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VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is our privilege to present to you the unaudited condensed interim financial statements of the Company for the three quarters ended June 30, 2018.

Financial Results

By the Grace of Allah, during the period under review the operations of your Company resulted in a pre-tax profit of Rs.788.63 million. The financial results for the three quarters are as follows :

	(Rupees in thousands)
Profit before taxation	788,626
Taxation	41,500
Profit after taxation	747,126
Unappropriated profit brought forward	2,395
Unappropriated profit carried forward	749,521
Earnings per share – Basic and diluted	Rs. 4.98

Performance Review

Sugar Division

The crushing season 2017-18 commenced on November 29, 2017 and plant operated upto April 17, 2018. During the current season 1,028,901 M. Tons of sugarcane was crushed with average sucrose recovery of 10.30 % and sugar production of 106,005 M.Tons as compared with crushing of 865,530 M. Tons with average sucrose recovery of 9.97 % and sugar production of 86,316 M. Tons during the preceding season.

The Government of Sindh on December 5, 2017 issued notification fixing the minimum support price of sugarcane for crushing season 2017-18 at Rs.182 per 40 kgs, same as it was fixed for the crushing season 2016-17. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

The minimum sugarcane support price fixed by the Sindh government at Rs. 182/40 kgs was not justified in relation to the prevailing sugar price both in domestic and international markets. Your company along with other sugar mills filed a petition before the Hon'ble High Court of Sindh praying that the minimum support price fixed by the Sindh government was totally arbitrary and unjustified as it would result in financial catastrophe and economic disaster to the sugar industry in the Province of Sindh.



On December 22, 2017, the Hon'ble High Court of Sindh passed an interim order and directed sugar mills to make payment to growers at the rate of Rs. 172/40 kgs w.e.f. December 23, 2017 and also furnish security acceptable to the Nazir of the Court within three weeks from the date on which the order takes effect for the differential amount (i.e. Rs.10/40kg) to be calculated on the basis of the sugarcane quantum crushed during the crushing season 2016-17. Against the above order, sugar mills filed a review petition before the Hon'ble High Court of Sindh.

On January 30, 2018, the Hon'ble High Court of Sindh, with the consent of all the stakeholders announced in the open court that without prejudice to any right or claim of the parties and subject to final decision of the Hon'ble Supreme Court of Pakistan in the aforesaid cases and the decision by this court in the instant petitions, the mills will purchase the sugarcane @ Rs. 160 / 40kg from the growers for the crushing season 2017-18. The interim order was binding on all the stakeholders, i.e. growers, millers and Government of Sindh.

In the light of the interim order passed by the Hon'ble High Court with the consent of all the stakeholders, the Sugar division accounts have been prepared taking the sugarcane purchase price at Rs.160 and not Rs.182 per 40 kg as notified by the Sindh Government being arbitrary and unrealistic. We hope that considering the continued depressed prevailing sugar prices both in domestic and international markets, the final decision by the Courts is likely to be in line with the consent order.

Considering surplus sugar stock in the country, the Economic Co-ordination Committee of the Cabinet (ECC) allowed export of 1,500,000 M. Tons of sugar with cash freight support of Rs.10.70/kg on a sliding scale which was to be shared equally by the federal government and provincial government. In addition to the above, the Government of Sindh announced additional cash freight support of Rs. 9.30/kg for the Sindh sugar mills on export of 500,000 M. Tons of sugar with a maximum quantity of 20,000 M. tons per mill. According to the SBP sources, permission of 1,500,000 M. Tons have already been granted to the mills, out of which your company was able to export 18,830 M. Tons of sugar.

The sugar division earned profit of Rs.51.06 million as against profit of Rs.18.84 million during the corresponding period of the previous year. The increase in profit is due to cash freight support announced by the government for sugar exports.

Distillery Division

During the period under review, the division operated for 243 days and produced 24,823 M. Tons of ethanol as against 253 days of operations and production of 24,138 M. Tons as compared with the corresponding period of the previous year. The division earned operating profit of Rs.617.04 million as compared with Rs.264.25 million during the corresponding period of previous year. The increase in profit is due to higher sales volume, better sale price and lower cost of production during the period as compared to the corresponding period of the previous year.



During the period under review, the liquidified carbon dioxide (CO₂) unit produced 6,699 M. Tons as compared with 7,823 M. Tons during the corresponding period of the previous year. The operating profit earned by the unit is included in the profit of the division.

Textile Division

The division earned operating profit of Rs.21.48 million during the period under review, as against loss of Rs. 3.77 million during the corresponding period of previous year. The increase in division's profit is due to substantial increase in sales volume, increase in sale price and rebate available for the exporters under the Textile package announced by the government.

Trading Division

During the period under review, the division incurred loss of Rs. 58.39 million on account of trading of sugar as against profit of Rs.34.72 million during the corresponding period of the previous year. The division suffered loss due to drastic reduction in sugar prices in local market.

Bagasse Based Co-Generation Project

The Bagasse Based project of the Company is on halt due to non-clarity on the part of the Government for bagasse based energy projects and the petition pending before the Hon'ble High Court of Islamabad filed by the CPPA disputing the tariff awarded to the bagasse based projects and mechanism prescribed for purchase of electricity under the renewable energy policy announced by the Government.

General

The Directors are pleased to place on record their appreciation of the devoted and dedicated services of the officers, staff and workers of the Company.

On behalf of the Board of Directors

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Karachi: July 24, 2018

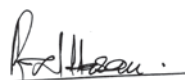


Unconsolidated Condensed Interim Statement of Financial Position as at June 30, 2018 (Unaudited)

	Note	Unaudited June 30, 2018	Audited September 30, 2017
(Rupees in thousands)			
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,604,830	2,692,170
Long-term investments	5	2,967,135	2,403,065
Long-term loans		4,886	6,570
Long-term deposits		3,928	4,028
		<u>5,580,779</u>	<u>5,105,833</u>
Current Assets			
Stores and spare parts		158,337	119,735
Stock-in-trade	6	3,697,619	1,673,612
Trade debts		552,463	254,380
Loans and advances	7	239,207	803,432
Trade deposits and short-term prepayments		7,593	9,749
Profit accrued on bank deposits		3,279	1,551
Other receivables	8	382,548	151,819
Taxation - net		125,069	98,292
Cash and bank balances	9	1,237,555	924,206
		<u>6,403,670</u>	<u>4,036,776</u>
Total Assets		<u>11,984,449</u>	<u>9,142,609</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September, 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 (September, 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>7,173,525</u>	<u>6,233,335</u>
		<u>7,923,525</u>	<u>6,983,335</u>
Non-Current Liabilities			
Deferred taxation	10	97,000	98,500
Current Liabilities			
Trade and other payables	11	1,578,518	1,309,371
Advance from customers		1,081,888	691,920
Short-term borrowings	12	1,227,500	—
Unclaimed dividend		69,981	59,483
Accrued mark-up on short-term borrowings		6,037	—
		<u>3,963,924</u>	<u>2,060,774</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>11,984,449</u>	<u>9,142,609</u>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director




