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## Company Information

|  |  |   |
|--|--|---|
| <b>Board of Directors</b>                          | Asghar D. Habib<br>Ali Raza D. Habib<br>Muhammad Nawaz Tishna<br>Murtaza H. Habib<br>Amin Ali Abdul Hamid<br>Shams Mohammad Haji<br>Farouq Habib Rahimtoola<br>Raeesul Hasan   | <i>Chairman</i><br><br><br><br><br><br><br><i>Chief Executive</i> |
| <b>Audit Committee</b>                             | Amin Ali Abdul Hamid<br>Ali Raza D. Habib<br>Shams Mohammad Haji   | Chairman<br>Member<br>Member                                      |
| <b>Human Resource &amp; Remuneration Committee</b> | Shams Mohammad Haji<br>Amin Ali Abdul Hamid<br>Raeesul Hasan   | Chairman<br>Member<br>Member                                      |
| <b>Company Secretary</b>                           | Amir Bashir Ahmed  |   |
| <b>Registered Office</b>                           | 3rd Floor, Imperial Court,<br>Dr. Ziauddin Ahmed Road,<br>Karachi-75530<br>Phones : (+92-21) 35680036 - 5 Lines<br>Fax : (+92-21) 35684086<br>www : habib.com/sugar<br>E-mail : sugar@habib.com  |   |
| <b>Mills</b>                                       | <b>Sugar &amp; Distillery Division</b><br>Nawabshah District Shaheed Benazirabad<br>Phones : (+92-244) 360751 - 5 Lines<br>Fax : (+92-244) 361314<br><br><b>Textile Division</b><br>D-140/B-1 Manghopir Road,<br>S.I.T.E. Karachi-75700<br>Phones : (+92-21) 32571325, 32572119<br>Fax : (+92-21) 32572118 |   |
| <b>Bulk Storage</b>                                | <b>Terminal</b><br>60/1-B Oil Installation Area<br>Keamari Karachi-75620<br>Phones : (+92-21) 32852003-4<br>Fax : (+92-21) 32852005  |   |
| <b>Bankers</b>                                     | Allied Bank Limited<br>Bank AL Habib Limited<br>First Women Bank Limited<br>Habib Bank Limited<br>Habib Metropolitan Bank Limited<br>MCB Bank Limited<br>Meezan Bank Limited<br>National Bank of Pakistan<br>United Bank Limited   |   |
| <b>Statutory Auditors</b>                          | EY Ford Rhodes<br>Chartered Accountants  |   |
| <b>Share Registrar</b>                             | THK Associates (Pvt.) Limited<br>1st Floor, 40-C, Block-6,<br>P.E.C.H.S, Karachi-75400<br>Phones : (+92-21) 111-000-322<br>Fax : (+92-21) 34168271<br>E-mail : secretariat@thk.com.pk<br>info@thk.com.pk<br>Website : www.thk.com.pk   |   |



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## **VISION STATEMENT**

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 consolidated and unconsolidated condensed interim financial statements of the Company for the half year ended March 31, 2019.

### 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.564.45 million. The financial results for the half year are as follows :

(Rupees in thousands)

|  |          |
|--|----------|
| Profit before taxation                 | 564,453  |
| Taxation                               | 50,000   |
| Profit after taxation                  | 514,453  |
| Unappropriated profit brought forward  | 5,781    |
| Unappropriated profit carried forward  | 520,234  |
| Earnings per share – Basic and diluted | Rs. 3.43 |

### Performance Review

#### Sugar Division

The crushing season 2018-19 commenced on December 10, 2018 and the plant operated upto March 17, 2019 for 98 days as against 140 days in the preceding season. Sugarcane crushed during the current season was 771,864 M. Tons with average sucrose recovery of 10.87 % and sugar production of 83,910 M.Tons as compared with crushing of 1,028,901 M. Tons with average sucrose recovery of 10.30 % and sugar production of 106,005 M. Tons during the preceding season.

The Government of Sindh on December 7, 2018 issued notification fixing the minimum support price of sugarcane for the crushing season 2018-19 at Rs.182 per 40 kgs. In addition, mills are also 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%.

In December 2018, after reviewing the sugar stock position in the country the Economic Co-ordination Committee (ECC) of the cabinet allowed export of 1.100 million tons of sugar without any financial support and inland freight subsidy. Against the above permission, approximately 0.185 million was exported so far by the mills, however, due to continued depressed sugar prices in the international market export of sugar was not considered viable by the company.

The sugar division earned operating profit of Rs. 17.15 million as against operating loss of Rs. 2.5 million during the corresponding period of the previous year.



### **Distillery Division**

During the period under review, the division operated for 165 days and produced 16,511 M. Tons of ethanol as against 154 days of operations and production of 14,985 M. Tons during the corresponding period of the previous year. The division earned operating profit of Rs. 393.16 million as compared with Rs.333.92 million during the corresponding period of previous year. The increase in profit was mainly due to devaluation of Pak rupee against dollar.

The liquidified carbon dioxide (CO<sub>2</sub>) unit operated satisfactorily and produced 3,354 M. Tons as compared with 3,717 M. Tons during the corresponding period of the previous year.

### **Textile Division**

The division earned operating profit of Rs.15.86 million during the period under review, as against profit of Rs.15.47 million during the corresponding period of previous year.

### **Trading Division**

During the period under review, the performance of trading division remained satisfactory.

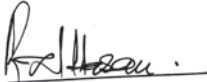
### **Bagasse Based Co-Generation Project**

The Bagasse Based project of the Company is on hold due to non-clarity on the part of the Government for bagasse based energy projects and pending litigation before the Islamabad High Court filed by the CPPA regarding tariff. The outcome of the above case is crucial for the future of these projects. The management is reviewing the situation and future course of action will be decided upon the favourable outcome of the pending case.

### **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: May 21, 2019



**INDEPENDENT AUDITORS' REVIEW REPORT**  
**TO THE MEMBERS OF HABIB SUGAR MILLS LIMITED**  
**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Habib Sugar Mills Limited (the Company) as at 31 March 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of other comprehensive income for the three-months period ended 31 March 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 31 March 2019.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shaikh Ahmed Salman.

*EY Ford Rhodes*

EY Ford Rhodes  
Chartered Accountants

Karachi: 23 May 2019

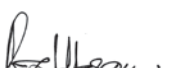


## Unconsolidated Condensed Interim Statement of Financial Position as at March 31, 2019

|   | Note | Unaudited<br>March 31,<br>2019<br>(Rupees in thousands) | Audited<br>Sept. 30,<br>2018 |
|---|------|---|------------------------------|
| <b>Assets</b>                                 |      |   |                              |
| <b>Non-Current Assets</b>                     |      |   |                              |
| Fixed assets                                  |      |   |                              |
| Property, plant and equipment                 | 4    | 2,544,454   | 2,645,188                    |
| Long-term investments                         | 5    | 3,074,910   | 2,948,619                    |
| Long-term loans                               |      | 5,460   | 4,799                        |
| Long-term deposits                            |      | 3,928   | 3,928                        |
|   |      | <u>5,628,752</u>  | <u>5,602,534</u>             |
| <b>Current Assets</b>                         |      |   |                              |
| Stores and spare parts                        |      | 160,381   | 162,734                      |
| Stock-in-trade                                | 6    | 6,176,809   | 2,764,095                    |
| Trade debts                                   |      | 324,340   | 511,542                      |
| Loans and advances                            | 7    | 559,608   | 390,470                      |
| Trade deposits and short-term prepayments     |      | 8,122   | 9,517                        |
| Profit accrued on bank deposits               |      | 1,598   | 2,741                        |
| Other receivables                             | 8    | 125,999   | 128,283                      |
| Taxation - net                                |      | 126,618   | 121,320                      |
| Cash and bank balances                        | 9    | 564,431   | 766,875                      |
|   |      | <u>8,047,906</u>  | <u>4,857,577</u>             |
| <b>Total Assets</b>                           |      | <u>13,676,658</u>                                       | <u>10,460,111</u>            |
| <b>Equity and Liabilities</b>                 |      |   |                              |
| <b>Share Capital and Reserves</b>             |      |   |                              |
| Share Capital                                 |      |   |                              |
| Authorised                                    |      |   |                              |
| 150,000,000 (September 30, 2018: 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 30, 2018: 150,000,000) |      |   |                              |
| Ordinary shares of Rs. 5 each                 |      | <u>750,000</u>  | <u>750,000</u>               |
| Reserves                                      |      | <u>7,497,419</u>  | <u>7,353,970</u>             |
|   |      | <u>8,247,419</u>  | <u>8,103,970</u>             |
| <b>Non-Current Liabilities</b>                |      |   |                              |
| Deferred taxation                             | 10   | 84,000  | 86,000                       |
| <b>Current Liabilities</b>                    |      |   |                              |
| Trade and other payables                      | 11   | 1,755,917   | 1,500,164                    |
| Advance from customers                        |      | 1,490,860   | 702,369                      |
| Short-term borrowings                         | 12   | 1,999,900   | —                            |
| Unclaimed dividends                           |      | 81,863  | 67,608                       |
| Accrued mark-up on short-term borrowing       |      | 16,699  | —                            |
|   |      | <u>5,345,239</u>  | <u>2,270,141</u>             |
| <b>Contingencies and Commitments</b>          | 13   |   |                              |
| <b>Total Equity and Liabilities</b>           |      | <u>13,676,658</u>                                       | <u>10,460,111</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 or Loss for the half year ended March 31, 2019 (Unaudited)

