



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Half Year ended
March 31, 2018
(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 Munawar 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	Sugar & Distillery Division Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314 Textile Division D-140/B-1 Mangopir Road S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118	
Bulk Storage	Terminal 60/1-B Oil Installation Area Kaemari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005	
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 our privilege to present to you the unaudited condensed unconsolidated & consolidated interim financial statements of the Company for the half year ended March 31, 2018.

Financial Results

By the Grace of Allah, during the period under review the operations of your Company resulted in a pre-tax profit of Rs.428.95 million. The financial results for the half year are as follows :

(Rupees in thousands)

Profit before taxation	428,952
Taxation	11,000
Profit after taxation	417,952
Unappropriated profit brought forward	2,395
Unappropriated profit carried forward	420,347
Earnings per share – Basic and diluted	Rs. 2.79

Performance Review

Sugar Division

The crushing season 2017-18 commenced on December 8, 2017 and upto March 31, 2018, 963,684 M. Tons of sugarcane was crushed with average sucrose recovery of 10.37 % and sugar production of 99,914 M.Tons including sugar in process as compared with crushing of 865,530 M. Tons with average sucrose recovery of 9.97 % and sugar production of 86,316 M. Tons during the preceding season.

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

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



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

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

Considering surplus sugar stock in the country, the Economic Co-ordination Committee of the Cabinet (ECC) allowed export of 1,500,000 M. Tons of sugar with cash freight support of Rs.10.70/kg on a sliding scale which was to be shared equally by the federal government and provincial government. In addition to the above, the Government of Sindh announced additional cash freight support of Rs. 9.30/kg for the Sindh sugar mills on export of 500,000 M. Tons of sugar with a maximum quantity of 20,000 M. tons per mill. Your Company entered into export contracts of 9,340 M. Tons and exported 3,640 M.Tons of Sugar upto March 31, 2018.

During the period under review, the sugar division suffered operating loss of Rs.2.49 million as against operating profit of Rs. 9.20 million during the corresponding period of the previous year. The division suffered loss due to continuous depressed sugar prices both in domestic and international markets.

Distillery Division

During the period under review, the division operated for 154 days and produced 14,985 M. Tons of ethanol as against 162 days of operations and production of 14,688 M. Tons as compared with the corresponding period of the previous year. The division earned operating profit of Rs.333.92 million as compared with Rs.93.18 million during the corresponding period of previous year. The increase in profit was due to higher sales volume, better sale price and lower cost of production during the period as compared to the corresponding period of the previous year.

The liquidified carbon dioxide (CO₂) unit operated satisfactorily and produced 3,717 M. Tons as compared with 3,970 M. Tons during the corresponding period of the previous year.



Textile Division

The division earned operating profit of Rs.15.47 million during the period under review, as against loss of Rs.2.33 million during the corresponding period of previous year. The increase in division's profit is due to higher sales volume, better sale price and rebate available for the exporters under the Textile package announced by the government.

Trading Division

During the period under review, the division incurred loss of Rs.57.73 million on account of trading of sugar as against profit of Rs.19.98 million during the corresponding period of the previous year. The division suffered loss due to drastic reduction in sugar prices in local market.

Bagasse Based Co-Generation Project

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

General

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

On behalf of the Board of Directors

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Karachi: May 30, 2018



Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Habib Sugar Mills Limited (the Company) as at 31 March 2018, the related unconsolidated condensed interim statement of profit and loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the accounts (here-in-after referred to as "interim financial information") for the six month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

EY Ford Rhodes
Chartered Accountants
Review Engagement Partner:
Khurram Jameel

Karachi: May 30, 2018



Unconsolidated Condensed Interim Statement of Financial Position as at March 31, 2018 (Unaudited)