**Unconsolidated Condensed Interim Statement of Profit and Loss
for the quarter and cumulative for three quarters ended June 30, 2018 (Unaudited)**

	Note	Three Quarter ended		Quarter ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		(Rupees in thousands)			
Segment operating results	14				
Net sales and services		6,086,845	4,325,354	2,650,870	2,184,095
Cost of sales		(5,118,739)	(3,758,020)	(2,172,098)	(1,900,542)
Gross profit		968,106	567,334	478,772	283,553
Selling and distribution expenses		(210,393)	(139,426)	(94,188)	(49,115)
Administrative expenses		(126,517)	(113,862)	(42,553)	(40,429)
Other operating expenses	15	(47,296)	(32,928)	(23,051)	(11,935)
Other income	16	167,560	248,205	39,571	41,008
		(216,646)	(38,011)	(120,221)	(60,471)
Operating profit		751,460	529,323	358,551	223,082
Finance income / (cost) - net	17	37,166	14,068	1,123	(12,640)
Profit before taxation		788,626	543,391	359,674	210,442
Taxation	18	(41,500)	(14,000)	(30,500)	(4,000)
Profit after taxation		747,126	529,391	329,174	206,442
Earnings per share - Basic and diluted	Rs.	4.98	3.53	2.19	1.38

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director

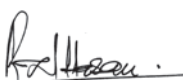


**Unconsolidated Condensed Interim Statement of Comprehensive Income
for the quarter and cumulative for three quarters ended June 30, 2018 (Unaudited)**

	<u>Three quarter ended</u>		<u>Quarter ended</u>	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousands)			
Profit after taxation	747,126	529,391	329,174	206,442
Other comprehensive income :				
Items that will be reclassified subsequently to profit & loss :				
Net gain on investments - available for sale				
Increase in unrealised gain on revaluation of investments for the period - net of tax	456,434	574,130	(54,850)	120,760
Reclassification adjustments included in the profit and loss account for:				
(Gain) / loss on sale / redemption of investments - net of tax	(870)	(113,981)	62	(21,502)
	455,564	460,149	(54,788)	99,258
Total Comprehensive income for the period	<u>1,202,690</u>	<u>989,540</u>	<u>274,386</u>	<u>305,700</u>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director




Unconsolidated Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2018 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves	Unrealised gain / (loss) on investments available for sale	Total Reserves	Total Equity
			General Reserve	Unappro- priated Profit		
	(Rupees in thousands)					
Balance as on October 1, 2016	750,000	34,000	3,466,000	827,753	1,453,684	6,531,437
Cash dividend for 2016 @ 55%	-	-	-	(412,500)	-	(412,500)
Transfer to general reserve	-	-	412,500	(412,500)	-	-
Total comprehensive income for the period ended June 30, 2017	-	-	-	529,391	460,149	989,540
Balance as on June 30, 2017	<u>750,000</u>	<u>34,000</u>	<u>3,878,500</u>	<u>532,144</u>	<u>6,358,477</u>	<u>7,108,477</u>
Balance as on October 1, 2017	750,000	34,000	3,878,500	559,895	1,760,940	6,983,335
Cash dividend for 2017 @ 35%	-	-	-	(262,500)	-	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-
Total comprehensive income for the period ended June, 2018	-	-	-	747,126	455,564	1,202,690
Balance as on June 30, 2018	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>749,521</u>	<u>2,216,504</u>	<u>7,923,525</u>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director

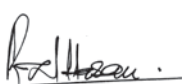


Unconsolidated Condensed Interim Statement of Cash Flows for the three quarters ended June 30, 2018 (Unaudited)

	Note	June 30, 2018 (Rupees in thousands)	June 30, 2017
Cash flows from operating activities			
Cash used in operations	19	(536,261)	(2,935,497)
Finance income received - net		41,475	18,405
Income tax paid		(69,777)	(73,111)
Long-term loans		1,684	(2,307)
Long-term deposits		100	(100)
Net cash used in operating activities		(562,779)	(2,992,610)
Cash flows from investing activities			
Fixed capital expenditure		(115,795)	(620,343)
Sale proceeds / redemption of investments		85,536	207,170
Dividend received		107,399	123,098
Purchase of investments		(193,172)	(149,030)
Sale proceeds of fixed assets		16,662	2,777
Net cash used in investing activities		(99,370)	(436,328)
Cash flows from financing activities			
Dividend paid		(252,002)	(403,615)
Net cash used in financing activities		(252,002)	(403,615)
Net decrease in cash and cash equivalents		(914,151)	(3,832,553)
Cash and cash equivalents at the beginning of the period		924,206	3,575,276
Cash and cash equivalents at the end of the period	20	10,055	(257,277)

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Notes to the Unconsolidated Condensed Interim Financial Statements for the three quarters ended June 30, 2018 (Unaudited)

1. The Company and its operations

Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

2. Statement of compliance

These unconsolidated condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures 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, 2017.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended September 30, 2017.

	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,598,483	2,508,472
Capital work-in-progress	6,347	180,788
Major stores and spare parts	—	2,910
	<u>2,604,830</u>	<u>2,692,170</u>

4.2 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2018 were as follows:

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	92,958	12,034
Distillery	12,072	—
Textile	662	—
Furniture, fittings and office equipment	9,495	6
Vehicles	608	17
	<u>115,795</u>	<u>12,057</u>



	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
5. Long-term investments - available for sale		
Investments in subsidiary company – at cost	50,000	100
Investments in related parties – Quoted - at fair value	1,967,661	1,471,409
– Un-Quoted - at cost	120,500	58,500
Investments in other companies – Quoted - at fair value	828,974	873,056
	<u>2,967,135</u>	<u>2,403,065</u>
5.1 The aggregate cost of these investments, net of impairment is Rs.750.63 (September 30, 2017: Rs.642.13) million.		
	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
6. Stock-in-trade		
Raw materials	756,904	251,406
Work-in-process	36,575	32,978
Finished goods	2,892,591	1,373,326
Fertilizers	4,192	3,188
Bagasse	7,357	12,714
	<u>3,697,619</u>	<u>1,673,612</u>
7. Loans and advances		
Loans - secured		
Current maturity of long-term loans		
Executives	1,455	1,571
Other Employees	4,529	5,395
	5,984	6,966
Advances - unsecured		
Suppliers	233,223	796,466
	<u>239,207</u>	<u>803,432</u>
8. Other receivables - Considered good		
Duty drawback and research & development support claim	28,072	17,112
Cash freight support receivable	352,420	–
Dividend receivable	208	3,336
Sales tax refundable / adjustable	–	115,686
Others	1,848	15,685
	<u>382,548</u>	<u>151,819</u>
8.1 Includes Rs.1.67 (September 30, 2017: Rs.15.38) million from HSM Energy Limited - wholly owned subsidiary.		