|   | Note | Half year ended       |                   | Quarter ended     |                   |
|---|------|-----------------------|-------------------|-------------------|-------------------|
|   |      | March 31,<br>2019     | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
|   |      | (Rupees in thousands) |                   |                   |                   |
| <b>Segment operating results</b>                            | 14   |                       |                   |                   |                   |
| Net sales and services                                      |      | 3,118,429             | 3,435,975         | 1,717,896         | 1,608,900         |
| Cost of sales   |      | (2,478,341)           | (2,946,641)       | (1,391,905)       | (1,072,105)       |
| <b>Gross profit</b>   |      | 640,088               | 489,334           | 325,991           | 536,795           |
| Selling and distribution expenses                           |      | (123,877)             | (116,205)         | (76,123)          | (83,395)          |
| Administrative expenses                                     |      | (90,456)              | (83,964)          | (43,871)          | (42,757)          |
| Other operating expenses                                    | 15   | (33,919)              | (24,245)          | (16,355)          | (23,395)          |
| Impairment on long-term investments<br>- available for sale |      | (30,579)              | —                 | (30,579)          | —                 |
| Other income  | 16   | 157,805               | 127,989           | 103,614           | 98,176            |
|   |      | (121,026)             | (96,425)          | (63,314)          | (51,371)          |
| <b>Operating profit</b>                                     |      | 519,062               | 392,909           | 262,677           | 485,424           |
| Finance income - net  | 17   | 45,391                | 36,043            | 6,062             | 12,932            |
| <b>Profit before taxation</b>                               |      | 564,453               | 428,952           | 268,739           | 498,356           |
| Taxation  | 18   | (50,000)              | (11,000)          | (25,000)          | (5,500)           |
| <b>Profit after taxation</b>                                |      | 514,453               | 417,952           | 243,739           | 492,856           |
| <b>Earnings per share - Basic and diluted</b>               | Rs.  | 3.43                  | 2.79              | 1.62              | 3.29              |

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



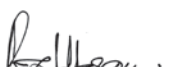


## Unconsolidated Condensed Interim Statement of Comprehensive Income for the half year ended March 31, 2019 (Unaudited)

|   | Half year ended       |                   | Quarter ended     |                   |
|---|-----------------------|-------------------|-------------------|-------------------|
|   | March 31,<br>2019     | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
|   | (Rupees in thousands) |                   |                   |                   |
| <b>Profit after taxation</b>  | 514,453               | 417,952           | 243,739           | 492,856           |
| <b>Other comprehensive income :</b>   |                       |                   |                   |                   |
| <b>Items that may reclassified subsequently to the statement of profit or loss:</b> |                       |                   |                   |                   |
| <b>Net gain on investments - available for sale</b>                                 |                       |                   |                   |                   |
| Unrealised gain on revaluation of investments<br>for the period                     | 41,496                | 511,284           | 403,132           | 554,120           |
| Reclassification adjustments included in the<br>statement of profit or loss for:    |                       |                   |                   |                   |
| Gain on sale / redemption of investments<br>- net of tax                            | -                     | (932)             | -                 | (1,156)           |
|   | 41,496                | 510,352           | 403,132           | 552,964           |
| <b>Total Comprehensive income for the period</b>                                    | <b>555,949</b>        | <b>928,304</b>    | <b>646,871</b>    | <b>1,045,820</b>  |

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 half year ended March 31, 2019 (Unaudited)

|  | Issued<br>Subscribed<br>and<br>Paid-up<br>Capital | Capital<br>Reserve | Revenue Reserves   | Unrealised<br>gain on<br>investments<br>available<br>for sale | Total<br>Reserves | Total<br>Equity  |
|--|---|--------------------|--------------------|---|-------------------|------------------|
|  |   |                    | General<br>Reserve | Unappro-<br>priated<br>Profit                                 |                   |                  |
|  | (Rupees in thousands)                             |                    |                    |   |                   |                  |
| <b>Balance as on October 1, 2017</b>                                 | 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<br>for the half year ended March 31, 2018 | -   | -                  | -                  | 417,952   | 510,352           | 928,304          |
| <b>Balance as on March 31, 2018</b>                                  | <u>750,000</u>                                    | <u>34,000</u>      | <u>4,173,500</u>   | <u>420,347</u>  | <u>6,899,139</u>  | <u>7,649,139</u> |
| <b>Balance as on October 1, 2018</b>                                 | 750,000   | 34,000             | 4,173,500          | 903,281   | 2,243,189         | 8,103,970        |
| Cash dividend for 2018 @ 55%   | -   | -                  | -                  | (412,500)   | -                 | (412,500)        |
| Transfer to general reserve  | -   | -                  | 485,000            | (485,000)   | -                 | -                |
| Total comprehensive income for the<br>half year ended March 31, 2019 | -   | -                  | -                  | 514,453   | 41,496            | 555,949          |
| <b>Balance as on March 31, 2019</b>                                  | <u>750,000</u>                                    | <u>34,000</u>      | <u>4,658,500</u>   | <u>520,234</u>  | <u>2,284,685</u>  | <u>8,247,419</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 half year ended March 31, 2019 (Unaudited)

|  | Note | March 31,<br>2019 | March 31,<br>2018 |
|--|------|-------------------|-------------------|
| (Rupees in thousands)                                    |      |                   |                   |
| <b>Cash flows from operating activities</b>              |      |                   |                   |
| Cash used in operations                                  | 19   | (1,695,863)       | (995,513)         |
| Finance income received - net                            |      | 63,233            | 42,653            |
| Income tax paid  |      | (57,298)          | (42,927)          |
| Long-term loans  |      | (661)             | 1,320             |
| Long-term deposits                                       |      | —                 | 100               |
| Net cash used in operating activities                    |      | (1,690,589)       | (994,367)         |
| <b>Cash flows from investing activities</b>              |      |                   |                   |
| Fixed capital expenditure                                |      | (25,820)          | (109,613)         |
| Sale proceeds / redemption of investments                |      | —                 | 81,020            |
| Dividend received  |      | 21,195            | 23,419            |
| Purchase of investments                                  |      | (115,374)         | (166,772)         |
| Sale proceeds of fixed assets                            |      | 6,489             | 3,291             |
| Net cash used in investing activities                    |      | (113,510)         | (168,655)         |
| <b>Cash flows from financing activities</b>              |      |                   |                   |
| Dividend paid  |      | (398,245)         | (247,722)         |
| Net cash used in financing activities                    |      | (398,245)         | (247,722)         |
| Net decrease in cash and cash equivalents                |      | (2,202,344)       | (1,410,744)       |
| Cash and cash equivalents at the beginning of the period |      | 766,875           | 924,206           |
| Cash and cash equivalents at the end of the period       | 20   | (1,435,469)       | (486,538)         |

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 half year ended March 31, 2019 (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 (CO<sub>2</sub>), 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.

These are separate unconsolidated financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest.

### 2. Statement of compliance

These unconsolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These 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, 2018.

### 3. Significant accounting policies and disclosures

The accounting policies and methods of computations 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, 2018 except for adoption of IFRS 15.

#### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.

The Company is engaged in sale of goods and providing bulk storage facilities. The Company has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Company's transfer of goods takes place upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms. Performance obligation in contracts with customers for bulk storage facilities is discharge over the period of relationship with relevant customers.

Based on the above, the Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.



|   | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
|---|---|--------------------------------|
| <b>4. Fixed assets</b>  |   |                                |
| <b>4.1 Property, plant and equipment</b>  |   |                                |
| Operating fixed assets  | 2,544,454   | 2,605,198                      |
| Capital work-in-progress  | –   | 39,990                         |
|   | <u>2,544,454</u>  | <u>2,645,188</u>               |
| <b>4.2 Cost of additions to and written down value of deletions from fixed assets during the half year ended March 31, 2019 were as follows:</b>  |   |                                |
|   | Additions<br>(Rupees in thousands)                        | Deletions                      |
| Plant and machinery   |   |                                |
| Sugar   | 19,345  | 2,770                          |
| Distillery  | 1,400   | –                              |
| Furniture, fittings and office equipment  | 5,075   | 33                             |
| Vehicles  | –   | 37                             |
|   | <u>25,820</u>   | <u>2,840</u>                   |
|   | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
| Note  |   |                                |
| <b>5. Long-term investments</b>   |   |                                |
| Investments in subsidiary company– at cost  | 50,000  | 50,000                         |
| <b>Available for sale</b>   |   |                                |
| Investments in related parties – Quoted - at fair value   | 2,125,631   | 2,012,212                      |
| – Un-Quoted - at cost   | 158,900   | 120,500                        |
| Investments in other companies – Quoted - at fair value   | 740,379   | 765,907                        |
| 5.2   | <u>3,074,910</u>  | <u>2,948,619</u>               |
| <b>5.1</b> Investments in subsidiary company, associated companies or undertakings have been made in accordance with the requirements of the Act. |   |                                |
| <b>5.2</b> The aggregate cost of these investments, net of impairment is Rs.790.23 (September 30, 2018: Rs.705.43) million.                       |   |                                |
|   | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
| <b>6. Stock-in-trade</b>  |   |                                |
| Raw materials   | 894,289   | 443,865                        |
| Work-in-process   | 38,038  | 45,989                         |
| Finished goods  | 5,172,510   | 2,249,788                      |
| Bagasse   | 66,601  | 20,332                         |
| Fertilizers   | 5,371   | 4,121                          |
|   | <u>6,176,809</u>  | <u>2,764,095</u>               |



