar prices in the local market. However, in view of larger quantity of sugar

produced in the country, lifting of sugar by TCP in sufficient quantities from the sugar mills will certainly balance the demand and supply position and have the better impact on sugar prices in the local market.

Maintaining reasonable price of sugar in the local market which can match the cost of production of sugar will certainly help to reduce the impact of high cost of production of sugar and allow the sugar industry to continue its operation viably in the long run for which, the sugar industry, the sugarcane growers and the government will continue work in tandem to benefit all the stakeholders resulting in the overall improvement in the economy of the country.

Acknowledgement

The Directors express appreciation for the dedication, loyalty and hard work of the workers, staff, executives and anticipate that they will continue to contribute for the enhancement of productivity and well being of the Company in future with great zeal and spirit under the blessing of the Almighty Allah.

The Directors would like to thank all the government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the prosperity of the Company.

For and on behalf of the Board of Directors



Haji Khuda Bux Rajar
Chief Executive

Karachi: May 26, 2008

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

Introduction

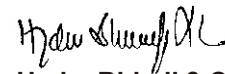
We have reviewed the accompanying condensed interim balance sheet of **SANGHAR SUGAR MILLS LIMITED** as of March 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended, together with notes forming part thereof for the half year then ended (hereinafter referred to as the financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim information based on our review. The figures for the quarter ended March 31, 2007 and 2008 in the accompanying condensed interim profit & loss account have not been reviewed, as we are required to review only the cumulative figures for the six months ended March 31, 2008.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410. "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than an audit conducted in accordance with the Auditing Standards as applicable in Pakistan 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 information is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.



Hyder Bhimji & Co.
Chartered Accountants

Karachi: May 26, 2008

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2008**

	Un-Audited Mar. 31 2008	Audited Sep. 30 2007
	(Rupees in '000)	
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Property, plant and equipment	559,656	524,078
Long Term Deposits	2,223	2,223
CURRENT ASSETS		
Stores, spare parts and loose tools	43,370	46,269
Stock -in-trade	755,052	6,746
Trade debts	101,843	5,720
Loans and advances	122,772	59,407
Trade deposits and short term prepayments	4,200	1,983
Other receivables	9,295	1,381
Income tax provision less payments	1,710	1,631
Cash and bank balances	15,431	2,647
	<u>1,053,673</u>	<u>125,784</u>
Total Rupees	<u>1,615,552</u>	<u>652,085</u>
SHARE CAPITAL AND RESERVES		
Authorized capital 20,000,000 shares of Rs.10 each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid up capital	119,460	119,460
Accumulated loss	<u>(56,948)</u>	<u>(116,703)</u>
	62,512	2,757
SURPLUS ON REVALUATION OF FIXED ASSETS	99,470	103,695
NON CURRENT LIABILITIES		
Long term financing	64,970	83,818
Subordinated loans	31,030	31,030
Long term loans	135,499	135,499
Long term liability	274	274
Deferred liabilities	<u>152,442</u>	<u>128,348</u>
	384,215	378,969
CURRENT LIABILITIES		
Trade and other payables	808,978	68,623
Accrued mark-up	6,456	8,444
Short term finances	223,010	20,000
Short term loan	-	50,000
Current portion of long term borrowings	<u>30,911</u>	<u>19,597</u>
	1,069,355	166,664
CONTINGENCIES AND COMMITMENTS		
Total Rupees	<u>1,615,552</u>	<u>652,085</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE

Karachi: May 26, 2008



DIRECTOR
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED MARCH 31, 2008**

	Un-audited For the Half Year Ended		Un-audited For the Quarter Ended	
	Mar 31 2008	Mar 31 2007	Mar 31 2008	Mar 31 2007
	(Rupees in '000)			
Sales	742,235	523,562	563,194	375,269
Cost of sales	<u>(606,814)</u>	<u>(447,799)</u>	<u>(444,510)</u>	<u>(310,379)</u>
Gross profit	135,421	75,763	118,684	64,890
Selling and distribution cost	<u>(1,155)</u>	<u>(607)</u>	<u>(781)</u>	<u>(467)</u>
Administrative expenses	<u>(32,527)</u>	<u>(26,956)</u>	<u>(18,216)</u>	<u>(16,690)</u>
	<u>(33,682)</u>	<u>(27,563)</u>	<u>(18,997)</u>	<u>(17,157)</u>
	101,739	48,200	99,687	47,733
Other operating income	<u>2,794</u>	<u>2,926</u>	<u>2,767</u>	<u>1,726</u>
	<u>104,533</u>	<u>51,126</u>	<u>102,454</u>	<u>49,459</u>
Finance cost	<u>(11,053)</u>	<u>(17,793)</u>	<u>(5,875)</u>	<u>(13,887)</u>
Other operating charges	<u>(7,705)</u>	<u>(3,845)</u>	<u>(7,291)</u>	<u>(3,566)</u>
	<u>(18,758)</u>	<u>(21,638)</u>	<u>(13,166)</u>	<u>(17,453)</u>
Net profit before taxation	85,775	29,488	89,288	32,006
Taxation	<u>(30,245)</u>	<u>(16,701)</u>	<u>(30,458)</u>	<u>(16,623)</u>
Net profit after taxation	55,530	12,787	58,830	15,383
Earning per share				
- Basic and diluted	<u>4.65</u>	<u>1.07</u>	<u>4.92</u>	<u>1.29</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE

Karachi: May 26, 2008


DIRECTOR
**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED MARCH 31, 2008
(Un-audited)**