	Note	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
9. Cash and bank balances			
Cash in hand		556	273
Balances with banks in:			
Current accounts		80,466	19,482
Treasury call accounts	9.1	86,533	169,451
Term Deposit Receipts	9.2	1,070,000	735,000
	9.3	1,236,999	923,933
		<u>1,237,555</u>	<u>924,206</u>
9.1	Profit rates on Treasury call accounts ranged between 3.75% to 5.80% (September 30, 2017: 3.75% to 5.50%) per annum.		
9.2	Profit rates on Term Deposit Receipts 5.80% to 6.00% (September 30, 2017: 5.80% to 6.05%) per annum. Maturity of these Term Deposit Receipts are one month.		
9.3	Includes Rs.1,202.70 (September 30, 2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.		
		(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
10. Deferred taxation			
Deferred Tax liability on taxable temporary differences:			
Accelerated tax depreciation allowance on operating fixed asset		210,000	203,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax losses / depreciation allowance		(106,000)	(92,000)
Unadjusted tax credit on investment		—	(5,500)
		<u>(113,000)</u>	<u>(104,500)</u>
		<u>97,000</u>	<u>98,500</u>
11. Trade and other payables			
Creditors		1,260,762	1,043,251
Accrued liabilities		244,540	201,888
Sales Tax		16,940	—
Workers' Profit Participation Fund (WPPF)		41,796	26,474
Workers' Welfare Fund		14,345	37,141
Income-tax deducted at source		135	617
		<u>1,578,518</u>	<u>1,309,371</u>



	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
12. Short-term borrowings - secured	1,227,500	—
<p>The aggregate financing facility available from commercial banks amounted to Rs.5,313 (September 30, 2017: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.20% (September 30, 2017: 2.25% to 7.54%) per annum.</p>		
13. Contingencies and commitments		
13.1 Contingencies		
<p>There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2017.</p>		
13.2 Commitments		
<p>The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 30, 2017: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,020.11 (September 30, 2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spare parts, stock-in-trade, assignment of trade debts and other receivables.</p> <p>Commitments for capital expenditure amount to Rs.3.49 (September 30, 2017: 65.20) million</p>		
	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
13.3 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	26,179	32,653



14. Segment operating results for the three quarters ended June 30, 2018 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net sales and services											
Sales	Local	2,228,741	1,644,128	316,968	357,409	4,706	2,680	271,510	253,513	2,821,925	2,257,730
	Export	1,074,222	296,563	1,786,640	1,466,407	403,742	189,414	—	114,951	3,264,604	2,067,335
		3,302,963	1,940,691	2,103,608	1,823,816	408,448	192,094	271,510	368,464	6,086,529	4,325,065
Services - Storage income - net		—	—	316	289	—	—	—	—	316	289
		3,302,963	1,940,691	2,103,924	1,824,105	408,448	192,094	271,510	368,464	6,086,845	4,325,354
Less: Cost of sales		(3,039,277)	(1,779,801)	(1,387,124)	(1,464,558)	(362,826)	(180,830)	(329,512)	(332,831)	(5,118,739)	(3,758,020)
Gross Profit / (Loss)		263,686	160,890	716,800	359,547	45,622	11,264	(58,002)	35,633	968,106	567,334
Less: Selling and distribution expenses		(98,016)	(42,242)	(91,706)	(84,529)	(20,460)	(11,908)	(211)	(747)	(210,393)	(139,426)
	Administrative expenses	(114,615)	(99,808)	(8,050)	(10,764)	(3,679)	(3,128)	(173)	(162)	(126,517)	(113,862)
		(212,631)	(142,050)	(99,756)	(95,293)	(24,139)	(15,036)	(384)	(909)	(336,910)	(253,288)
Profit / (Loss) before other operating expenses and other income		51,055	18,840	617,044	264,254	21,483	(3,772)	(58,386)	34,724	631,196	314,046
Other operating expenses - note 15										(47,296)	(32,928)
Other income - note 16										167,560	248,205
Operating Profit										751,460	529,323



14a. Segment operating results for the quarter ended June 30, 2018 (Unaudited)

		(Rupees in thousands)									
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net sales and services											
Sales	Local	869,260	1,014,532	114,278	153,157	1,427	1,201	1,436	43,866	986,401	1,212,756
	Export	871,344	—	672,334	789,461	120,533	66,777	—	114,951	1,664,211	971,189
		1,740,604	1,014,532	786,612	942,618	121,960	67,978	1,436	158,817	2,650,612	2,183,945
Services - Storage income - net		—	—	258	150	—	—	—	—	258	150
		1,740,604	1,014,532	786,870	942,768	121,960	67,978	1,436	158,817	2,650,870	2,184,095
Less: Cost of sales		(1,589,395)	(959,109)	(472,820)	(734,499)	(107,876)	(63,646)	(2,007)	(143,288)	(2,172,098)	(1,900,542)
Gross Profit / (Loss)		151,209	55,423	314,050	208,269	14,084	4,332	(571)	15,529	478,772	283,553
Less: Selling and distribution expenses		(57,572)	(10,468)	(29,731)	(33,333)	(6,857)	(4,567)	(28)	(747)	(94,188)	(49,115)
	Administrative expenses	(40,093)	(35,318)	(1,195)	(3,866)	(1,212)	(1,206)	(53)	(39)	(42,553)	(40,429)
		(97,665)	(45,786)	(30,926)	(37,199)	(8,069)	(5,773)	(81)	(786)	(136,741)	(89,544)
Profit / (Loss) before other operating expenses and other income		53,544	9,637	283,124	171,070	6,015	(1,441)	(652)	14,743	342,031	194,009
Other operating expenses -note 15										(23,051)	(11,935)
Other income - note 16										39,571	41,008
Operating Profit										358,551	223,082