|   | Note  | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
|---|---|---|--------------------------------|
| <b>7. Loans and advances</b>  |   |   |                                |
| Loans - secured   |   |   |                                |
| Current maturity of long-term loans   |   |   |                                |
| Executives  |   | 377   | 767                            |
| Other Employees   |   | 4,188   | 4,940                          |
|   |   | 4,565   | 5,707                          |
| Advances - unsecured  |   |   |                                |
| Suppliers   |   | 555,043   | 384,763                        |
|   |   | 559,608   | 390,470                        |
| <b>8. Other receivables - Considered good</b>   |   |   |                                |
| Duty drawback and research & development support claim  |   | 31,794  | 31,582                         |
| Cash freight support receivable   |   | —   | 89,280                         |
| Dividend receivable   | 8.1   | 63,309  | 3,673                          |
| Sales-Tax / Federal excise duty   |   | 13,176  | —                              |
| Sale of Electricity   |   | 10,870  | —                              |
| Others  | 8.2   | 6,850   | 3,748                          |
|   |   | 125,999   | 128,283                        |
| <b>8.1</b>  | Includes Rs. 60.34 million (September 30, 2018: Nil) from Bank Al Habib Limited a related party.  |   |                                |
| <b>8.2</b>  | Includes Rs.6.40 (September 30, 2018: Rs.3.46) million from HSM Energy Limited - wholly owned subsidiary. Maximum aggregate amount due from the subsidiary company at the end of any month during the period was Rs.6.40 (2018: 50.70) million. |   |                                |
| <b>9. Cash and bank balances</b>  |   |   |                                |
| Cash in hand  |   | 214   | 275                            |
| Balances with banks in:   |   |   |                                |
| Current accounts  |   | 66,021  | 99,752                         |
| Treasury call accounts  | 9.1   | 108,196   | 126,848                        |
| Term Deposit Receipts   | 9.2   | 390,000   | 540,000                        |
|   | 9.3   | 564,217   | 766,600                        |
|   |   | 564,431   | 766,875                        |
| <b>9.1</b>  | Profit rates on Treasury call accounts ranged between 6.50% to 9.00% (September 30, 2018: 3.75% to 6.40%) per annum.  |   |                                |
| <b>9.2</b>  | Profit rates on Term Deposit Receipts 6.80% to 9.35% (September 30, 2018: 5.80% to 6.80%) per annum. Maturity of these Term Deposit Receipts are one month.   |   |                                |
| <b>9.3</b>  | Includes Rs.498.05 (September 30, 2018: Rs.695.16) million kept with Bank AL Habib Limited - a related party.   |   |                                |
| <b>10. Deferred taxation</b>  |   |   |                                |
| Deferred Tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences: |   | 204,000   | 210,000                        |
| Deferred tax asset on deductible temporary differences:   |   |   |                                |
| Provision for obsolescence and slow moving stores & spare parts   |   | (7,000)   | (7,000)                        |
| Unabsorbed tax depreciation allowance   |   | (113,000)   | (117,000)                      |
|   |   | (120,000)   | (124,000)                      |
|   |   | 84,000  | 86,000                         |



|  | (Unaudited)<br>March 31,<br>2019 | (Audited)<br>Sept. 30,<br>2018 |
|--|----------------------------------|--------------------------------|
|  | (Rupees in thousands)            |                                |
| <b>11. Trade and other payables</b>  |                                  |                                |
| Creditors  | 1,437,143                        | 1,191,593                      |
| Accrued liabilities  | 275,125                          | 219,560                        |
| Employees Gratuity Fund  | —                                | 390                            |
| Sales-tax / Federal excise duty  | —                                | 22,793                         |
| Workers' Profit Participation Fund (WPPF)  | 29,919                           | 50,783                         |
| Workers' Welfare Fund  | 13,624                           | 14,945                         |
| Income-tax deducted at source  | 106                              | 100                            |
|  | <u>1,755,917</u>                 | <u>1,500,164</u>               |
| <b>12. Short-term borrowings - secured</b>   | <u>1,999,900</u>                 | <u>—</u>                       |
| <p>The aggregate financing facility available from commercial banks amounted to Rs. 8,212 (September 30, 2018: Rs. 8,212) 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 ranged between 2.20% to 11.12% (September 30, 2018: 2.20% ) per annum.</p>  |                                  |                                |
| <b>13. Contingencies and commitments</b>   |                                  |                                |
| <b>13.1 Contingencies</b>  |                                  |                                |
| <p>There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2018.</p>  |                                  |                                |
| <b>13.2 Commitments</b>  |                                  |                                |
| <p>The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.350.00 (September 30, 2018: 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.2,549.99 (September 30, 2018: 2,021.34) 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 spares, stock-in-trade, assignment of trade debts and other receivables.</p> |                                  |                                |
| <b>13.3 Commitments for capital expenditure amount to Rs.Nil (September 30, 2018: 1.79) million</b>  |                                  |                                |
|  | (Unaudited)<br>March 31,<br>2019 | (Audited)<br>Sept. 30,<br>2018 |
|  | (Rupees in thousands)            |                                |
| <b>13.4 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles</b>   | <u>42,148</u>                    | <u>42,573</u>                  |



#### 14. Segment operating results for the half year ended March 31, 2019 (Unaudited)

| (Rupees in thousands)   |        |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |
|---|--------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   |        | Sugar Division    |                   | Distillery Division |                   | Textile Division  |                   | Trading Division  |                   | Total             |                   |
|   |        | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019   | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
| <b>Net sales and services</b>   |        |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |
| Sales   | Local  | 1,301,088         | 1,359,481         | 186,339             | 202,690           | 3,912             | 3,279             | 10,552            | 270,074           | 1,501,891         | 1,835,524         |
|   | Export | –                 | 202,878           | 1,318,035           | 1,114,306         | 297,280           | 283,209           | –                 | –                 | 1,615,315         | 1,600,393         |
|   |        | 1,301,088         | 1,562,359         | 1,504,374           | 1,316,996         | 301,192           | 286,488           | 10,552            | 270,074           | 3,117,206         | 3,435,917         |
| Services - Storage income - net   |        | –                 | –                 | 1,223               | 58                | –                 | –                 | –                 | –                 | 1,223             | 58                |
|   |        | 1,301,088         | 1,562,359         | 1,505,597           | 1,317,054         | 301,192           | 286,488           | 10,552            | 270,074           | 3,118,429         | 3,435,975         |
| Less: Cost of sales   |        | (1,158,067)       | (1,449,882)       | (1,042,540)         | (914,304)         | (266,891)         | (254,950)         | (10,843)          | (327,505)         | (2,478,341)       | (2,946,641)       |
| <b>Gross Profit / (Loss)</b>  |        | 143,021           | 112,477           | 463,057             | 402,750           | 34,301            | 31,538            | (291)             | (57,431)          | 640,088           | 489,334           |
| Less: Selling and distribution expenses                                 |        | (45,962)          | (40,444)          | (62,172)            | (61,975)          | (15,743)          | (13,603)          | –                 | (183)             | (123,877)         | (116,205)         |
| Administrative expenses   |        | (79,913)          | (74,522)          | (7,724)             | (6,855)           | (2,696)           | (2,467)           | (123)             | (120)             | (90,456)          | (83,964)          |
|   |        | (125,875)         | (114,966)         | (69,896)            | (68,830)          | (18,439)          | (16,070)          | (123)             | (303)             | (214,333)         | (200,169)         |
| <b>Profit / (Loss) before other operating expenses and other income</b> |        | 17,146            | (2,489)           | 393,161             | 333,920           | 15,862            | 15,468            | (414)             | (57,734)          | 425,755           | 289,165           |
| Other operating expenses -note 15                                       |        |                   |                   |                     |                   |                   |                   |                   |                   | (33,919)          | (24,245)          |
| Impairment on long-term investments - available for sale                |        |                   |                   |                     |                   |                   |                   |                   |                   | (30,579)          | –                 |
| Other income - note 16  |        |                   |                   |                     |                   |                   |                   |                   |                   | 157,805           | 127,989           |
| <b>Operating Profit</b>   |        |                   |                   |                     |                   |                   |                   |                   |                   | 519,062           | 392,909           |





