



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter ended
December 31, 2016
(Unaudited)**



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Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Shams Mohammad Haji Imran A. Habib Raeesul Hasan	<i>Chairman</i>
Audit Committee	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	<i>Chief Executive</i> Chairman Member Member
Human Resource & Remuneration Committee	Shams Mohammad Haji Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member Member
Company Secretary	Amir Bashir Ahmed	
Registered Office	3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habib.com/sugar E-mail : sugar@habib.com	
Mills	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 Phones : (+92-21) 111-000-322 Fax : (+92-21) 34168271 E-mail : secretariat@thk.com.pk info@thk.com.pk Website : www.thk.com.pk	



VISION STATEMENT

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

MISSION STATEMENT

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



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is my privilege to present to you the unaudited condensed interim financial statements of the Company for the first quarter ended December 31, 2016.

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.62.16 million. The financial results for the quarter are as follows :

		(Rupees in thousands)
Profit before taxation		62,162
Taxation		11,500
Profit after taxation		50,662
Unappropriated profit brought forward		2,753
Unappropriated profit carried forward		53,415
Earnings per share – Basic and diluted	Rupee	0.34

Performance Review

Sugar Division

The crushing season 2016-17 commenced on November 17, 2016 and upto December 31, 2016, 289,151 M. Tons of sugarcane was crushed with average sucrose recovery of 9.10 % and sugar production of 26,306 M.Tons including sugar in process as compared with crushing of 293,817 M. Tons with average sucrose recovery of 10.13 % and sugar production of 29,752 M. Tons during the corresponding quarter of the previous year.

The Government of Sindh on October 31, 2016 issued notification fixing the minimum support price of sugarcane for crushing season 2016-17 at Rs.182 per 40 kgs as compared with Rs.172 per 40 kgs for the crushing season 2015-16. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

During the current crushing season the supply of sugarcane has been erratic resulting in lower average per day sugarcane crushing as compared with the previous year. The reduced supply of sugarcane resulted in unhealthy price competition amongst the mills and the growers are demanding much higher prices



and the company is forced to procure sugarcane at higher rates. Moreover, due to global warming the temperatures are high, resulting in lower sucrose recovery as compared with the previous year. The profitability of division is likely to be lower due to low recovery and increased cost of production.

The Economic Co-ordination Committee (ECC) of the cabinet allowed export of 225,000 M. Tons of Sugar by March 31, 2017 without any rebate/cash subsidy to the exporters. The State Bank of Pakistan on January 19, 2017 notified the mechanism to be followed by the sugar mills intending to export sugar.

The sugar division suffered operating loss of Rs.27.33 million as against operating loss of Rs.1.64 million during the corresponding quarter of the previous year. The increase in operating loss was due to low recovery, increased cost of production and slow off take of sugar.

Distillery Division

The division commenced its operation on December 8, 2016 and upto December 31, 2016 produced 5,460 M. Tons of ethanol as compared with 5,139 M. Tons during the corresponding period of the previous year. The division earned operating profit of Rs.21.05 million as compared with Rs.22.32 million during the corresponding quarter of previous year.

The liquidified carbon dioxide (CO₂) unit operated satisfactorily and produced 1,470 M. Tons as compared with 1,727 M. Tons during the corresponding period of the previous year. The operating profit earned by the unit is included in the profit of the division.

Textile Division

The division suffered loss of Rs.2.47 million during the quarter under review, as against profit of Rs.6.53 million during the corresponding period of previous year. The division suffered loss due to depressed prices in international market and reduced demand.

Trading Division

During the period under review, the division made operating profit of Rs. 20.06 million on account of trading of sugar as against profit of Rs.16.39 million during the corresponding period of the previous year.

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

Asghar D. Habib
Chairman

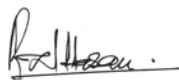
Karachi: January 30, 2017



Condensed Interim Balance Sheet as at December 31, 2016 (Unaudited)