	Three quarters ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
15. Other operating expenses				
Workers' Profit Participation Fund	41,796	28,816	19,136	11,119
Workers' Welfare Fund	5,500	4,112	3,915	816
	<u>47,296</u>	<u>32,928</u>	<u>23,051</u>	<u>11,935</u>
16. Other income				
Profit on sale / redemption of investments	870	113,981	(62)	21,502
Dividend income	104,271	116,021	9,071	16,054
Scrap sales	5,107	11,556	483	908
Gain on disposal of fixed assets	4,605	2,689	2,418	919
Agriculture income	634	2,232	250	461
Exchange gain - net	26,122	1,726	26,213	1,164
Sale of Electricity	25,951	–	1,198	–
	<u>167,560</u>	<u>248,205</u>	<u>39,571</u>	<u>41,008</u>
17. Finance income / (cost) - net				
Profit on treasury call accounts	5,130	7,552	1,497	3,187
Profit on term deposit receipts	65,498	59,904	12,161	5,973
Interest on loan to employees	210	121	63	60
	70,838	67,577	13,721	9,220
Less:				
Mark-up / interest on:				
Short-term borrowings	(19,429)	(40,462)	(6,733)	(17,202)
Workers' Profit Participation Fund	(443)	(1,094)	–	–
Bank charges	(13,800)	(11,953)	(5,865)	(4,658)
	(33,672)	(53,509)	(12,598)	(21,860)
	<u>37,166</u>	<u>14,068</u>	<u>1,123</u>	<u>(12,640)</u>
18. Taxation				
Income tax - current	43,000	3,000	38,500	3,000
Deferred tax	(1,500)	11,000	(8,000)	1,000
	<u>41,500</u>	<u>14,000</u>	<u>30,500</u>	<u>4,000</u>



	(Unaudited)	
	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
19. Cash generated from operations		
Profit before taxation	788,626	543,391
Adjustment for non-cash charges and other items		
Depreciation	191,078	135,942
Gain on disposal of fixed assets	(4,605)	(2,689)
Profit on sale / redemption of investments	(870)	(113,981)
Finance income - net	(37,166)	(14,068)
Dividend income	(104,271)	(116,021)
Working capital changes - note 19.1	(1,369,053)	(3,368,071)
	<u>(536,261)</u>	<u>(2,935,497)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Store and spare parts	(38,602)	(33,760)
Stock-in-trade	(2,024,007)	(3,361,958)
Trade debts	(298,083)	(147,398)
Loans and advances	564,225	(577,988)
Trade deposits and short-term prepayments	2,156	813
Other receivables	(233,857)	(161,171)
	<u>(2,028,168)</u>	<u>(4,281,462)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	269,147	(260,920)
Advance from customers	389,968	1,174,311
Net changes in working capital	<u>(1,369,053)</u>	<u>(3,368,071)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	1,237,555	742,723
Short-term borrowings	(1,227,500)	(1,000,000)
	<u>10,055</u>	<u>(257,277)</u>



21. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

	Three quarters ended		Quarter ended	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
(Rupees in thousands)				
Transactions during the period				
Insurance premium paid	25,064	27,913	12,025	6,330
Insurance claim received	200	8,985	200	1,534
Profit on treasury call accounts / term deposits	70,396	62,217	13,545	8,979
Investment in shares / units of mutual fund	161,900	42,100	26,400	100
Dividend income	76,433	93,865	4,023	9,387
Dividend paid	41,588	65,572	—	—
Redemption of investments	50,209	10,035	—	—
Bank charges	726	386	502	314
Compensation of Key management personnel	40,500	38,145	14,100	13,275
Contribution to retirement funds	11,068	10,278	3,628	3,402
			(Unaudited)	(Audited)
			June 30, 2018	Sept. 30, 2017
			(Rupees in thousands)	

Balances at the end of the period

Bank balances	1,202,699	895,903
Profit accrued on bank deposits	3,268	1,449

Transactions with related parties are carried out under normal commercial terms and conditions.

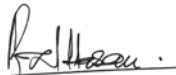
22. Date of authorisation for issue

These unconsolidated condensed interim financial statements were authorised for issue on July 24, 2018 by the Board of Directors of the Company.

23. General

Figures presented in these unconsolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director




Consolidated Condensed Interim Statement of Financial Position as at June 30, 2018 (Unaudited)

	Note	Unaudited June 30, 2018 (Rupees in thousands)	Audited Sept. 30, 2017 (Rupees in thousands)
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,652,337	2,707,501
Long-term investments	5	2,917,135	2,402,965
Long-term loans		4,886	6,570
Long-term deposits		3,928	4,028
		<u>5,578,286</u>	<u>5,121,064</u>
Current Assets			
Stores and spare parts		158,337	119,735
Stock-in-trade	6	3,697,619	1,673,612
Trade debts		552,463	254,380
Loans and advances	7	239,207	803,432
Trade deposits and short-term prepayments		7,593	9,749
Profit accrued on bank deposits		3,279	1,551
Other receivables	8	380,877	136,440
Taxation - net		125,069	98,292
Cash and bank balances	9	1,238,036	924,306
		<u>6,402,480</u>	<u>4,021,497</u>
Total Assets		<u>11,980,766</u>	<u>9,142,561</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 (September 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>7,169,804</u>	<u>6,233,237</u>
		<u>7,919,804</u>	<u>6,983,237</u>
Non-Current Liabilities			
Deferred taxation	10	97,000	98,500
Current Liabilities			
Trade and other payables	11	1,578,556	1,309,421
Advance from customers		1,081,888	691,920
Short-term borrowings	12	1,227,500	—
Unclaimed dividend		69,981	59,483
Accrued mark-up on short-term borrowings		6,037	—
		<u>3,963,962</u>	<u>2,060,824</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>11,980,766</u>	<u>9,142,561</u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Consolidated Condensed Interim Statement of Profit and Loss
for the quarter and cumulative for three quarters ended June 30, 2018 (Unaudited)

	Note	Three Quarter ended		Quarter ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		(Rupees in thousands)			
Segment operating results	14				
Net sales and services		6,086,845	4,325,354	2,650,870	2,184,095
Cost of sales		(5,118,739)	(3,758,020)	(2,172,098)	(1,900,542)
Gross profit		968,106	567,334	478,772	283,553
Selling and distribution expenses		(210,393)	(139,426)	(94,188)	(49,115)
Administrative expenses		(130,095)	(113,874)	(43,792)	(40,441)
Other operating expenses	15	(47,296)	(32,928)	(23,051)	(11,935)
Other income	16	167,560	248,205	39,571	41,008
		(220,224)	(38,023)	(121,460)	(60,483)
Operating profit		747,882	529,311	357,312	223,070
Finance income / (cost) - net	17	37,121	14,068	1,122	(12,640)
Profit before taxation		785,003	543,379	358,434	210,430
Taxation	18	(41,500)	(14,000)	(30,500)	(4,000)
Profit after taxation		743,503	529,379	327,934	206,430
Earnings per share - Basic and diluted	Rs.	4.96	3.53	2.19	1.38