#### 14a. Segment operating results for the quarter ended March 31, 2019 (Unaudited)

|   |        |                   |                   |                     |                   |                   |                   |                   | (Rupees in thousands) |                   |                   |
|---|--------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
|   |        | Sugar Division    |                   | Distillery Division |                   | Textile Division  |                   | Trading Division  |                       | Total             |                   |
|   |        | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019   | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018     | March 31,<br>2019 | March 31,<br>2018 |
| <b>Net sales and services</b>   |        |                   |                   |                     |                   |                   |                   |                   |                       |                   |                   |
| Sales   | Local  | 742,429           | 455,617           | 76,859              | 107,217           | 2,746             | 2,294             | –                 | 1,329                 | 822,034           | 566,457           |
|   | Export | –                 | 202,878           | 748,196             | 686,200           | 146,747           | 153,307           | –                 | –                     | 894,943           | 1,042,385         |
|   |        | 742,429           | 658,495           | 825,055             | 793,417           | 149,493           | 155,601           | –                 | 1,329                 | 1,716,977         | 1,608,842         |
| Services - Storage income - net   |        | –                 | –                 | 919                 | 58                | –                 | –                 | –                 | –                     | 919               | 58                |
|   |        | 742,429           | 658,495           | 825,974             | 793,475           | 149,493           | 155,601           | –                 | 1,329                 | 1,717,896         | 1,608,900         |
| Less: Cost of sales   |        | (648,380)         | (464,111)         | (611,566)           | (470,331)         | (131,959)         | (135,806)         | –                 | (1,857)               | (1,391,905)       | (1,072,105)       |
| <b>Gross Profit / (Loss)</b>  |        | 94,049            | 194,384           | 214,408             | 323,144           | 17,534            | 19,795            | –                 | (528)                 | 325,991           | 536,795           |
| Less: Selling and distribution expenses                                 |        | (35,369)          | (35,236)          | (32,948)            | (40,075)          | (7,806)           | (7,901)           | –                 | (183)                 | (76,123)          | (83,395)          |
| Administrative expenses   |        | (40,606)          | (40,008)          | (1,751)             | (1,385)           | (1,453)           | (1,299)           | (61)              | (65)                  | (43,871)          | (42,757)          |
|   |        | (75,975)          | (75,244)          | (34,699)            | (41,460)          | (9,259)           | (9,200)           | (61)              | (248)                 | (119,994)         | (126,152)         |
| <b>Profit / (Loss) before other operating expenses and other income</b> |        | 18,074            | 119,140           | 179,709             | 281,684           | 8,275             | 10,595            | (61)              | (776)                 | 205,997           | 410,643           |
| Other operating expenses -note 15                                       |        |                   |                   |                     |                   |                   |                   |                   |                       | (16,355)          | (23,395)          |
| Impairment on long-term investments - available for sale                |        |                   |                   |                     |                   |                   |                   |                   |                       | (30,579)          | –                 |
| Other income - note 16  |        |                   |                   |                     |                   |                   |                   |                   |                       | 103,614           | 98,176            |
| <b>Operating Profit</b>   |        |                   |                   |                     |                   |                   |                   |                   |                       | 262,677           | 485,424           |



|  | Half year ended                  |                                  | Quarter ended                    |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | March 31,<br>2019<br>(Unaudited) | March 31,<br>2018<br>(Unaudited) | March 31,<br>2019<br>(Unaudited) | March 31,<br>2018<br>(Unaudited) |
|  | (Rupees in thousands)            |                                  |                                  |                                  |
| <b>15. Other operating expenses</b>        |                                  |                                  |                                  |                                  |
| Workers' Profit Participation Fund         | 29,919                           | 22,660                           | 14,255                           | 22,660                           |
| Workers' Welfare Fund                      | 4,000                            | 1,585                            | 2,100                            | 735                              |
|  | <u>33,919</u>                    | <u>24,245</u>                    | <u>16,355</u>                    | <u>23,395</u>                    |
| <b>16. Other income</b>                    |                                  |                                  |                                  |                                  |
| Profit on sale / redemption of investments | —                                | 932                              | —                                | 1,156                            |
| Cash Freight Subsidy                       | 11,128                           | —                                | 11,128                           | —                                |
| Dividend income                            | 80,831                           | 95,200                           | 66,267                           | 78,538                           |
| Scrap sales                                | 9,514                            | 4,624                            | 1,008                            | 767                              |
| Gain on disposal of fixed assets           | 3,649                            | 2,187                            | 2,569                            | 9                                |
| Agriculture income                         | 471                              | 384                              | 471                              | 384                              |
| Sale of Electricity                        | 22,791                           | 24,753                           | 18,102                           | 21,752                           |
| Exchange gain / (loss) - net               | 29,421                           | (91)                             | 4,069                            | (4,430)                          |
|  | <u>157,805</u>                   | <u>127,989</u>                   | <u>103,614</u>                   | <u>98,176</u>                    |
| <b>17. Finance income - net</b>            |                                  |                                  |                                  |                                  |
| Profit on treasury call accounts           | 5,394                            | 3,633                            | 3,187                            | 1,549                            |
| Profit on term deposit receipts            | 80,817                           | 53,337                           | 27,114                           | 22,541                           |
| Interest on loan to employees              | 111                              | 147                              | 54                               | 73                               |
|  | <u>86,322</u>                    | <u>57,117</u>                    | <u>30,355</u>                    | <u>24,163</u>                    |
| Less:                                      |                                  |                                  |                                  |                                  |
| Mark-up / interest on:                     |                                  |                                  |                                  |                                  |
| Short-term borrowings                      | (27,610)                         | (12,696)                         | (20,521)                         | (6,675)                          |
| Workers' Profit Participation Fund         | (884)                            | (443)                            | —                                | —                                |
| Bank charges                               | (12,437)                         | (7,935)                          | (3,772)                          | (4,556)                          |
|  | <u>(40,931)</u>                  | <u>(21,074)</u>                  | <u>(24,293)</u>                  | <u>(11,231)</u>                  |
|  | <u>45,391</u>                    | <u>36,043</u>                    | <u>6,062</u>                     | <u>12,932</u>                    |
| <b>18. Taxation</b>                        |                                  |                                  |                                  |                                  |
| Income tax - current                       | 52,000                           | 4,500                            | 36,000                           | 7,500                            |
| Deferred tax                               | (2,000)                          | 6,500                            | (11,000)                         | (2,000)                          |
|  | <u>50,000</u>                    | <u>11,000</u>                    | <u>25,000</u>                    | <u>5,500</u>                     |



|   | (Unaudited)           |                    |
|---|-----------------------|--------------------|
|   | March 31,<br>2019     | March 31,<br>2018  |
|   | (Rupees in thousands) |                    |
| <b>19. Cash used in operations</b>                            |                       |                    |
| Profit before taxation  | 564,453               | 428,952            |
| <b>Adjustment for non-cash charges and other items</b>        |                       |                    |
| Depreciation  | 123,714               | 124,180            |
| Gain on disposal of fixed assets                              | (3,649)               | (2,187)            |
| Profit on sale / redemption of investments                    | —                     | (932)              |
| Finance income - net  | (45,391)              | (36,043)           |
| Impairment on long term investment - available for sale       | 30,579                | —                  |
| Dividend income   | (80,831)              | (95,200)           |
| Working capital changes - note 19.1                           | (2,284,738)           | (1,414,283)        |
|   | <u>(1,695,863)</u>    | <u>(995,513)</u>   |
| <b>19.1 Working capital changes</b>                           |                       |                    |
| <b>(Increase) / decrease in current assets</b>                |                       |                    |
| Stores and spare parts  | 2,353                 | (37,459)           |
| Stock-in-trade  | (3,412,714)           | (3,328,488)        |
| Trade debts   | 187,202               | (47,206)           |
| Loans and advances  | (169,138)             | 689,067            |
| Trade deposits and prepayments                                | 1,395                 | 1,895              |
| Other receivables   | 61,920                | (104,184)          |
|   | <u>(3,328,982)</u>    | <u>(2,826,375)</u> |
| <b>Increase / (decrease) in current liabilities</b>           |                       |                    |
| Trade and other payables                                      | 255,753               | 1,472,636          |
| Advance from customers  | 788,491               | (60,544)           |
| <b>Net changes in working capital</b>                         | <u>(2,284,738)</u>    | <u>(1,414,283)</u> |
| <b>20. Cash and cash equivalents at the end of the period</b> |                       |                    |
| These comprise of the following                               |                       |                    |
| Cash and bank balances  | 564,431               | 740,962            |
| Short-term borrowings   | (1,999,900)           | (1,227,500)        |
|   | <u>(1,435,469)</u>    | <u>(486,538)</u>   |



## 21. Transactions with related parties

Related parties comprise of 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:

|  | Half year ended                  |                   | Quarter ended                    |                                  |
|--|----------------------------------|-------------------|----------------------------------|----------------------------------|
|  | March 31,<br>2019<br>(Unaudited) | March 31,<br>2018 | March 31,<br>2019<br>(Unaudited) | March 31,<br>2018<br>(Unaudited) |
|  | (Rupees in thousands)            |                   |                                  |                                  |
| <b>Transactions during the period</b>            |                                  |                   |                                  |                                  |
| Insurance premium paid                           | 10,029                           | 13,039            | 5,029                            | 4,959                            |
| Insurance claim received                         | 1,355                            | —                 | —                                | —                                |
| Profit on treasury call accounts / term deposits | 85,394                           | 56,851            | 30,145                           | 24,066                           |
| Investment in shares / units of mutual fund      | 38,400                           | 135,500           | 26,400                           | 65,300                           |
| Dividend income                                  | 60,342                           | 72,410            | 60,342                           | 72,410                           |
| Dividend paid                                    | 40,964                           | 41,588            | 40,964                           | 41,588                           |
| Redemption of investments                        | —                                | 50,209            | —                                | —                                |
| Payment on behalf of the subsidiary              | 2,940                            | —                 | 1,477                            | —                                |
| Bank charges                                     | 273                              | 224               | 254                              | 203                              |
| Compensation of Key management personnel         | 27,900                           | 26,400            | 13,950                           | 14,250                           |
| Contribution to retirement funds                 | 7,433                            | 7,440             | 3,757                            | 4,049                            |
|  |                                  |                   | (Unaudited)                      | (Audited)                        |
|  |                                  |                   | March 31,<br>2019                | Sept. 30,<br>2018                |
|  |                                  |                   | (Rupees in thousands)            |                                  |

## Balances at the end of the period

|                                 |         |         |
|---------------------------------|---------|---------|
| Bank balances                   | 498,045 | 695,158 |
| Profit accrued on bank deposits | 1,501   | 2,713   |

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 May 21, 2019 by the Board of Directors of the Company.