Particulars	Share Capital	Accumulated Loss	Total
	(Rs. in '000)		
Balances as at October 01, 2006	119,460	(90,894)	28,566
Net profit after tax for the half year ended March 31, 2007	-	12,787	12,787
Incremental depreciation charged on surplus on revaluation of fixed assets net of deferred tax	-	4,980	4,980
Balance as at March 31, 2007	<u>119,460</u>	<u>(73,127)</u>	<u>46,333</u>
Balance as at October 01, 2007	119,460	(116,703)	2,757
Net profit after tax for the half year ended March 31, 2008	-	55,530	55,530
Incremental depreciation charged on surplus on revaluation of fixed assets net of deferred tax	-	4,225	4,225
Balance as at March 31, 2008	<u>119,460</u>	<u>(56,948)</u>	<u>62,512</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE

Karachi: May 26, 2008


DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED MARCH 31, 2008
(Un-Audited)**

	Mar. 31 2008	Mar. 31 2007
	(Rupees in '000)	
Net profit before taxation	85,776	29,488
Adjustment for non cash charges and other items:		
Depreciation	15,098	14,717
Gain on sale of fixed assets	-	(1,178)
Provision for employees benefits	1,268	1,753
Provision for slow moving items and obsolescence	810	-
Finance cost	11,053	17,793
	<u>28,229</u>	<u>33,085</u>
	<u>114,005</u>	<u>62,573</u>
Changes in Working Capital		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	2,089	824
Stock - in - trade	(748,306)	(522,726)
Trade debts	(96,123)	23,650
Loans and advances	(63,365)	7,217
Deposits and prepayments	(2,217)	(2,021)
Other receivables	(7,914)	1,090
	<u>(915,836)</u>	<u>(491,966)</u>
Increase in current liabilities		
Trade and other payables	740,355	133,467
Cash generated from Operations	<u>(61,476)</u>	<u>(295,926)</u>
Market committee fee paid	(1,000)	(500)
Employees benefits paid	(678)	(378)
Finance cost paid	(13,041)	(14,024)
Taxes paid	(5,821)	(4,272)
Long term deposits	-	177
	<u>(20,540)</u>	<u>(18,997)</u>
Net cash outflow from operating activities	<u>(82,016)</u>	<u>(314,923)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(50,676)	(2,875)
Proceeds from disposal of fixed assets	-	2,040
Net cash outflow from investing activities	<u>(50,676)</u>	<u>(835)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(7,534)	(6,769)
Repayment of short term loan	(50,000)	(11,946)
Net cash out flow from financing activities	<u>(57,534)</u>	<u>(18,715)</u>
Net decrease in cash and cash equivalents	<u>(190,226)</u>	<u>(334,473)</u>
Cash and cash equivalents at beginning of the year	(17,353)	(14,593)
Cash and cash equivalents at end of the period	<u>(207,579)</u>	<u>(349,066)</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE

Karachi: January 29, 2008


DIRECTOR

**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2008**

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company is a public listed Company incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 101, 1st Floor, Ocean Centre, Talpur Road, Karachi. The Company is principally engaged in the manufacture and sale of sugar and its by-products i-e molasses and bagasse.

2 BASIS OF PREPARATION

These condensed interim financial information are un-audited but subject to limited scope review by auditors and have been prepared in accordance with the International Accounting Standard No. 34; "Interim Financial Reporting" as applicable in Pakistan and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges.

3 ACCOUNTING POLICIES

3.1 The Accounting policies adopted in the preparation of these financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2007.

3.2 The provision for current taxation for the period represents estimate and final liability will be determined on the basis of annual results. However, deferred taxation has been provided in these condensed interim financial information.

3.3 Due to seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of sugarcane and costs incurred / accrued upto the reporting date have been accounted for. Accordingly, the cost incurred / accrued after the reporting date will be reported in the subsequent financial statements.

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2007.



SANGHAR SUGAR MILLS LIMITED

	Un-audited Mar. 31, 2008	Un-audited Mar 31, 2007
	(Rupees in '000)	
5 TANGIBLE FIXED ASSETS		
- PROPERTY, PLANT & EQUIPMENT		
Owned Assets		
Opening book value	513,510	539,305
Add: Addition during the period (Note - 5.1)	<u>61,244</u>	<u>2,875</u>
	574,754	542,180
Less : Disposal during the period		
- Cost	-	1,625
- Acc. Depreciation	-	(763)
	<u>-</u>	<u>862</u>
	574,754	541,318
Less : Depreciation during the period	<u>(15,098)</u>	<u>(14,717)</u>
TOTAL	<u>559,656</u>	<u>526,601</u>

5.1 Addition during the period

Plant & Machinery	60,585	-
Vehicles	455	2,076
Computer, Equipment & Appliances	<u>204</u>	<u>799</u>
	<u>61,244</u>	<u>2,875</u>

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingencies as already disclosed in the audited financial statements for the year ended September 30, 2007 except for the case of Income Tax Assessment 2002-2003 decided in favour of the Company. Besides this, the Company challenged in the Social Security Court at Karachi against arbitrary levying of Rs. 5,600 thousands as Social Security Contribution payable to the Social Security Department. Since this is not justified, no provision has been recognized in this behalf as the management is confident that the same would be decided in the Company's favour.

6.2 Commitments

Commitments for rentals under operating lease agreements in respect of various vehicles are as follows:

Payable	(Rupees in '000)
Within one year	519
After one year	306

7 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on May 26, 2008 by the Board of Directors of the Company.

8 GENERAL

8.1 Figures have been rounded off to nearest thousand of rupees.

8.2 The closing stock of sugar includes quantities of sugar which is being held on behalf of Trading Corporation of Pakistan due to sale contracts with the corporation. Such stock is valued at average cost being lower than net realizable value of the stock as per requirement of International Accounting Standard No 2.



CHIEF EXECUTIVE

Karachi: May 26, 2008



DIRECTOR