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Amir Bashir Ahmed
 Chief Financial Officer

Raeesul Hasan
 Chief Executive

Murtaza H. Habib
 Director




**Consolidated Condensed Interim Statement of Comprehensive Income
for the quarter and cumulative for three quarters ended June 30, 2018 (Unaudited)**

	Three quarter ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousands)			
Profit after taxation	743,503	529,379	327,934	206,430
Other comprehensive income :				
Items that will be reclassified subsequently to profit & loss :				
Net gain on investments - available for sale				
Increase in unrealised gain on revaluation of investments for the period - net of tax	456,434	574,130	(54,850)	120,760
Reclassification adjustments included in the profit and loss account for: (Gain) / loss on sale / redemption of investments - net of tax	(870)	(113,981)	62	(21,502)
	455,564	460,149	(54,788)	99,258
Total Comprehensive income for the period	1,199,067	989,528	273,146	305,688

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director

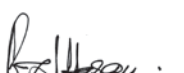


Consolidated Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2018 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves Unappropriated Profit	Unrealised gain / (loss) on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2016	750,000	34,000	3,466,000	827,753	1,453,684	5,781,437	6,531,437
Cash dividend for 2016 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	412,500	(412,500)	-	-	-
Total comprehensive income for the period ended June 30, 2017	-	-	-	529,379	460,149	989,528	989,528
Balance as on June 30, 2017	<u>750,000</u>	<u>34,000</u>	<u>3,878,500</u>	<u>532,132</u>	<u>1,913,833</u>	<u>6,358,465</u>	<u>7,108,465</u>
Balance as on October 1, 2017	750,000	34,000	3,878,500	559,797	1,760,940	6,233,237	6,983,237
Cash dividend for 2017 @ 35%	-	-	-	(262,500)	-	(262,500)	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-	-
Total comprehensive income for the period ended June 30, 2018	-	-	-	743,503	455,564	1,199,067	1,199,067
Balance as on June 30, 2018	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>745,800</u>	<u>2,216,504</u>	<u>7,169,804</u>	<u>7,919,804</u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Consolidated Condensed Interim Statement of Cash Flows for the three quarter ended June 30, 2018 (Unaudited)

	Note	June 30, 2018 (Rupees in thousands)	June 30, 2017
Cash flows from operating activities			
Cash used in operations	19	(553,504)	(2,935,497)
Finance income received - net		41,430	18,405
Income tax paid		(69,777)	(73,111)
Long-term loans		1,684	(2,307)
Long-term deposits		100	(100)
Net cash used in operating activities		(580,067)	(2,992,610)
Cash flows from investing activities			
Fixed capital expenditure		(148,026)	(620,343)
Sale proceeds / redemption of investments		85,536	207,170
Dividend received		107,399	123,098
Purchase of investments		(143,272)	(148,930)
Sale proceeds of fixed assets		16,662	2,777
Net cash used in investing activities		(81,701)	(436,228)
Cash flows from financing activities			
Dividend paid		(252,002)	(403,615)
Net cash used in financing activities		(252,002)	(403,615)
Net decrease in cash and cash equivalents		(913,770)	(3,832,453)
Cash and cash equivalents at the beginning of the period		924,306	3,575,276
Cash and cash equivalents at the end of the period	20	10,536	(257,177)

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Consolidated Condensed Interim Financial Statements for the three quarters ended June 30, 2018 (Unaudited)

1. Group and its Operations

The Group consists of Habib Sugar Mills Limited (the Holding company) and HSM Energy Limited - a wholly owned Subsidiary Company (the Subsidiary Company). Brief profiles of Holding company and its subsidiary company are as follows :

1.1. Holding Company

The Holding Company is a public limited company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Holding Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Holding Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

1.2. Subsidiary Company

HSM Energy Limited is incorporated in Pakistan as a public unlisted company on May 16, 2017. The Principal activity of the Company is to generate electricity through bagasse based power plant and sell it to National Grid. The Company has obtained generation license and was awarded upfront tariff from National Electric Power Regulatory Authority (NEPRA). The Bagasse Based project of the Company is on halt due to non-clarity on the part of the Government for bagasse based energy projects and the petition pending before the Hon'ble High Court of Islamabad filed by the CPPA disputing the tariff awarded to the bagasse based projects and mechanism for purchase of electricity prescribed under the renewable energy policy announced by the Government. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

2. Statement of compliance

These consolidated condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed. These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Holding Company's consolidated annual financial statements for the year ended September 30, 2017.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended September 30, 2017.



	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,598,880	2,508,472
Capital work-in-progress	53,457	196,119
Major stores and spare parts	—	2,910
	<u>2,652,337</u>	<u>2,707,501</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2018 were as follows:		
	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	92,958	12,034
Distillery	12,072	—
Textile	662	—
HSM - Energy	32,231	—
Furniture, fittings and office equipment	9,495	6
Vehicles	608	17
	<u>148,026</u>	<u>12,057</u>
	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
5. Long-term investments - available for sale		
Investments in related parties	— Quoted - at fair value 1,967,661	1,471,409
	— Un-Quoted - at cost 120,500	58,500
Investments in other companies	— Quoted - at fair value 828,974	873,056
	<u>2,917,135</u>	<u>2,402,965</u>
5.1 The aggregate cost of these investments, net of impairment is Rs.700.63 (September 30, 2017: Rs.642.03) million.		
	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
6. Stock-in-trade		
Raw materials	756,904	251,406
Work-in-process	36,575	32,978
Finished goods	2,892,591	1,373,326
Fertilizers	4,192	3,188
Bagasse	7,357	12,714
	<u>3,697,619</u>	<u>1,673,612</u>
7. Loans and advances		
Loans - secured		
Current maturity of long-term loans		
Executives	1,455	1,571
Other Employees	4,529	5,395
	5,984	6,966
Advances - unsecured		
Suppliers	233,223	796,466
	<u>239,207</u>	<u>803,432</u>