## 23. General

**23.1** Figures for the quarters ended March 31, 2019 and March 31, 2018 have not been subjected to limited scope review by the external auditors.

**23.2** 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 March 31, 2019

|   | Note | Unaudited<br>March 31,<br>2019<br>(Rupees in thousands) | Audited<br>Sept. 30,<br>2018 |
|---|------|---|------------------------------|
| <b>Assets</b>                                 |      |   |                              |
| <b>Non-Current Assets</b>                     |      |   |                              |
| Fixed assets                                  |      |   |                              |
| Property, plant and equipment                 | 4    | 2,590,908   | 2,691,676                    |
| Long-term investments                         | 5    | 3,024,910   | 2,898,619                    |
| Long-term loans                               |      | 5,460   | 4,799                        |
| Long-term deposits                            |      | 3,928   | 3,928                        |
|   |      | <u>5,625,206</u>  | <u>5,599,022</u>             |
| <b>Current Assets</b>                         |      |   |                              |
| Stores and spare parts                        |      | 160,381   | 162,734                      |
| Stock-in-trade                                | 6    | 6,176,809   | 2,764,095                    |
| Trade debts                                   |      | 324,340   | 511,542                      |
| Loans and advances                            | 7    | 559,608   | 390,470                      |
| Trade deposits and short-term prepayments     |      | 8,122   | 9,517                        |
| Profit accrued on bank deposits               |      | 1,598   | 2,741                        |
| Other receivables                             | 8    | 119,564   | 124,823                      |
| Taxation - net                                |      | 126,544   | 121,243                      |
| Cash and bank balances                        | 9    | 565,301   | 767,781                      |
|   |      | <u>8,042,267</u>  | <u>4,854,946</u>             |
| <b>Total Assets</b>                           |      | <u>13,667,473</u>                                       | <u>10,453,968</u>            |
| <b>Equity and Liabilities</b>                 |      |   |                              |
| <b>Share Capital and Reserves</b>             |      |   |                              |
| Share Capital                                 |      |   |                              |
| Authorised                                    |      |   |                              |
| 150,000,000 (September 30, 2018: 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 30, 2018: 150,000,000) |      |   |                              |
| Ordinary shares of Rs. 5 each                 |      | <u>750,000</u>  | <u>750,000</u>               |
| Reserves                                      |      | <u>7,488,204</u>  | <u>7,347,677</u>             |
|   |      | <u>8,238,204</u>  | <u>8,097,677</u>             |
| <b>Non-Current Liabilities</b>                |      |   |                              |
| Deferred taxation                             | 10   | 84,000  | 86,000                       |
| <b>Current Liabilities</b>                    |      |   |                              |
| Trade and other payables                      | 11   | 1,755,947   | 1,500,314                    |
| Advance from customers                        |      | 1,490,860   | 702,369                      |
| Short-term borrowings                         | 12   | 1,999,900   | —                            |
| Unclaimed dividends                           |      | 81,863  | 67,608                       |
| Accrued mark-up on short-term borrowing       |      | 16,699  | —                            |
|   |      | <u>5,345,269</u>  | <u>2,270,291</u>             |
| <b>Contingencies and Commitments</b>          | 13   |   |                              |
| <b>Total Equity and Liabilities</b>           |      | <u>13,667,473</u>                                       | <u>10,453,968</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 or Loss for the half year ended March 31, 2019 (Unaudited)

|   | Note | Half year ended       |                   | Quarter ended     |                   |
|---|------|-----------------------|-------------------|-------------------|-------------------|
|   |      | March 31,<br>2019     | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
|   |      | (Rupees in thousands) |                   |                   |                   |
| <b>Segment operating results</b>                            | 14   |                       |                   |                   |                   |
| Net sales and services                                      |      | 3,118,429             | 3,435,975         | 1,717,896         | 1,608,900         |
| Cost of sales   |      | (2,478,341)           | (2,946,641)       | (1,391,905)       | (1,072,105)       |
| <b>Gross profit</b>   |      | 640,088               | 489,334           | 325,991           | 536,795           |
| Selling and distribution expenses                           |      | (123,877)             | (116,205)         | (76,123)          | (83,395)          |
| Administrative expenses                                     |      | (93,373)              | (86,303)          | (45,368)          | (44,017)          |
| Other operating expenses                                    | 15   | (33,919)              | (24,245)          | (16,355)          | (23,395)          |
| Impairment on long-term investments<br>- available for sale |      | (30,579)              | —                 | (30,579)          | —                 |
| Other income  | 16   | 157,805               | 127,989           | 103,614           | 98,176            |
|   |      | (123,943)             | (98,764)          | (64,811)          | (52,631)          |
| <b>Operating profit</b>                                     |      | 516,145               | 390,570           | 261,180           | 484,164           |
| Finance income - net  | 17   | 45,386                | 35,999            | 6,031             | 12,931            |
| <b>Profit before taxation</b>                               |      | 561,531               | 426,569           | 267,211           | 497,095           |
| Taxation  | 18   | (50,000)              | (11,000)          | (24,993)          | (5,500)           |
| <b>Profit after taxation</b>                                |      | 511,531               | 415,569           | 242,218           | 491,595           |
| <b>Earnings per share - Basic and diluted</b>               | Rs.  | 3.41                  | 2.77              | 1.61              | 3.28              |

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

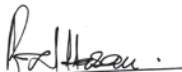


## Consolidated Condensed Interim Statement of Comprehensive Income for the half year ended March 31, 2019 (Unaudited)

|   | Half year ended       |                   | Quarter ended     |                   |
|---|-----------------------|-------------------|-------------------|-------------------|
|   | March 31,<br>2019     | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
|   | (Rupees in thousands) |                   |                   |                   |
| <b>Profit after taxation</b>  | 511,531               | 415,569           | 242,218           | 491,595           |
| <b>Other comprehensive income :</b>   |                       |                   |                   |                   |
| <b>Items that may reclassified subsequently to profit and loss account:</b>                       |                       |                   |                   |                   |
| <b>Net gain on investments - available for sale</b>   |                       |                   |                   |                   |
| Increase / (decrease) in unrealised gain on revaluation of investment for the period - net of tax | 41,496                | 511,284           | 403,132           | 554,120           |
| Reclassification adjustments included in the profit or loss for:                                  |                       |                   |                   |                   |
| Gain on sale / redemption of investments - net of tax   | -                     | (932)             | -                 | (1,156)           |
|   | 41,496                | 510,352           | 403,132           | 552,964           |
| <b>Total Comprehensive income for the period</b>  | <b>553,027</b>        | <b>925,921</b>    | <b>645,350</b>    | <b>1,044,559</b>  |

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 half year ended March 31, 2019 (Unaudited)

|  | Issued<br>Subscribed<br>and<br>Paid-up<br>Capital | Capital<br>Reserve | Revenue Reserves   | Unrealised<br>gain on<br>investments<br>available<br>for sale | Total<br>Reserves | Total<br>Equity  |
|--|---|--------------------|--------------------|---|-------------------|------------------|
|  |   |                    | General<br>Reserve | Unappro-<br>priated<br>Profit                                 |                   |                  |
|  | (Rupees in thousands)                             |                    |                    |   |                   |                  |
| <b>Balance as on October 1, 2017</b>                                 | 750,000   | 34,000             | 3,878,500          | 559,797   | 1,760,940         | 6,983,237        |
| Cash dividend for 2017 @ 35%   | -   | -                  | -                  | (262,500)   | -                 | (262,500)        |
| Transfer to general reserve  | -   | -                  | 295,000            | (295,000)   | -                 | -                |
| Total comprehensive income<br>for the half year ended March 31, 2018 | -   | -                  | -                  | 415,569   | 510,352           | 925,921          |
| <b>Balance as on March 31, 2018</b>                                  | <u>750,000</u>                                    | <u>34,000</u>      | <u>4,173,500</u>   | <u>417,866</u>  | <u>2,271,292</u>  | <u>7,646,658</u> |
| <b>Balance as on October 1, 2018</b>                                 | 750,000   | 34,000             | 4,173,500          | 896,988   | 2,243,189         | 8,097,677        |
| Cash dividend for 2018 @ 55%   | -   | -                  | -                  | (412,500)   | -                 | (412,500)        |
| Transfer to general reserve  | -   | -                  | 485,000            | (485,000)   | -                 | -                |
| Total comprehensive income for the<br>half year ended March 31, 2019 | -   | -                  | -                  | 511,531   | 41,496            | 553,027          |
| <b>Balance as on March 31, 2019</b>                                  | <u>750,000</u>                                    | <u>34,000</u>      | <u>4,658,500</u>   | <u>511,019</u>  | <u>2,284,685</u>  | <u>8,238,204</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 half year ended March 31, 2019 (Unaudited)