	Note	Unaudited March 31, 2018	Audited Sept. 30, 2017
(Rupees in thousands)			
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,676,499	2,692,170
Long-term investments	5	3,000,101	2,403,065
Long-term loans		5,250	6,570
Long-term deposits		3,928	4,028
		<u>5,685,778</u>	<u>5,105,833</u>
Current Assets			
Stores and spare parts		157,194	119,735
Stock-in-trade	6	5,002,100	1,673,612
Trade debts		301,586	254,380
Loans and advances	7	114,365	803,432
Trade deposits and short-term prepayments		7,854	9,749
Profit accrued on bank deposits		1,600	1,551
Other receivables	8	327,784	151,819
Taxation - net		136,719	98,292
Cash and bank balances	9	740,962	924,206
		<u>6,790,164</u>	<u>4,036,776</u>
Total Assets		<u>12,475,942</u>	<u>9,142,609</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September 30, 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 (September 30, 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>6,899,139</u>	<u>6,233,335</u>
		<u>7,649,139</u>	<u>6,983,335</u>
Non-Current Liabilities			
Deferred taxation	10	105,000	98,500
Current Liabilities			
Trade and other payables	11	2,782,007	1,309,371
Advance from customers		631,376	691,920
Short-term borrowings	12	1,227,500	—
Unclaimed dividend		74,261	59,483
Accrued mark-up on short-term borrowings		6,659	—
		<u>4,721,803</u>	<u>2,060,774</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>12,475,942</u>	<u>9,142,609</u>

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


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Unconsolidated Condensed Interim Statement of Profit and Loss for the half year ended March 31, 2018 (Unaudited)

		Half year ended		Quarter ended	
	Note	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Rupees in thousands)			
Segment operating results	14				
Net sales and services		3,435,975	2,141,259	1,608,900	1,329,533
Cost of sales		(2,946,641)	(1,857,478)	(1,072,105)	(1,120,705)
Gross profit		489,334	283,781	536,795	208,828
Selling and distribution expenses		(116,205)	(90,311)	(83,395)	(64,734)
Administrative expenses		(83,964)	(73,433)	(42,757)	(35,361)
Other operating expenses	15	(24,245)	(20,993)	(23,395)	(17,142)
Other income	16	127,989	207,197	98,176	191,223
		(96,425)	22,460	(51,371)	73,986
Operating profit		392,909	306,241	485,424	282,814
Finance income / (cost) - net	17	36,043	26,708	12,932	(12,027)
Profit before taxation		428,952	332,949	498,356	270,787
Taxation	18	(11,000)	(10,000)	(5,500)	1,500
Profit after taxation		417,952	322,949	492,856	272,287
Earnings per share - Basic and diluted	Rs.	2.79	2.15	3.29	1.82

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, 2018 (Unaudited)

	Half year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in thousands)			
Profit after taxation	417,952	322,949	492,856	272,287
Other comprehensive income :				
Items that will be reclassified subsequently to profit & loss account :				
Net gain on investments - available for sale				
Increase / (decrease) in unrealised gain on revaluation of investments for the period - net of tax	511,284	453,370	554,120	(66,270)
Reclassification adjustments included in the profit and loss account for:				
Gain on sale / redemption of investments - net of tax	(932)	(92,479)	(1,156)	(91,099)
	510,352	360,891	552,964	(157,369)
Total Comprehensive income for the period	928,304	683,840	1,045,820	114,918

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



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


Murtaza H. Habib
Director



Unconsolidated Condensed Interim Statement of Cash Flows for the half year ended March 31, 2018 (Unaudited)

	Note	March 31, 2018 (Rupees in thousands)	March 31, 2017
Cash flows from operating activities			
Cash used in operations	19	(995,513)	(5,230,614)
Finance income received - net		42,653	46,823
Income tax paid		(42,927)	(55,679)
Long-term loans		1,320	(970)
Long-term deposits		100	(100)
Net cash used in operating activities		(994,367)	(5,240,540)
Cash flows from investing activities			
Fixed capital expenditure		(109,613)	(550,354)
Sale proceeds / redemption of investments		81,020	181,020
Dividend received		23,419	106,350
Purchase of investments		(166,772)	(142,557)
Sale proceeds of fixed assets		3,291	1,846
Net cash used in investing activities		(168,655)	(403,695)
Cash flows from financing activities			
Dividend paid		(247,722)	(338,208)
Net cash used in financing activities		(247,722)	(338,208)
Net decrease in cash and cash equivalents		(1,410,744)	(5,982,443)
Cash and cash equivalents at the beginning of the period		924,206	3,575,276
Cash and cash equivalents at the end of the period	20	(486,538)	(2,407,167)

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, 2018 (Unaudited)

1. The Company and its operations

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

2. Statement of compliance

These unconsolidated condensed interim financial statements are unaudited and 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, 2017.