	Note	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
8. Other receivables - Considered good			
Duty drawback and research & development support claim		28,072	17,112
Cash freight support receivable		352,420	—
Dividend receivable		208	3,336
Sales tax refundable / adjustable		—	115,686
Others		177	306
		<u>380,877</u>	<u>136,440</u>
9. Cash and bank balances			
Cash in hand		556	273
Balances with banks in:			
Current accounts		80,947	19,582
Treasury call accounts	9.1	86,533	169,451
Term Deposit Receipts	9.2	1,070,000	735,000
	9.3	1,237,480	924,033
		<u>1,238,036</u>	<u>924,306</u>
9.1	Profit rates on Treasury call accounts ranged between 3.75% to 5.80% (September 2017: 3.75% to 5.50%) per annum.		
9.2	Profit rates on Term Deposit Receipts 5.80% to 6.00% (September 30, 2017: 5.80% to 6.05%) per annum. Maturity of these Term Deposit Receipts are one month.		
9.3	Includes Rs.1,202.79 (September 30, 2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.		
		(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
10. Deferred taxation			
Deferred Tax on taxable temporary differences:			
Accelerated tax depreciation allowance on operating fixed assets		210,000	203,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax losses / depreciation allowance		(106,000)	(92,000)
Unadjusted tax credit on investment		—	(5,500)
		<u>(113,000)</u>	<u>(104,500)</u>
		<u>97,000</u>	<u>98,500</u>



	(Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
11. Trade and other payables		
Creditors	1,260,762	1,043,251
Accrued liabilities	244,578	201,938
Sales Tax	16,940	—
Workers' Profit Participation Fund (WPPF)	41,796	26,474
Workers' Welfare Fund	14,345	37,141
Income-tax deducted at source	135	617
	<u>1,578,556</u>	<u>1,309,421</u>
12. Short-term borrowings - secured	<u>1,227,500</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs.5,313 (September 30, 2017: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.20% (September 30, 2017: 2.25% to 7.54%) per annum.

13. Contingencies and commitments

13.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2017.

13.2 Commitments

The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 30, 2017: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,020.11 (September 30, 2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the holding Company. These guarantees are secured by way of registered charge against hypothecation of stores and spare parts, stock-in-trade, assignment of trade debts and other receivables.

Commitments for capital expenditure amount to Rs.3.49 (September 30, 2017: Rs. 65.20) million.

	Unaudited) June 30, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	<u>26,179</u>	<u>32,653</u>



14. Segment operating results for the three quarters ended June 30, 2018 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net sales and services										
Sales	2,228,741	1,644,128	316,968	357,409	4,706	2,680	271,510	253,513	2,821,925	2,257,730
Local	1,074,222	296,563	1,786,640	1,466,407	403,742	189,414	–	114,951	3,264,604	2,067,335
Export	3,302,963	1,940,691	2,103,608	1,823,816	408,448	192,094	271,510	368,464	6,086,529	4,325,065
Services - Storage income - net	–	–	316	289	–	–	–	–	316	289
	3,302,963	1,940,691	2,103,924	1,824,105	408,448	192,094	271,510	368,464	6,086,845	4,325,354
Less: Cost of sales	(3,039,277)	(1,779,801)	(1,387,124)	(1,464,558)	(362,826)	(180,830)	(329,512)	(332,831)	(5,118,739)	(3,758,020)
Gross Profit / (Loss)	263,686	160,890	716,800	359,547	45,622	11,264	(58,002)	35,633	968,106	567,334
Less: Selling and distribution expenses	(98,016)	(42,242)	(91,706)	(84,529)	(20,460)	(11,908)	(211)	(747)	(210,393)	(139,426)
Administrative expenses	(114,615)	(99,808)	(8,050)	(10,764)	(3,679)	(3,128)	(173)	(162)	(126,517)	(113,862)
– Subsidiary company	–	–	–	–	–	–	–	–	(3,578)	(12)
	(114,615)	(99,808)	(8,050)	(10,764)	(3,679)	(3,128)	(173)	(162)	(130,095)	(113,874)
	(212,631)	(142,050)	(99,756)	(95,293)	(24,139)	(15,036)	(384)	(909)	(340,488)	(253,300)
Profit / (Loss) before other operating expenses and other income	51,055	18,840	617,044	264,254	21,483	(3,772)	(58,386)	34,724	627,618	314,034
Other operating expenses -note 15									(47,296)	(32,928)
Other income - note 16									167,560	248,205
Operating Profit									747,882	529,311



14a. Segment operating results for the quarter ended June 30, 2018 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net sales and services										
Sales	869,260	1,014,532	114,278	153,157	1,427	1,201	1,436	43,866	986,401	1,212,756
Local	871,344	—	672,334	789,461	120,533	66,777	—	114,951	1,664,211	971,189
Export	1,740,604	1,014,532	786,612	942,618	121,960	67,978	1,436	158,817	2,650,612	2,183,945
Services - Storage income - net	—	—	258	150	—	—	—	—	258	150
	1,740,604	1,014,532	786,870	942,768	121,960	67,978	1,436	158,817	2,650,870	2,184,095
Less: Cost of sales	(1,589,395)	(959,109)	(472,820)	(734,499)	(107,876)	(63,646)	(2,007)	(143,288)	(2,172,098)	(1,900,542)
Gross Profit / (Loss)	151,209	55,423	314,050	208,269	14,084	4,332	(571)	15,529	478,772	283,553
Less: Selling and distribution expenses	(57,572)	(10,468)	(29,731)	(33,333)	(6,857)	(4,567)	(28)	(747)	(94,188)	(49,115)
Administrative expenses	(40,093)	(35,318)	(1,195)	(3,866)	(1,212)	(1,206)	(53)	(39)	(42,553)	(40,429)
— Subsidiary company	—	—	—	—	—	—	—	—	(1,239)	(12)
	(40,093)	(35,318)	(1,195)	(3,866)	(1,212)	(1,206)	(53)	(39)	(43,792)	(40,441)
	(97,665)	(45,786)	(30,926)	(37,199)	(8,069)	(5,773)	(81)	(786)	(137,980)	(89,556)
Profit / (Loss) before other operating expenses and other income	53,544	9,637	283,124	171,070	6,015	(1,441)	(652)	14,743	340,792	193,997
Other operating expenses -note 15									(23,051)	(11,935)
Other income - note 16									39,571	41,008
Operating Profit									357,312	223,070