|  | Note | March 31,<br>2019<br>(Rupees in thousands) | March 31,<br>2018 |
|--|------|--|-------------------|
| <b>Cash flows from operating activities</b>              |      |  |                   |
| Cash used in operations                                  | 19   | (1,695,879)                                | (963,660)         |
| Finance income received - net                            |      | 63,228                                     | 42,609            |
| Income tax paid  |      | (57,301)                                   | (42,927)          |
| Long-term loans  |      | (661)                                      | 1,320             |
| Long-term deposits                                       |      | —  | 100               |
| Net cash used in operating activities                    |      | (1,690,613)                                | (962,558)         |
| <b>Cash flows from investing activities</b>              |      |  |                   |
| Fixed capital expenditure                                |      | (25,832)                                   | (141,372)         |
| Sale proceeds / redemption of investments                |      | —  | 81,020            |
| Dividend received  |      | 21,195                                     | 23,419            |
| Purchase of investments                                  |      | (115,374)                                  | (116,872)         |
| Sale proceeds of fixed assets                            |      | 6,489                                      | 3,291             |
| Net cash used in investing activities                    |      | (113,522)                                  | (150,514)         |
| <b>Cash flows from financing activities</b>              |      |  |                   |
| Dividend paid  |      | (398,245)                                  | (247,722)         |
| Net cash used in financing activities                    |      | (398,245)                                  | (247,722)         |
| Net decrease in cash and cash equivalents                |      | (2,202,380)                                | (1,360,794)       |
| Cash and cash equivalents at the beginning of the period |      | 767,781                                    | 924,306           |
| Cash and cash equivalents at the end of the period       | 20   | (1,434,599)                                | (436,488)         |

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 half year ended March 31, 2019 (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 (CO<sub>2</sub>), 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 (the Company), a wholly owned subsidiary of Habib Sugar Mills Limited (the Parent Company) was incorporated in Pakistan as a public unlisted company on May 16, 2017. The Registered office of the Company is situated at 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Company is in start-up phase and in the process of setting up a 26.5 MW high pressure bagasse based Cogeneration power project. The Company has been granted Generation license and upfront Tariff for the period of 30 years by the National Electric Power Regulatory Authority (NEPRA).

### 2. Statement of compliance

These consolidated condensed interim financial statements are unaudited 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 consolidated financial statements and should be read in conjunction with the Holding Company's consolidated annual financial statements for the year ended September 30, 2018.

### 3. Significant accounting policies and disclosures

The accounting policies and methods of computations 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 Group for the year ended September 30, 2018 except for adoption of IFRS 15.

#### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.

The Holding Company is engaged in sale of goods and providing bulk storage facilities. The Holding Company has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Holding Company's transfer of goods takes place



upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms. Performance obligation in contracts with customers for bulk storage facilities is discharge over the period of relationship with relevant customers.

Based on the above, the Holding Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.

|  |                          | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
|--|--------------------------|---|--------------------------------|
| <b>4. Fixed assets</b>   |                          |   |                                |
| <b>4.1 Property, plant and equipment</b>   |                          |   |                                |
| Operating fixed assets   |                          | 2,544,775   | 2,605,565                      |
| Capital work-in-progress   |                          | 46,133  | 86,111                         |
|  |                          | <u>2,590,908</u>  | <u>2,691,676</u>               |
| <b>4.2 Cost of additions to and written down value of deletions from fixed assets during the half year ended March 31, 2019 were as follows:</b>             |                          |   |                                |
|  |                          | Additions<br>(Rupees in thousands)                        | Deletions                      |
| Plant and machinery  |                          |   |                                |
| Sugar  |                          | 19,345  | 2,770                          |
| Distillery   |                          | 1,400   | —                              |
| Furniture, fittings and office equipment   |                          | 5,087   | 33                             |
| Vehicles   |                          | —   | 37                             |
|  |                          | <u>25,832</u>   | <u>2,840</u>                   |
|  |                          | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
| <b>5. Long-term investments</b>  | Note                     |   |                                |
| Investments in related company   | — Quoted - at fair value | 2,125,631   | 2,012,212                      |
|  | — Un-Quoted - at cost    | 158,900   | 120,500                        |
| Investments in other companies   | — Quoted - at fair value | 740,379   | 765,907                        |
|  | 5.2                      | <u>3,024,910</u>  | <u>2,898,619</u>               |
| <b>5.1 Investments in associated companies or undertakings included in related parties have been made in accordance with the requirements under the Act.</b> |                          |   |                                |
| <b>5.2 The aggregate cost of these investments, net of impairment is Rs.740.23 (September 30, 2018: Rs.705.43) million.</b>                                  |                          |   |                                |
| <b>6. Stock-in-trade</b>   |                          |   |                                |
| Raw materials  |                          | 894,289   | 443,865                        |
| Work-in-process  |                          | 38,038  | 45,989                         |
| Finished goods   |                          | 5,172,510   | 2,249,788                      |
| Bagasse  |                          | 66,601  | 20,332                         |
| Fertilizers  |                          | 5,371   | 4,121                          |
|  |                          | <u>6,176,809</u>  | <u>2,764,095</u>               |



|   |   | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
|---|---|---|--------------------------------|
| <b>7. Loans and advances</b>  |   |   |                                |
| Loans - secured   |   |   |                                |
| Current maturity of long-term loans   |   |   |                                |
| Executives  |   | 377   | 767                            |
| Other Employees   |   | 4,188   | 4,940                          |
|   |   | 4,565   | 5,707                          |
| Advances - unsecured  |   |   |                                |
| Suppliers   |   | 555,043   | 384,763                        |
|   |   | <u>559,608</u>  | <u>390,470</u>                 |
| <b>8. Other receivables - Considered good</b>   |   |   |                                |
| Duty drawback and research & development support claim  |   | 31,794  | 31,582                         |
| Cash freight support receivable   |   | —   | 89,280                         |
| Dividend receivable   | 8.1   | 63,309  | 3,673                          |
| Sales tax   |   | 13,176  | —                              |
| Others  |   | 11,285  | 288                            |
|   |   | <u>119,564</u>  | <u>124,823</u>                 |
| <b>8.1</b>  | Includes Rs. 60.34 million (September 30, 2018: Nil) from Bank AL Habib Limited a related party.  |   |                                |
| <b>9. Cash and bank balances</b>  |   |   |                                |
| Cash in hand  |   | 214   | 275                            |
| Balances with banks in:   |   |   |                                |
| Current accounts  |   | 66,021  | 100,658                        |
| Treasury call accounts  | 9.1   | 109,066   | 126,848                        |
| Term Deposit Receipts   | 9.2   | 390,000   | 540,000                        |
|   | 9.3   | 565,087   | 767,506                        |
|   |   | <u>565,301</u>  | <u>767,781</u>                 |
| <b>9.1</b>  | Profit rates on Treasury call accounts ranged between 6.5% to 9.0% (September 30, 2018: 3.75% to 6.40%) per annum.  |   |                                |
| <b>9.2</b>  | Profit rates on Term Deposit Receipts 6.80% to 9.35% (September 30, 2018: 5.80% to 6.80%) per annum. Maturity of these Term Deposit Receipts are one month. |   |                                |
| <b>9.3</b>  | Includes Rs.498.05 (September 30, 2018: Rs.695.16) million kept with Bank AL Habib Limited - a related party.   |   |                                |
| <b>10. Deferred taxation</b>  |   |   |                                |
| Deferred Tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences: |   | 204,000   | 210,000                        |
| Deferred tax asset on deductible temporary differences:   |   |   |                                |
| Provision for obsolescence and slow moving stores & spare parts   |   | (7,000)   | (7,000)                        |
| Unabsorbed tax depreciation allowance   |   | (113,000)   | (117,000)                      |
|   |   | <u>(120,000)</u>  | <u>(124,000)</u>               |
|   |   | <u>84,000</u>   | <u>86,000</u>                  |



|  | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
|--|---|--------------------------------|
| <b>11. Trade and other payables</b>  |   |                                |
| Creditors  | 1,437,143   | 1,191,593                      |
| Accrued liabilities  | 275,155   | 219,710                        |
| Employees Gratuity Fund  | —   | 390                            |
| Sales-tax / Federal excise duty  | —   | 22,793                         |
| Workers' Profit Participation Fund (WPPF)  | 29,919  | 50,783                         |
| Workers' Welfare Fund  | 13,624  | 14,945                         |
| Income-tax deducted at source  | 106   | 100                            |
|  | <u>1,755,947</u>  | <u>1,500,314</u>               |
| <b>12. Short-term borrowings - secured</b>   | <u>1,999,900</u>  | <u>—</u>                       |
| <p>The aggregate financing facility available from commercial banks amounted to Rs.8,212 (September 30, 2018: Rs. 8,212) 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% to 11.12% (September 30, 2018: 2.20% ) per annum.</p>  |   |                                |
| <b>13. Contingencies and commitments</b>   |   |                                |
| <b>13.1 Contingencies</b>  |   |                                |
| <p>There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2018.</p>  |   |                                |
| <b>13.2 Commitments</b>  |   |                                |
| <p>The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.350.00 (September 30, 2018: 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.2,549.99 (September 30, 2018: 2,021.34) 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 spares, stock-in-trade, assignment of trade debts and other receivables.</p> |   |                                |
| <b>13.3 Commitments for capital expenditure amount to Rs.Nil (September 30, 2018: 1.79) million.</b>   |   |                                |
|  | (Unaudited)<br>March 31,<br>2019<br>(Rupees in thousands) | (Audited)<br>Sept. 30,<br>2018 |
| <b>13.4 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles</b>   | <u>42,148</u>   | <u>42,573</u>                  |