	Note	Unaudited Dec. 31, 2016 (Rupees in thousands)	Audited Sept. 30, 2016
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,518,382	2,161,885
Long-term investments	5	2,551,899	2,025,968
Long-term loans		4,036	4,211
Long-term deposits		3,928	3,928
		<u>5,078,245</u>	<u>4,195,992</u>
Current Assets			
Stores and spare parts		164,097	108,843
Stock-in-trade	6	2,150,940	401,847
Trade debts		89,812	64,168
Loans and advances		1,266,075	246,286
Trade deposits and short-term prepayments		17,286	8,781
Profit accrued on bank deposits		785	1,083
Other receivables	7	189,236	21,795
Cash and bank balances		1,214,307	3,575,276
		<u>5,092,538</u>	<u>4,428,079</u>
Total Assets		<u>10,170,783</u>	<u>8,624,071</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
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 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>5,937,859</u>	<u>5,781,437</u>
		<u>6,687,859</u>	<u>6,531,437</u>
Non-Current Liabilities			
Deferred taxation		104,000	104,000
Current Liabilities			
Trade and other payables	8	1,878,604	1,641,396
Advance from customers		67,905	306,027
Short-term borrowings	9	1,000,000	—
Accrued mark-up on short-term borrowings		3,354	—
Provision for income tax - net		16,561	41,211
Proposed dividend		412,500	—
		<u>3,378,924</u>	<u>1,988,634</u>
Contingencies and Commitments	10		
Total Equity and Liabilities		<u>10,170,783</u>	<u>8,624,071</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Condensed Interim Profit and Loss Account for the quarter ended December 31, 2016 (Unaudited)

	Note	Dec. 31, 2016 (Rupees in thousands)	Dec. 31, 2015
Segment operating results	11		
Net sales and services		811,726	988,890
Cost of sales		(736,773)	(877,895)
Gross Profit		74,953	110,995
Selling and distribution expenses		(25,577)	(31,758)
Administrative expenses		(38,072)	(35,636)
Other operating expenses	12	(3,851)	(8,413)
Other income	13	15,974	92,076
		(51,526)	16,269
Operating profit		23,427	127,264
Finance income / (cost) - net		38,735	(2,580)
Profit before taxation		62,162	124,684
Taxation		(11,500)	(27,000)
Profit after taxation		50,662	97,684
Earnings per share - Basic and diluted (Rupee)		0.34	0.65

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



**Condensed Interim Statement of Comprehensive Income
for the quarter ended December 31, 2016 (Unaudited)**

	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in thousands)	
Profit after taxation	50,662	97,684
Other comprehensive income :		
Items that will be reclassified subsequently to profit and loss:		
Net gain on - available for sale investments		
Unrealised gain on revaluation of investments for the period - net of tax	519,640	14,286
Reclassification adjustments included in the profit and loss account for:		
Gain on sale of investments - net of tax	(1,380)	(34,621)
	518,260	(20,335)
Total Comprehensive income for the quarter ended December 31, 2016	<u>568,922</u>	<u>77,349</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Statement of Changes in Equity for the quarter ended December 31, 2016 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves Unappropriated Profit	Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2015	750,000	34,000	3,026,000	817,933	1,232,289	5,110,222	5,860,222
Cash dividend for the year ended September 30, 2015 @ 50%	-	-	-	(375,000)	-	(375,000)	(375,000)
Transfer to general reserve	-	-	440,000	(440,000)	-	-	-
Total comprehensive income for the quarter ended December 31, 2015	-	-	-	97,684	(20,335)	77,349	77,349
Balance as on December 31, 2015	<u>750,000</u>	<u>34,000</u>	<u>3,466,000</u>	<u>100,617</u>	<u>1,211,954</u>	<u>4,812,571</u>	<u>5,562,571</u>
Balance as on October 1, 2016	750,000	34,000	3,466,000	827,753	1,453,684	5,781,437	6,531,437
Proposed cash dividend for the year ended September 30, 2016 @ 50%	-	-	-	(412,500)	-	(412,500)	(412,500)
Proposed transfer to general reserve	-	-	412,500	(412,500)	-	-	-
Total comprehensive income for the quarter ended December 31, 2016	-	-	-	50,662	518,260	568,922	568,922
Balance as on December 31, 2016	<u>750,000</u>	<u>34,000</u>	<u>3,878,500</u>	<u>53,415</u>	<u>1,971,944</u>	<u>5,937,859</u>	<u>6,687,859</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Cash Flow Statement for the quarter ended December 31, 2016 (Unaudited)