	Three quarters ended		Quarter ended	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
	(Rupees in thousands)			
15. Other operating expenses				
Workers' Profit Participation Fund	41,796	28,816	19,136	11,119
Workers' Welfare Fund	5,500	4,112	3,915	816
	<u>47,296</u>	<u>32,928</u>	<u>23,051</u>	<u>11,935</u>
16. Other income				
Profit on sale / redemption of investments	870	113,981	(62)	21,502
Dividend income	104,271	116,021	9,071	16,054
Scrap sales	5,107	11,556	483	908
Gain on disposal of fixed assets	4,605	2,689	2,418	919
Agriculture income	634	2,232	250	461
Exchange gain - net	26,122	1,726	26,213	1,164
Sale of Electricity	25,951	—	1,198	—
	<u>167,560</u>	<u>248,205</u>	<u>39,571</u>	<u>41,008</u>
17. Finance income / (cost) - net				
Profit on treasury call accounts	5,130	7,552	1,497	3,187
Profit on term deposit receipts	65,498	59,904	12,161	5,973
Interest on loan to employees	210	121	63	60
	<u>70,838</u>	<u>67,577</u>	<u>13,721</u>	<u>9,220</u>
Less:				
Mark-up / interest on:				
Short-term borrowings	(19,429)	(40,462)	(6,733)	(17,202)
Workers' Profit Participation Fund	(443)	(1,094)	—	—
Bank charges	(13,845)	(11,953)	(5,866)	(4,658)
	<u>(33,717)</u>	<u>(53,509)</u>	<u>(12,599)</u>	<u>(21,860)</u>
	<u>37,121</u>	<u>14,068</u>	<u>1,122</u>	<u>(12,640)</u>
18. Taxation				
Income tax - current	43,000	3,000	38,500	3,000
Deferred tax	(1,500)	11,000	(8,000)	1,000
	<u>41,500</u>	<u>14,000</u>	<u>30,500</u>	<u>4,000</u>



	(Unaudited)	
	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
19. Cash generated from operations		
Profit before taxation	785,003	543,379
Adjustment for non-cash charges and other items		
Depreciation	191,133	135,942
Gain on disposal of fixed assets	(4,605)	(2,689)
Profit on sale / redemption of investments	(870)	(113,981)
Finance income - net	(37,121)	(14,068)
Dividend income	(104,271)	(116,021)
Working capital changes - note 19.1	(1,382,773)	(3,368,059)
	<u>(553,504)</u>	<u>(2,935,497)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Store and spare parts	(38,602)	(33,760)
Stock-in-trade	(2,024,007)	(3,361,958)
Trade debts	(298,083)	(147,398)
Loans and advances	564,225	(577,988)
Trade deposits and Short-term prepayments	2,156	813
Other receivables	(247,565)	(161,159)
	<u>(2,041,876)</u>	<u>(4,281,450)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	269,135	(260,920)
Advance from customers	389,968	1,174,311
Net changes in working capital	<u>(1,382,773)</u>	<u>(3,368,059)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	1,238,036	742,823
Short-term borrowings	(1,227,500)	(1,000,000)
	<u>10,536</u>	<u>(257,177)</u>



21. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

	Three quarters ended		Quarter ended	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
	(Rupees in thousands)			
Transactions during the period				
Insurance premium paid	25,064	27,913	12,025	6,330
Insurance claim received	200	8,985	200	1,534
Profit on treasury call accounts / term deposits	70,396	62,217	13,545	8,979
Investment in shares / units of mutual fund	112,000	42,100	26,400	100
Dividend income	76,433	93,865	4,023	9,387
Dividend paid	41,588	65,572	–	–
Redemption of investments	50,209	10,035	–	–
Bank charges	726	386	502	314
Compensation of Key management personnel	40,500	38,145	14,100	13,275
Contribution to retirement funds	11,068	10,278	3,628	3,402
			(Unaudited)	(Audited)
			June 30, 2018	Sept. 30, 2017
			(Rupees in thousands)	

Balances at the end of the period

Bank balances	1,202,794	895,903
Profit accrued on bank deposits	3,268	1,449

Transactions with related parties are carried out under normal commercial terms and conditions.


22. Date of authorisation for issue

These consolidated condensed interim financial statements were authorised for issue on July 24, 2018 by the Board of Directors of the Company.

23. General

Figures presented in these consolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



دوران 3.77 ملین روپے کا خسارہ تھا۔ منافع میں اضافے کی وجہ فروخت کے حجم میں ٹھوس اضافہ، قیمت فروخت میں اضافہ اور حکومت کی جانب سے ٹیکسٹائل پیکیج میں برآمدات پر ریپیٹ ملنے کی وجہ سے ہوا۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران ڈویژن کو 58.39 ملین روپیہ کا خسارہ شکر کی تجارت سے ہوا۔ مقابلہ گزشتہ سال اسی مدت کے درمیان 34.72 ملین روپے کا منافع ہوا تھا۔ ڈویژن نے شکر کی تجارت میں خسارہ مقامی منڈیوں میں شکر کی تیزی سے گرتی ہوئی قیمتوں کی وجہ سے ہوا۔

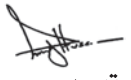
بگاس پرنٹی کو جزییشن کا منصوبہ:

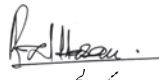
کمپنی کا بگاس پرنٹی منصوبہ گورنمنٹ کی جانب سے بگاس پرنٹی توانائی کے منصوبوں پر غیر واضح صورتحال کی وجہ سے رکا ہوا ہے۔ اور معزز ہائی کورٹ آف اسلام آباد میں CPPA کی جانب سے درخواست داخل کی گئی جو کہ زیر التوا ہے جس میں بجلی خریدنے کے ٹیرف پر اور اس کے خریدنے کے طریقہ کار پر اختلاف کیا گیا اور گورنمنٹ نے توانائی پالیسی کی تجدید کے تحت بگاس پرنٹی توانائی کے ٹیرف کے طریقہ کار کا اعلان کیا تھا۔

عام امور:

ڈائریکٹر اس امر پر اپنی خوشی کا اظہار کرتے ہوئے کمپنی کے افسران، اسٹاف اور ورکرز کی بہترین کارکردگی پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز


مر قاضی ایچ حبیب
ڈائریکٹر


رئیس احسن
چیف ایگزیکٹو

کراچی مورخہ 24 جولائی 2018ء



حساب سے جو کہ یکطرفہ اور غیر منصفانہ ہے۔ ہم یہ امید کرتے ہیں کہ کورٹ شکر کی قومی اور بین الاقوامی منڈیوں میں مسلسل گرتی ہوئی قیمتوں کو مد نظر رکھتے ہوئے حتمی فیصلہ کرے گی۔

ملک میں اضافی شکر کے ذخائر کو ملحوظ رکھتے ہوئے اکنامک کوآرڈینیشن کمیٹی آف کیمنیٹ (ای سی سی) نے 1,500,000 ٹن شکر کی درآمد کرنے کی اجازت دی اس کے ساتھ کیش فریٹ سپورٹ -/10.70 روپے فی کلوگرام جو کہ وفاقی اور صوبائی حکومت آپس میں مساوی حصہ دینگی۔ اس کے علاوہ سندھ گورنمنٹ نے سندھ کی شوگر ملوں کیلئے اضافی کیش فریٹ سپورٹ -/9.30 روپے فی کلوگرام 500,000 ٹن چینی درآمد کرنے پر دینے کا اعلان کیا ہے اور ہر مل کیلئے 20,000 ٹن کی حد مقرر کی ہے۔ اسٹیٹ بینک آف پاکستان کے ذرائع کے مطابق 1,500,000 ٹن کی اجازت پہلے ہی ملوں کو دی جا چکی ہے اور اس میں سے آپ کی کمپنی نے 30 جون 2018 تک 18,830 ٹن چینی درآمد کر چکی ہے۔