#### 14. Segment operating results for the half year ended March 31, 2019 (Unaudited)

|   |        | Sugar Division    |                   | Distillery Division |                   | Textile Division  |                   | Trading Division  |                   | Subsidiary Company |                   | (Rupees in thousands)<br>Total |                   |
|---|--------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------------------|-------------------|
|   |        | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019   | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019  | March 31,<br>2018 | March 31,<br>2019              | March 31,<br>2018 |
| <b>Net sales and service</b>  |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   |                                |                   |
| Sales   | Local  | 1,301,088         | 1,359,481         | 186,339             | 202,690           | 3,912             | 3,279             | 10,552            | 270,074           | –                  | –                 | 1,501,891                      | 1,835,524         |
|   | Export | –                 | 202,878           | 1,318,035           | 1,114,306         | 297,280           | 283,209           | –                 | –                 | –                  | –                 | 1,615,315                      | 1,600,393         |
| Service - Storage income - net  |        | 1,301,088         | 1,562,359         | 1,504,374           | 1,316,996         | 301,192           | 286,488           | 10,552            | 270,074           | –                  | –                 | 3,117,206                      | 3,435,917         |
|   |        | –                 | –                 | 1,223               | 58                | –                 | –                 | –                 | –                 | –                  | –                 | 1,223                          | 58                |
|   |        | 1,301,088         | 1,562,359         | 1,505,597           | 1,317,054         | 301,192           | 286,488           | 10,552            | 270,074           | –                  | –                 | 3,118,429                      | 3,435,975         |
| Less: Cost of sales   |        | (1,158,067)       | (1,449,882)       | (1,042,540)         | (914,304)         | (266,891)         | (254,950)         | (10,843)          | (327,505)         | –                  | –                 | (2,478,341)                    | (2,946,641)       |
| <b>Gross Profit / (Loss)</b>  |        | 143,021           | 112,477           | 463,057             | 402,750           | 34,301            | 31,538            | (291)             | (57,431)          | –                  | –                 | 640,088                        | 489,334           |
| Less: Selling and distribution expenses                                 |        | (45,962)          | (40,444)          | (62,172)            | (61,975)          | (15,743)          | (13,603)          | –                 | (183)             | –                  | –                 | (123,877)                      | (116,205)         |
| Administrative expenses   |        | (79,913)          | (74,522)          | (7,724)             | (6,855)           | (2,696)           | (2,467)           | (123)             | (120)             | (2,917)            | (2,339)           | (93,373)                       | (86,303)          |
|   |        | (125,875)         | (114,966)         | (69,896)            | (68,830)          | (18,439)          | (16,070)          | (123)             | (303)             | (2,917)            | (2,339)           | (217,250)                      | (202,508)         |
| <b>Profit / (Loss) before other operating expenses and other income</b> |        | 17,146            | (2,489)           | 393,161             | 333,920           | 15,862            | 15,468            | (414)             | (57,734)          | (2,917)            | (2,339)           | 422,838                        | 286,826           |
| Other operating expenses - Note 15                                      |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | (33,919)                       | (24,245)          |
| Impairment on long-term investments - available for sale                |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | (30,579)                       | –                 |
| Other income - Note 16  |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | 157,805                        | 127,989           |
| <b>Operating Profit</b>   |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | 516,145                        | 390,570           |



#### 14a. Segment operating results for the quarter ended March 31, 2019 (Unaudited)

|   |        | Sugar Division    |                   | Distillery Division |                   | Textile Division  |                   | Trading Division  |                   | Subsidiary Company |                   | (Rupees in thousands)<br>Total |                   |
|---|--------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------------------|-------------------|
|   |        | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019   | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019  | March 31,<br>2018 | March 31,<br>2019              | March 31,<br>2018 |
| <b>Net sales and service</b>  |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   |                                |                   |
| Sales   | Local  | 742,429           | 455,617           | 76,859              | 107,217           | 2,746             | 2,294             | –                 | 1,329             | –                  | –                 | 822,034                        | 566,457           |
|   | Export | –                 | 202,878           | 748,196             | 686,200           | 146,747           | 153,307           | –                 | –                 | –                  | –                 | 894,943                        | 1,042,385         |
| Service - Storage income - net  |        | 742,429           | 658,495           | 825,055             | 793,417           | 149,493           | 155,601           | –                 | 1,329             | –                  | –                 | 1,716,977                      | 1,608,842         |
|   |        | –                 | –                 | 919                 | 58                | –                 | –                 | –                 | –                 | –                  | –                 | 919                            | 58                |
|   |        | 742,429           | 658,495           | 825,974             | 793,475           | 149,493           | 155,601           | –                 | 1,329             | –                  | –                 | 1,717,896                      | 1,608,900         |
| Less: Cost of sales   |        | (648,380)         | (464,111)         | (611,566)           | (470,331)         | (131,959)         | (135,806)         | –                 | (1,857)           | –                  | –                 | (1,391,905)                    | (1,072,105)       |
| <b>Gross Profit / (Loss)</b>  |        | 94,049            | 194,384           | 214,408             | 323,144           | 17,534            | 19,795            | –                 | (528)             | –                  | –                 | 325,991                        | 536,795           |
| Less: Selling and distribution expenses                                 |        | (35,369)          | (35,236)          | (32,948)            | (40,075)          | (7,806)           | (7,901)           | –                 | (183)             | –                  | –                 | (76,123)                       | (83,395)          |
| Administrative expenses   |        | (40,606)          | (40,008)          | (1,751)             | (1,385)           | (1,453)           | (1,299)           | (61)              | (65)              | (1,497)            | (1,260)           | (45,368)                       | (44,017)          |
|   |        | (75,975)          | (75,244)          | (34,699)            | (41,460)          | (9,259)           | (9,200)           | (61)              | (248)             | (1,497)            | (1,260)           | (121,491)                      | (127,412)         |
| <b>Profit / (Loss) before other operating expenses and other income</b> |        | 18,074            | 119,140           | 179,709             | 281,684           | 8,275             | 10,595            | (61)              | (776)             | (1,497)            | (1,260)           | 204,500                        | 409,383           |
| Other operating expenses - Note 15                                      |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | (16,355)                       | (23,395)          |
| Impairment on long-term investments - available for sale                |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | (30,579)                       | –                 |
| Other income - Note 16  |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | 103,614                        | 98,176            |
| <b>Operating Profit</b>   |        |                   |                   |                     |                   |                   |                   |                   |                   |                    |                   | 261,180                        | 484,164           |



|  | Half year ended       |                   | Quarter ended     |                   |
|--|-----------------------|-------------------|-------------------|-------------------|
|  | March 31,<br>2019     | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
|  | (Unaudited)           |                   | (Unaudited)       |                   |
|  | (Rupees in thousands) |                   |                   |                   |
| <b>15. Other operating expenses</b>        |                       |                   |                   |                   |
| Workers' Profit Participation Fund         | 29,919                | 22,660            | 14,255            | 22,660            |
| Workers' Welfare Fund                      | 4,000                 | 1,585             | 2,100             | 735               |
|  | <u>33,919</u>         | <u>24,245</u>     | <u>16,355</u>     | <u>23,395</u>     |
| <b>16. Other income</b>                    |                       |                   |                   |                   |
| Profit on sale / redemption of investments | –                     | 932               | –                 | 1,156             |
| Cash Freight Subsidy                       | 11,128                | –                 | 11,128            | –                 |
| Dividend income                            | 80,831                | 95,200            | 66,267            | 78,538            |
| Scrap sales                                | 9,514                 | 4,624             | 1,008             | 767               |
| Gain on disposal of fixed assets           | 3,649                 | 2,187             | 2,569             | 9                 |
| Agriculture income                         | 471                   | 384               | 471               | 384               |
| Sale of Electricity                        | 22,791                | 24,753            | 18,102            | 21,752            |
| Exchange gain / (loss) - net               | 29,421                | (91)              | 4,069             | (4,430)           |
|  | <u>157,805</u>        | <u>127,989</u>    | <u>103,614</u>    | <u>98,176</u>     |
| <b>17. Finance income - net</b>            |                       |                   |                   |                   |
| Profit on treasury call accounts           | 5,420                 | 3,633             | 3,213             | 1,549             |
| Profit on term deposit receipts            | 80,817                | 53,337            | 27,114            | 22,541            |
| Interest on loan to employees              | 111                   | 147               | 54                | 73                |
|  | 86,348                | 57,117            | 30,381            | 24,163            |
| Less:                                      |                       |                   |                   |                   |
| Mark-up / interest on:                     |                       |                   |                   |                   |
| Short-term borrowings                      | (27,610)              | (12,696)          | (20,521)          | (6,675)           |
| Workers' Profit Participation Fund         | (884)                 | (443)             | –                 | –                 |
| Bank charges                               | (12,468)              | (7,979)           | (3,829)           | (4,557)           |
|  | (40,962)              | (21,118)          | (24,350)          | (11,232)          |
|  | <u>45,386</u>         | <u>35,999</u>     | <u>6,031</u>      | <u>12,931</u>     |
| <b>18. Taxation</b>                        |                       |                   |                   |                   |
| Income tax - current                       | 52,000                | 4,500             | 35,993            | 7,500             |
| Deferred tax                               | (2,000)               | 6,500             | (11,000)          | (2,000)           |
|  | <u>50,000</u>         | <u>11,000</u>     | <u>24,993</u>     | <u>5,500</u>      |