	Note	Dec. 31, 2016	Dec. 31, 2015
(Rupees in thousands)			
Cash flows from operating activities			
Cash (used in) / generated from operations	14	(2,982,228)	(1,359,971)
Finance income received - net		42,387	9,835
Income tax paid		(36,150)	(32,343)
Long-term loans		175	79
Net cash used in operating activities		(2,975,816)	(1,382,400)
Cash flows from investing activities			
Fixed capital expenditure		(394,728)	(82,142)
Redemption / sale proceeds of investments		8,740	3,467,712
Dividend received		15,552	14,323
Purchase of investments		(15,031)	(1,250,000)
Sale proceeds of fixed assets		385	760
Net cash (used in) / generated from investing activities		(385,082)	2,150,653
Cash flows from financing activities			
Dividend paid		(71)	(177)
Net cash used in financing activities		(71)	(177)
Net decrease in cash and cash equivalents		(3,360,969)	768,076
Cash and cash equivalents at the beginning of the quarter		3,575,276	296,863
Cash and cash equivalents at the end of the quarter	15	214,307	1,064,939

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Notes to the Condensed Interim Financial Statements for the quarter ended December 31, 2016 (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 (formerly Karachi, Lahore and Islamabad Stock Exchanges Limited). Effective from January 11, 2016, all the stock exchanges in Pakistan have been integrated to form Pakistan Stock Exchange. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

2. Statement of Compliance

These condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 245 of the Companies Ordinance, 1984 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 Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance, are to be followed. These 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, 2016.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these 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, 2016.

	(Unaudited) Dec. 31, 2016 (Rupees in thousands)	(Audited) Sept. 30, 2016
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	1,699,686	1,520,365
Capital work-in-progress	804,033	592,155
Major stores and spare parts	14,663	49,365
	<u>2,518,382</u>	<u>2,161,885</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the period ended December 31, 2016 were as follows:		

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	392,630	—
Furniture, fittings and office equipment	1,990	4
Vehicles	108	37
	<u>394,728</u>	<u>41</u>



		(Unaudited) Dec. 31, 2016	(Audited) Sept. 30, 2016
		(Rupees in thousands)	
5. Long-term investments - available for sale			
Investments in related parties	– Quoted - at fair value	1,527,065	1,176,917
	– Un-Quoted - at cost	12,500	12,500
Investments in other companies	– Quoted - at fair value	1,012,334	836,551
		<u>2,551,899</u>	<u>2,025,968</u>
5.1	The aggregate cost of the investments, net of impairment is Rs.579.95 (September 30, 2016: Rs.572.28) million.		
		(Unaudited) Dec. 31, 2016	(Audited) Sept. 30, 2016
		(Rupees in thousands)	
6. Stock-in-trade			
Raw materials		557,359	165,519
Work-in-process		94,439	30,317
Finished goods		1,492,374	200,393
Fertilizers		6,768	5,618
		<u>2,150,940</u>	<u>401,847</u>
7. Other receivables			
Duty drawback and research & development support claim		9,625	9,140
Sales tax refundable / adjustable		178,087	–
Dividend receivable		1,368	8,973
Others		156	3,682
		<u>189,236</u>	<u>21,795</u>



	(Unaudited) Dec. 31, 2016	(Audited) Sept. 30, 2016
(Rupees in thousands)		
8. Trade and other payables		
Creditors	1,541,727	1,283,452
Accrued liabilities	248,660	180,255
Sales-tax / Federal excise duty	—	42,922
Workers' Profit Participation Fund (WPPF)	3,301	51,983
Workers' Welfare Fund	32,111	31,561
Income-tax deducted at source	1,883	230
Unclaimed dividends	50,922	50,993
	<u>1,878,604</u>	<u>1,641,396</u>
9. Short-term borrowings - secured	<u>1,000,000</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs.5,313 (September 2016: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.5% (September 2016: 4.3% to 6.85%) per annum.

10. Contingencies and commitments

10.1 On May 22, 2015 the Government of Pakistan promulgated Gas Infrastructure Development (GID) Cess Act, 2015 and levied GID Cess on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GID Cess Act, 2015 was made applicable with immediate effect superseding the GID Cess Act, 2011 and GID Cess Ordinance, 2014.

The Company challenged the vires of GID Cess Act, 2015 before the Honourable High Court of Sindh. On July 24, 2015 the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015. Subsequent to year end, on October 26, 2016, the case was decided by the Honourable High Court of Sindh in favour of the Company. Against the above order Government have a right to file an appeal before the Honourable Supreme Court of Pakistan.

The Financial exposure of the Company upto December 31, 2016 is Rs.30.18 (September 2016: 22.75) million. However, in view of the advice of legal counsel no provision has been made in these financial statements.