3. Significant accounting policies and disclosures

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

	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017 (Rupees in thousands)
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,664,309	2,508,472
Capital work-in-progress	12,190	180,788
Major stores and spare parts	—	2,910
	<u>2,676,499</u>	<u>2,692,170</u>

4.2 Cost of additions to and written down value of deletions from fixed assets during the half year ended March 31, 2018 were as follows:

	Additions (Rupees in thousands)	Deletions (Rupees in thousands)
Factory and building	5,454	—
Plant and machinery		
Sugar	89,403	1,095
Distillery	11,776	—
Textile	662	—
Furniture, fittings and office equipment	2,318	—
Vehicles	—	9
	<u>109,613</u>	<u>1,104</u>



		(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
5. Long-term investments - available for sale			
Investments in subsidiary company – at cost		50,000	100
Investments in related parties – Quoted - at fair value		1,946,831	1,471,409
– Un-Quoted - at cost		94,100	58,500
Investments in other companies – Quoted - at fair value		909,170	873,056
		<u>3,000,101</u>	<u>2,403,065</u>
5.1	The aggregate cost of these investments, net of impairment is Rs.728.81 (September 30, 2017: Rs.642.13) million.		
	Note	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
6. Stock-in-trade			
Raw materials		870,814	251,406
Work-in-process		91,444	32,978
Finished goods		3,960,921	1,373,326
Bagasse		76,015	12,714
Fertilizers		2,906	3,188
		<u>5,002,100</u>	<u>1,673,612</u>
7. Loans and advances			
Loans - secured			
Current maturity of long-term loans			
Executives		1,446	1,571
Other Employees		3,553	5,395
		4,999	6,966
Advances - unsecured			
Suppliers		109,366	796,466
		<u>114,365</u>	<u>803,432</u>
8. Other receivables - Considered good			
Duty drawback and research & development support claim		24,075	17,112
Cash freight support receivable		72,800	–
Dividend receivable	8.1	75,117	3,336
Sales tax refundable / adjustable		89,229	115,686
Others	8.2	66,563	15,685
		<u>327,784</u>	<u>151,819</u>
8.1	Includes Rs. 72.41 million (September 30, 2017: Nil) from Bank Al Habib Limited a related party.		
8.2	Includes Rs.49.57 (September 30, 2017: Rs.15.38) million from HSM Energy Limited - wholly owned subsidiary.		



	Note	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
9. Cash and bank balances			
Cash in hand		887	273
Balances with banks in:			
Current accounts		24,402	19,482
Treasury call accounts	9.1	45,673	169,451
Term Deposit Receipts	9.2	670,000	735,000
	9.3	740,075	923,933
		<u>740,962</u>	<u>924,206</u>
9.1	Profit rates on Treasury call accounts ranged between 3.75% to 5.50% (September 30, 2017: 3.75% to 5.50%) per annum.		
9.2	Profit rates on Term Deposit Receipts 5.80% (September 30, 2017: 5.80% to 6.05%) per annum. Maturity of these Term Deposit Receipts are one month.		
9.3	Includes Rs.609.54 (September 30, 2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.		
		(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
10. Deferred taxation			
Deferred Tax liability on taxable temporary differences:			
Accelerated tax depreciation allowance on operating fixed asset		212,000	203,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax losses		(100,000)	(92,000)
Unadjusted tax credit on investment		—	(5,500)
		<u>(107,000)</u>	<u>(104,500)</u>
		<u>105,000</u>	<u>98,500</u>
11. Trade and other payables			
Creditors		2,451,020	1,043,251
Accrued liabilities		297,627	201,888
Workers' Profit Participation Fund (WPPF)		22,660	26,474
Workers' Welfare Fund		10,431	37,141
Income-tax deducted at source		269	617
		<u>2,782,007</u>	<u>1,309,371</u>