|   | (Unaudited)           |                    |
|---|-----------------------|--------------------|
|   | March 31,<br>2019     | March 31,<br>2018  |
|   | (Rupees in thousands) |                    |
| <b>19. Cash used in operations</b>                            |                       |                    |
| Profit before taxation  | 561,531               | 426,569            |
| <b>Adjustment for non-cash charges and other items</b>        |                       |                    |
| Depreciation  | 123,760               | 124,208            |
| Gain on disposal of fixed assets                              | (3,649)               | (2,187)            |
| Profit on sale / redemption of investments                    | —                     | (932)              |
| Finance income - net  | (45,386)              | (35,999)           |
| Impairment on long term investment - available for sale       | 30,579                | —                  |
| Dividend income   | (80,831)              | (95,200)           |
| Working capital changes - note 19.1                           | (2,281,883)           | (1,380,119)        |
|   | <u>(1,695,879)</u>    | <u>(963,660)</u>   |
| <b>19.1 Working capital changes</b>                           |                       |                    |
| <b>(Increase) / decrease in current assets</b>                |                       |                    |
| Stores and spare parts  | 2,353                 | (37,459)           |
| Stock-in-trade  | (3,412,714)           | (3,328,488)        |
| Trade debts   | 187,202               | (47,206)           |
| Loans and advances  | (169,138)             | 689,067            |
| Trade deposits and prepayments                                | 1,395                 | 1,895              |
| Other receivables   | 64,895                | (69,995)           |
|   | <u>(3,326,007)</u>    | <u>(2,792,186)</u> |
| <b>Increase / (decrease) in current liabilities</b>           |                       |                    |
| Trade and other payables                                      | 255,633               | 1,472,611          |
| Advance from customers  | 788,491               | (60,544)           |
| <b>Net changes in working capital</b>                         | <u>(2,281,883)</u>    | <u>(1,380,119)</u> |
| <b>20. Cash and cash equivalents at the end of the period</b> |                       |                    |
| These comprise of the following                               |                       |                    |
| Cash and bank balances  | 565,301               | 791,012            |
| Short-term borrowings   | (1,999,900)           | (1,227,500)        |
|   | <u>(1,434,599)</u>    | <u>(436,488)</u>   |



## 21. Transactions with related parties

Related parties comprise of 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:

|  | Half year ended       |                   | Quarter ended         |                   |
|--|-----------------------|-------------------|-----------------------|-------------------|
|  | March 31,<br>2019     | March 31,<br>2018 | March 31,<br>2019     | March 31,<br>2018 |
|  | (Unaudited)           |                   | (Unaudited)           |                   |
|  | (Rupees in thousands) |                   |                       |                   |
| Transactions during the period                   |                       |                   |                       |                   |
| Insurance premium paid                           | 10,029                | 13,039            | 5,029                 | 4,959             |
| Insurance claim received                         | 1,355                 | —                 | —                     | —                 |
| Profit on treasury call accounts / term deposits | 85,394                | 56,851            | 30,145                | 24,066            |
| Investment in shares / units of mutual fund      | 38,400                | 85,600            | 26,400                | 15,400            |
| Dividend income                                  | 60,342                | 72,410            | 60,342                | 72,410            |
| Dividend paid                                    | 40,964                | 41,588            | 40,964                | 41,588            |
| Redemption of investments                        | —                     | 50,209            | —                     | —                 |
| Bank charges                                     | 273                   | 224               | 254                   | 203               |
| Compensation of Key management personnel         | 27,900                | 26,400            | 13,950                | 14,250            |
| Contribution to retirement funds                 | 7,433                 | 7,440             | 3,757                 | 4,049             |
|  |                       |                   | (Unaudited)           | (Audited)         |
|  |                       |                   | March 31,<br>2019     | Sept. 30,<br>2018 |
|  |                       |                   | (Rupees in thousands) |                   |

## Balances at the end of the period

|                                 |         |         |
|---------------------------------|---------|---------|
| Bank balances                   | 498,045 | 695,158 |
| Profit accrued on bank deposits | 1,501   | 2,713   |

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 May 21, 2019 by the Board of Directors of the Company.

## 23. General

23.1 Figures for the quarters ended March 31, 2019 and March 31, 2018 have not been subjected to limited scope review by the external auditors.

23.2 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



دسمبر 2018 میں ملک میں شکر کے ذخائر کا جائزہ لینے کے بعد اکنامک کوآرڈینیشن کمیٹی آف کیبنٹ (ECC) نے 1.100 ملین ٹن شکر کی برآمد کی اجازت بغیر کسی مالی معاونت اور اندرون ملک کرائے کی مدد میں سبسڈی کے دی۔ اس درج بالا اجازت کے سامنے ملکوں نے اب تک 0.185 ملین ٹن شکر برآمد کی۔ تاہم بین الاقوامی منڈیوں میں شکر کی مسلسل گرتی ہوئی قیمتوں کی وجہ سے شکر کی درآمد کو کمپنی کیلئے قابل عمل نہیں تھی۔

شکر ڈویژن نے آپریٹنگ منافع 17.15 ملین روپے کیا جس کے مقابل گزشتہ سال اسی مدت کے دوران 2.5 ملین روپے کا خسارہ کیا تھا۔

ڈپٹری ڈویژن:

زیر جائزہ مدت کے دوران اس ڈویژن کا پلانٹ 165 دن چلا اور 16,511 میٹرک ٹن میتھانول تیار ہوا اور گزشتہ سال اسی مدت کے دوران 154 دن میں 14,985 میٹرک ٹن پیداوار رہی تھی۔ ڈویژن نے 393,16 ملین روپے کا آپریٹنگ منافع حاصل کیا مقابل گزشتہ سال اسی مدت کے دوران 333.92 ملین روپے منافع حاصل کیا تھا۔ منافع میں اضافہ کی وجہ ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے ہوا۔

لیکویڈ کاربن ڈائی آکسائیڈ یونٹ کی کارکردگی اطمینان بخش رہی اور 3,354 میٹرک ٹن کی پیداوار ہوئی مقابل گزشتہ سال اسی مدت کے دوران 3,717 میٹرک ٹن تھی۔

ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر مدت کے دوران 15.86 ملین روپے آپریٹنگ منافع حاصل کیا جس کے برعکس گزشتہ سال اسی مدت کے دوران 15.47 روپے کا منافع تھا۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران ڈویژن کی کارکردگی اطمینان بخش رہی۔


بگاس پرنٹی کو۔ جنریشن 26.5 میگاواٹ کا منصوبہ:

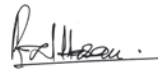
کمپنی کا بگاس پرنٹی منصوبہ گورنمنٹ کی جانب سے بگاس پرنٹی توانائی کے منصوبوں پر غیر واضح صورت حال کی وجہ سے رکا ہوا ہے۔ اسلام آباد ہائی کورٹ میں CPPA کی جانب سے ٹریف کے متعلق مقدمہ زیر التوا ہے اس کیس کے نتائج اس منصوبے کے مستقبل کیلئے اہم ہونگے۔ انتظامیہ حالات کا جائزہ لے رہی ہے اور آئندہ کا لائحہ عمل فیصلہ آنے کے بعد کرے گی۔

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

  
مرقزی ایچ جیب  
ڈائریکٹر

  
رئیس انجمن  
چیف ایگزیکٹو

کراچی مورخہ 21 مئی 2019ء



## ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2019 کو ختم ہونے والی ششماہی 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 زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 564.45 ملین روپے رہی۔ اس ششماہی مدت کے مالیاتی نتائج درج ذیل ہیں۔

(روپے ہزاروں میں)

|         |  |
|---------|--|
| 564,453 | منافع قبل از ٹیکس                      |
| 50,000  | ٹیکسیشن                                |
| 514,453 | منافع بعد از ٹیکسیشن                   |
| 5,781   | غیر منقسمہ منافع ہراٹ فارورڈ           |
| 520,234 | غیر منقسمہ منافع کیری فارورڈ           |
| 3.43    | منافع فی شیئر۔ بنیادی اور معتدل۔ روپیہ |

کارکردگی کا جائزہ:

شکر ڈویژن:

گنے کی کرشنگ کا سیزن 2018-2019 10 دسمبر 2018 کو شروع ہوا اور پلانٹ کو 17 مارچ 2019 تک 98 دن چلایا گیا، اس کے مقابلے میں گزشتہ سیزن میں 140 دن چلایا گیا۔ اس سیزن میں گنے کی کرشنگ 771,864 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.87 فیصد رہا اور شکر کی پیداوار 83,910 میٹرک ٹن ہوئی۔ مقابلہ گزشتہ سیزن میں گنے کی کرشنگ 1,028,901 میٹرک ٹن رہی تھی جبکہ شکر کی اوسط ریکوری 10.30 فیصد تھی اور شکر کی پیداوار 106,005 میٹرک ٹن تھی۔

حکومت سندھ نے 7 دسمبر 2018 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2018-2019 کے نوٹیفیکیشن کا اہتمام کیا جس میں گنے کی قیمت -182/ روپے فی 40 کلوگرام مقرر کی گئی۔ علاوہ ازیں ملز کو الٹی پرائیم 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۔