10.2 The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Kaemari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on March 20, 2015 and was not taken up for hearing. The financial exposure as at December 31, 2016 is Rs.32.38 (September 30, 2016: 31.77)million. In view of the advice of legal counsel, the company is confident of a favourable outcome of the case and accordingly no provision has been made in these financial statements.



- 10.3** Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED.

Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 17, 2013, the date of SRO No: 77(1)/2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. The case was lastly fixed for hearing on December 4, 2014 and was adjourned as date in office. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision has been made in these financial statements.

- 10.4** During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal counsel, the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.

- 10.5** During 2009-10 the Company received a show cause notice from Competition Commission of Pakistan (CCP) under the Competition Ordinance, 2009 for alleged violation of certain provisions of the Ordinance. The Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh challenging the Ordinance. The Honourable High Court of Sindh, granted stay and restrained the Commission not to pass final order in respect of the show cause notice. The CCP filed an appeal before the Honourable Supreme Court of Pakistan which was disposed off by the Honourable Supreme Court based on the grounds that the matter was pending before the Honourable High Courts of Sindh and Lahore.

The Competition Ordinance of 2009 was repealed on March 25, 2010 and thereafter a new Ordinance, 2010 was promulgated which also stood repealed on August 15, 2010. The Parliament thereafter enacted the Competition Act, 2010 (ACT XIX of 2010). The Company filed amended application in view of the promulgation of the Competition Act 2010 which was accepted by the Honourable High Court of Sindh, with the consent of both the parties.



The petitions were last fixed for hearing on April 22, 2015, however, these were not taken up for hearing and adjourned to date in office. The CCP has not imposed any fine / penalty against the alleged violation of any provisions of the Competition Act 2010.

10.6 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.500.00 (September 2016: Rs. 250.00) million against agriculture finance facilities to growers and counter guarantees to other banks amounting to Rs.40.84 (September 2016: 382.18) 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.

10.7 Commitments for capital expenditure amounting to Rs.128.47 (2016: Rs.330.73) million.

	(Unaudited) Dec. 31, 2016	(Audited) Sept. 30, 2016
	(Rupees in thousands)	
10.8 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	32,891	28,973



11. Segment operating results and related information for the quarter ended December 31, 2016 (Unaudited)

		(Rupees in thousands)									
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Net sales and services											
Sales	Local Export	188,997 —	337,282 —	78,796 267,556	85,977 284,256	1,366 65,364	189 91,103	209,647 —	189,921 —	478,806 332,920	613,369 375,359
Services - Storage income - net		188,997 —	337,282 —	346,352 —	370,233 162	66,730 —	91,292 —	209,647 —	189,921 —	811,726 —	988,728 162
Less: Cost of sales		188,997 (179,047)	337,282 (302,032)	346,352 (303,383)	370,395 (323,094)	66,730 (64,800)	91,292 (79,298)	209,647 (189,543)	189,921 (173,471)	811,726 (736,773)	988,890 (877,895)
Gross Profit		9,950	35,250	42,969	47,301	1,930	11,994	20,104	16,450	74,953	110,995
Less: Selling and distribution expenses		(5,382)	(6,558)	(16,767)	(20,855)	(3,428)	(4,345)	—	—	(25,577)	(31,758)
Administrative expenses		(31,900)	(30,334)	(5,153)	(4,127)	(971)	(1,119)	(48)	(56)	(38,072)	(35,636)
		(37,282)	(36,892)	(21,920)	(24,982)	(4,399)	(5,464)	(48)	(56)	(63,649)	(67,394)
Profit / (Loss) before other operating expenses and other income		(27,332)	(1,642)	21,049	22,319	(2,469)	6,530	20,056	16,394	11,304	43,601
Other operating expenses -note 12										(3,851)	(8,413)
Other income - note 13										15,974	92,076
Operating profit										23,427	127,264