	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
12. Short-term borrowings - secured	1,227,500	–
<p>The aggregate financing facility available from commercial banks amounted to Rs.5,313 (September 30, 2017: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.20% (September 30, 2017: 2.25% to 7.54%) per annum.</p>		
13. Contingencies and commitments		
Contingencies		
<p>There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2017.</p>		
Commitments		
13.1 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 30, 2017: Rs.250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,020.11 (September 30, 2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.		
13.2 Commitments for capital expenditure amounting to Rs.1.30 (September 30, 2017: 65.20) million.		
	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
13.3 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	29,824	32,653



14. Segment operating results for the half year ended March 31, 2018 (Unaudited)

(Rupees in thousands)											
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Net sales and services											
Sales	Local	1,359,481	629,596	202,690	204,252	3,279	1,479	270,074	209,647	1,835,524	1,044,974
	Export	202,878	296,563	1,114,306	676,946	283,209	122,637	—	—	1,600,393	1,096,146
		1,562,359	926,159	1,316,996	881,198	286,488	124,116	270,074	209,647	3,435,917	2,141,120
Services - Storage income - net		—	—	58	139	—	—	—	—	58	139
		1,562,359	926,159	1,317,054	881,337	286,488	124,116	270,074	209,647	3,435,975	2,141,259
Less: Cost of sales		(1,449,882)	(820,692)	(914,304)	(730,059)	(254,950)	(117,184)	(327,505)	(189,543)	(2,946,641)	(1,857,478)
Gross Profit		112,477	105,467	402,750	151,278	31,538	6,932	(57,431)	20,104	489,334	283,781
Less: Selling and distribution expenses		(40,444)	(31,774)	(61,975)	(51,196)	(13,603)	(7,341)	(183)	—	(116,205)	(90,311)
	Administrative expenses	(74,522)	(64,490)	(6,855)	(6,898)	(2,467)	(1,922)	(120)	(123)	(83,964)	(73,433)
		(114,966)	(96,264)	(68,830)	(58,094)	(16,070)	(9,263)	(303)	(123)	(200,169)	(163,744)
Profit / (Loss) before other operating expenses and other income		(2,489)	9,203	333,920	93,184	15,468	(2,331)	(57,734)	19,981	289,165	120,037
Other operating expenses -note 15										(24,245)	(20,993)
Other income - note 16										127,989	207,197
Operating Profit										392,909	306,241



14a. Segment operating results for the quarter ended March 31, 2018 (Unaudited)

									(Rupees in thousands)		
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Net sales and services											
Sales	Local	455,617	440,599	107,217	125,456	2,294	113	1,329	–	566,457	566,168
	Export	202,878	296,563	686,200	409,390	153,307	57,273	–	–	1,042,385	763,226
		658,495	737,162	793,417	534,846	155,601	57,386	1,329	–	1,608,842	1,329,394
Services - Storage income - net		–	–	58	139	–	–	–	–	58	139
		658,495	737,162	793,475	534,985	155,601	57,386	1,329	–	1,608,900	1,329,533
Less: Cost of sales		(464,111)	(641,645)	(470,331)	(426,676)	(135,806)	(52,384)	(1,857)	–	(1,072,105)	(1,120,705)
Gross Profit		194,384	95,517	323,144	108,309	19,795	5,002	(528)	–	536,795	208,828
Less: Selling and distribution expenses		(35,236)	(26,392)	(40,075)	(34,429)	(7,901)	(3,913)	(183)	–	(83,395)	(64,734)
	Administrative expenses	(40,008)	(32,590)	(1,385)	(1,745)	(1,299)	(951)	(65)	(75)	(42,757)	(35,361)
		(75,244)	(58,982)	(41,460)	(36,174)	(9,200)	(4,864)	(248)	(75)	(126,152)	(100,095)
Profit / (Loss) before other operating expenses and other income		119,140	36,535	281,684	72,135	10,595	138	(776)	(75)	410,643	108,733
Other operating expenses -note 15										(23,395)	(17,142)
Other income - note 16										98,176	191,223
Operating Profit										485,424	282,814