زیر جائزہ مدت کے دوران شکر ڈویژن نے آپریٹنگ منافع 51.06 ملین روپے کیا جس کا موازنہ گزشتہ سال اسی مدت کے دوران 18.84 ملین روپے کا منافع کیا تھا۔

ڈسٹری ڈویژن:

زیر جائزہ مدت کے دوران اس ڈویژن کا پلانٹ 243 دن چلا اور 24,823 میٹرک ٹن استھانول تیار ہوا اور گزشتہ سال اسی مدت کے دوران 253 دن میں 24,138 میٹرک ٹن پیداوار رہی تھی۔ ڈویژن نے 617.04 ملین روپے کا آپریٹنگ منافع حاصل کیا مقابلہ گزشتہ سال اسی مدت کے دوران 264.25 ملین روپے منافع حاصل کیا تھا۔ گزشتہ سال کی مدت کے مقابلے میں منافع میں اضافے کی وجہ فروخت کے حجم میں اضافہ، بہتر قیمت فروخت اور پیداواری لاگت میں کمی کی وجہ سے ہوا۔

زیر جائزہ مدت کے دوران لیکوئیڈ کاربن ڈائی آکسائیڈ کی پیداوار 6,699 میٹرک ٹن رہی مقابلہ گزشتہ سال اسی مدت کے دوران 7,823 میٹرک ٹن تھی۔ پونٹ کا حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر مدت کے دوران 21.48 ملین روپے آپریٹنگ منافع حاصل کیا اس کے برعکس گزشتہ سال اسی مدت کے



حکومت سندھ نے 5 دسمبر 2017 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2017-2018 کے ٹنڈیکشن کا اجراء کیا جس میں گنے کی قیمت -/182 روپے فی 40 کلوگرام مقرر کی گئی وہی قیمت جو گزشتہ سیزن 2016-2017 میں مقرر کی گئی تھی۔ علاوہ ازیں ملز کو الٹی پریمیم شکر کی اوسط ریکوری کے بیچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرے گی۔ حالانکہ ٹنڈیکشن کے مطابق یہ معاملہ معزز سپریم کورٹ آف پاکستان میں زیر سماعت ہے اور وفاقی حکومت کی اسٹیرنگ کمیٹی کے فیصلہ کے مطابق کو الٹی پریمیم کا معاملہ سپریم کورٹ کے فیصلے تک معطل رہے گا یا وفاقی حکومت کوئی متفقہ لائحہ عمل طے نہ کرے۔

سندھ گورنمنٹ نے گنے کی کم از کم سپورٹ پرائس -/182 روپے فی 40 کلوگرام مقرر کرنے میں نا انصافی کی اور اسکی مطابقت شکر کی قیمتوں میں قومی اور بین الاقوامی منڈیوں کے حساب سے نہیں کی۔ آپ کی کمپنی نے دوسری شوگر ملز کے ساتھ مل کر ایک پٹیشن معزز ہائی کورٹ آف سندھ میں دائر کی ہے اور استدعا کی ہے کہ مقرر کردہ قیمت یکطرفہ اور غیر منصفانہ ہے اور اس کے نتیجے میں صوبہ سندھ کی شکر کی صنعت مالی بحران اور اقتصادی تباہی کا شکار ہوگی۔

محترم ہائی کورٹ آف سندھ نے 22 دسمبر 2017 کو عبوری حکم جاری کیا کہ شوگر ملز کسانوں کو 23 دسمبر 2017 سے -/172 روپے فی 40 کلوگرام کی ادائیگی کرے اور اسکے ساتھ کورٹ کے ناظر کو عبوری حکم کے تین ہفتوں کے اندر قیمتوں کے فرق (جو کہ 10 روپے فی 40 کلوگرام ہے) کے مساوی ضمانت 2016-2017 کی کرٹنگ کے حساب سے جمع کروائی جائے۔ اس حکم کے خلاف شوگر ملوں نے دوبارہ غور کے لئے محترم ہائی کورٹ آف سندھ میں درخواست دائر کی۔

30 جنوری 2018 کو معزز ہائی کورٹ آف سندھ نے تمام مستفیدان کی باہمی رضامندی سے کھلی عدالت میں اعلان کیا کہ فریقین کے حقوق کو نقصان پہنچائے بغیر اور معزز سپریم کورٹ میں دائر کردہ مقدمات کے حتمی فیصلہ آنے تک مل 2017-2018 سیزن کے لئے -/160 فی 40 کلوگرام کے حساب سے گنے کی خریداری کریں گی۔ یہ عبوری فیصلہ تمام مستفیدان جو کہ زمیندار، بلیں اور گورنمنٹ آف سندھ پر اطلاق ہوگا۔

معزز ہائی کورٹ کا فیصلہ جو کہ تمام مستفیدان کی متفقہ رضامندی سے کیا گیا جس کی روشنی میں شکر ڈویژن کے حسابات میں گنے کی خریداری کی قیمت 160 روپے سے لی گئی ہے اور نہ کہ سندھ گورنمنٹ کی مقرر کردہ قیمت 182 روپے فی 40 کلوگرام کے



ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2018ء کو ختم ہونے والی تیسری سہ ماہی مدت کے کمپنی کی غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

مالیاتی نتائج:

اللہ کے فضل و کرم سے زیرِ جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 788.63 ملین روپے رہی۔ تیسری سہ ماہی مدت کے مالیاتی نتائج درج ذیل ہیں:-

(روپے ہزاروں میں)

788,626

منافع قبل از ٹیکس

41,500

ٹیکسیشن

747,126

منافع بعد از ٹیکسیشن

2,395

غیر منقسمہ منافع براڈ فارورڈ

749,521

غیر منقسمہ منافع کیری فارورڈ

4.98

منافع فی شیئر۔ بنیادی اور معتدل۔ روپیہ

کارکردگی کا جائزہ:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2017-2018 29 نومبر 2017 کو شروع ہوا اور 17 اپریل 2018 تک پلانٹ کو چلایا گیا۔ موجودہ سیزن کے دوران گنے کی کرشنگ 1,028,901 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.30 فیصد رہا اور شکر کی پیداوار 106,005 میٹرک ٹن ہوئی۔ مقابلہ گزشتہ سیزن میں گنے کی کرشنگ 865,530 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 9.97 فیصد تھی اور شکر کی پیداوار 86,316 میٹرک ٹن تھی۔