	(Unaudited)	
	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in thousands)	
12. Other operating expenses		
Workers' Profit Participation Fund	3,301	6,649
Workers' Welfare Fund	550	1,642
Exchange loss	—	122
	<u>3,851</u>	<u>8,413</u>
13. Other income		
Profit on sale / redemption of investments	1,380	81,377
Dividend income	7,947	5,701
Scrap sale	6,099	4,241
Gain on disposal of fixed assets	344	757
Exchange gain	204	—
	<u>15,974</u>	<u>92,076</u>
14. Cash (used in) generated from operations		
Profit before taxation	62,162	124,684
Adjustment for non-cash charges and other items		
Depreciation	38,190	33,526
Gain on disposal of fixed assets	(344)	(757)
Profit on sale / redemption of investments	(1,380)	(81,377)
Finance (income) / cost - net	(38,735)	2,580
Dividend income	(7,947)	(5,701)
Working capital changes - note 14.1	(3,034,174)	(1,432,926)
	<u>(2,982,228)</u>	<u>(1,359,971)</u>
14.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(55,254)	(29,119)
Stock-in-trade	(1,749,093)	(1,298,152)
Trade debts	(25,644)	349,997
Loans and advances	(1,019,789)	(737,073)
Trade deposits and prepayments	(8,505)	(4,956)
Other receivables	(175,046)	(127,875)
	<u>(3,033,331)</u>	<u>(1,847,178)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	237,279	589,393
Advance from customers	(238,122)	(175,141)
Net changes in working capital	<u>(843)</u>	<u>414,252</u>
	<u>(3,034,174)</u>	<u>(1,432,926)</u>



(Unaudited)
Dec. 31, Dec. 31,
2016 2015
(Rupees in thousands)

15. Cash and cash equivalents at the end of the quarter

These comprise of the following:

Cash and bank balances	1,214,307	2,264,939
Short-term borrowings	(1,000,000)	(1,200,000)
	<u>214,307</u>	<u>1,064,939</u>

16. Transactions with related parties

Material transactions with related parties are given below:

	(Unaudited) Dec. 31, Dec. 31, 2016 2015 (Rupees in thousands)	
Insurance premium paid	14,828	9,640
Insurance claim received	5,651	—
Profit on treasury call accounts / term deposits	37,030	12,402
Investment in units of mutual fund	—	750,000
Redemption of investments	—	753,648
Bank charges	23	30
Compensation of Key management personnel	12,015	11,037
Contribution to retirement funds	3,398	3,292

Transactions with related parties are carried out at arm's length.

17. Dividend

The Board of Directors of the Company in their meeting held on December 24, 2016 had proposed a final cash dividend of Rs.2.75 per share (55%) for the year ended September 30, 2016. The cash dividend as proposed by the Board of Directors of the Company was approved by the members at the Annual General Meeting of the Company held on January 30, 2017. The proposed cash dividend has been accounted for in these condensed interim financial statements.

18. General

- Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.
- These condensed interim financial statements were authorised for issue on January 30, 2017 by the Board of Directors of the Company.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



موجودہ کرشنگ سیزن کے دوران گنے کی دستیابی غیر متواتر رہی ہے جس کے نتیجے میں گنے کی کرشنگ کا یومیہ اوسط تناسب گزشتہ سال کے مقابلے میں کم رہا۔ گنے کی دستیابی میں کمی کی وجہ سے ملز کے درمیان گنے کی قیمت پر مقابلے کی فضا قائم رہی اور کاشت کار سپورٹ پرائس سے زیادہ کا تقاضہ کرتے رہے۔ لہذا کھپنی نے دباؤ میں رہتے ہوئے زیادہ قیمتوں پر گنے کی خریداری کی عالمی طور پر گرم درجہ حرارت کی وجہ سے شکر کی ریکوری گزشتہ سال کے مقابلے میں کم رہی اس ڈویژن کا منافع کم ریکوری اور پیداوار کے اخراجات میں اضافہ کی وجہ سے کم ہو سکتا ہے۔

کیپیٹل کی اکنامک کوآرڈینیشن کمیٹی (ECC) نے 225,000 ٹن شکر کی 31 مارچ 2017ء تک برآمد کرنے کی اجازت بغیر کسی مراعت / نقد سبسڈی دی ہے۔ اسٹیٹ بینک آف پاکستان نے 19 جنوری 2017ء کو شکر برآمد کرنے کے طریقہ کار کا اجراء کر دیا ہے جس پر شوگر ملز کو شکر برآمد کرنے کیلئے عمل کرنا ہوگا۔

شوگر ڈویژن نے موجودہ پہلی سہ ماہی کی مدت میں 27.33 ملین روپے کا خسارہ کیا جبکہ گزشتہ سال اسی مدت کے دوران مبلغ 1.64 ملین روپے کا خسارہ تھا۔ شوگر ڈویژن کے خسارہ میں اضافہ کی وجہ ریکوری کی کمی شکر کی پیداواری لاگت میں اضافہ اور فروخت کے حجم میں کمی ہے۔

ڈسٹری ڈویژن:

اس ڈویژن کا پیداواری عمل 8 دسمبر 2016ء کو شروع ہوا اور 31 دسمبر تک استھانول کی پیداوار 5,460 میٹرک ٹن تھی جبکہ گزشتہ سال اسی مدت کے دوران 5,139 میٹرک ٹن رہی تھی۔ اس ڈویژن نے 21.05 ملین روپے منافع حاصل کیا جبکہ گزشتہ سال کی پہلی سہ ماہی میں منافع مبلغ 22.32 ملین روپے حاصل کیا تھا۔

لیکونیڈ فائڈ کاربن ڈائی آکسائیڈ (CO₂) یونٹ کا آپریشن بھی اطمینان بخش رہا اور لیکونیڈ فائڈ کاربن ڈائی آکسائیڈ (CO₂) کی پیداوار 1,470 میٹرک ٹن تھی جبکہ گزشتہ سال اسی مدت کے دوران 1,727 میٹرک ٹن رہی تھی۔

ٹیکسٹائل ڈویژن:

اس ڈویژن نے زیر نظر پہلی سہ ماہی کی مدت میں 2.47 ملین روپے خسارہ کیا جبکہ گزشتہ سال اسی مدت کے دوران مبلغ 6.53 ملین روپے منافع کمایا تھا۔ ڈویژن کے خسارہ کی وجہ بین الاقوامی مارکیٹ میں قیمتوں اور طلب میں کمی ہے۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران چینی کی تجارت سے اس ڈویژن نے مبلغ 20.06 ملین روپے منافع حاصل کیا جبکہ گزشتہ سال اسی مدت کے دوران 16.39 ملین روپے منافع حاصل کیا تھا۔

عام امور:

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

از طرف بورڈ آف ڈائریکٹران

اصغر ڈی۔ حبیب
چیرمین

کراچی مورخہ 30 جنوری 2017ء



ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے میں 31 دسمبر 2016ء کو ختم ہونے والے پہلی سہ ماہی کیلئے کمپنی کی غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہا ہوں۔

مالیاتی نتائج:

اللہ کے فضل و کرم سے زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 62.16 ملین روپے رہی۔ پہلی سہ ماہی کے مالیاتی نتائج درج ذیل ہیں:-

(روپے ہزاروں میں)

62,162

منافع قبل از ٹیکس

11,500

ٹیکس

50,662

منافع بعد از ٹیکس

2,753

غیر منقسمہ منافع B/F

53,415

غیر منقسمہ منافع C/F

0.34

آمدنی فی شیئر۔ بنیادی اور معتدل۔ روپیہ

کارکردگی کا جائزہ:

شکر ڈویژن

گئے کی کرشنگ کا سیزن 2016-2017 17 نومبر 2016 کو شروع ہوا اور 31 دسمبر 2016 تک گئے کی کرشنگ 289,151 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 9.10 فیصد رہا اور شکر کی پیداوار 26,306 میٹرک ٹن بشمول شکران پروسس ہوئی۔ مقابلہ گزشتہ سیزن کی پہلی سہ ماہی میں گئے کی کرشنگ 293,817 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 10.13 فیصد تھی اور شکر کی پیداوار 29,752 میٹرک ٹن بشمول شکران پروسس تھی۔

حکومت سندھ نے 31 اکتوبر 2016 کو گئے کی کم از کم سپورٹ پرائس برائے سیزن 2016-2017 کے نوٹیفکیشن کا اجرا کیا جس میں گئے کی قیمت 182/- روپے فی 40 کلوگرام مقرر کی گئی اس کے مقابلے میں گزشتہ سیزن 2015-2016 میں 172/- روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کو الٹی پرییمیم شکر کی اوسط ریکوری کے شیڈ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرے گی۔ حالانکہ نوٹیفکیشن کے مطابق یہ معاملہ معزز سپریم کورٹ آف پاکستان میں زیر سماعت ہے اور وفاقی حکومت کی اسٹیبلشمنٹ کمیٹی کے فیصلہ کے مطابق کو الٹی پرییمیم کا معاملہ سپریم کورٹ کے فیصلے تک معطل رہے گا یا وفاقی حکومت کوئی متفقہ لائحہ عمل طے نہ کرے۔