	Half year ended		Quarter ended	
	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
	(Rupees in thousands)			
15. Other operating expenses				
Workers' Profit Participation Fund	22,660	17,697	22,660	14,396
Workers' Welfare Fund	1,585	3,296	735	2,746
	<u>24,245</u>	<u>20,993</u>	<u>23,395</u>	<u>17,142</u>
16. Other income				
Profit on sale / redemption of investments	932	92,479	1,156	91,099
Dividend income	95,200	99,967	78,538	92,020
Scrap sales	4,624	10,648	767	4,549
Gain on disposal of fixed assets	2,187	1,770	9	1,426
Agriculture income	384	1,771	384	1,771
Exchange (loss) / gain	(91)	562	(4,430)	358
Sale of Electricity	24,753	–	21,752	–
	<u>127,989</u>	<u>207,197</u>	<u>98,176</u>	<u>191,223</u>
17. Finance income / (cost) - net				
Profit on treasury call accounts	3,633	4,365	1,549	3,122
Profit on term deposit receipts	53,337	53,931	22,541	10,458
Interest on loan to employees	147	61	73	41
	<u>57,117</u>	<u>58,357</u>	<u>24,163</u>	<u>13,621</u>
Less:				
Mark-up / interest on:				
Short-term borrowings	(12,696)	(23,260)	(6,675)	(19,852)
Workers' Profit Participation Fund	(443)	(1,094)	–	–
Bank charges	(7,935)	(7,295)	(4,556)	(5,796)
	<u>(21,074)</u>	<u>(31,649)</u>	<u>(11,231)</u>	<u>(25,648)</u>
	<u>36,043</u>	<u>26,708</u>	<u>12,932</u>	<u>(12,027)</u>
18. Taxation				
Income tax - current	4,500	–	7,500	(11,500)
Deferred tax	6,500	10,000	(2,000)	10,000
	<u>11,000</u>	<u>10,000</u>	<u>5,500</u>	<u>(1,500)</u>



	(Unaudited)	
	March 31, 2018	March 31, 2017
	(Rupees in thousands)	
19. Cash used in operations		
Profit before taxation	428,952	332,949
Adjustment for non-cash charges and other items		
Depreciation	124,180	83,507
Gain on disposal of fixed assets	(2,187)	(1,770)
Profit on sale / redemption of investments	(932)	(92,479)
Finance income - net	(36,043)	(26,708)
Dividend income	(95,200)	(99,967)
Working capital changes - note 19.1	(1,414,283)	(5,426,146)
	<u>(995,513)</u>	<u>(5,230,614)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Store and spare parts	(37,459)	(31,039)
Stock-in-trade	(3,328,488)	(4,685,954)
Trade debts	(47,206)	(214,945)
Loans and advances	689,067	(636,308)
Trade deposits and prepayments	1,895	1,153
Other receivables	(104,184)	(188,228)
	<u>(2,826,375)</u>	<u>(5,755,321)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	1,472,636	(67,188)
Advance from customers	(60,544)	396,363
Net changes in working capital	<u>(1,414,283)</u>	<u>(5,426,146)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	740,962	342,833
Short-term borrowings	(1,227,500)	(2,750,000)
	<u>(486,538)</u>	<u>(2,407,167)</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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
Transactions during the period				
Insurance premium paid	13,039	21,583	4,959	6,755
Insurance claim received	—	7,451	—	1,800
Profit on treasury call accounts / term deposits	56,851	53,238	24,066	16,208
Investment in shares / units of mutual fund	135,500	54,500	65,300	54,500
Dividend income	72,410	84,478	72,410	84,478
Dividend paid	41,588	65,572	41,588	65,572
Redemption of investments	50,209	10,035	—	10,035
Bank charges	224	72	203	49
Compensation of Key management personnel	26,400	24,870	14,250	12,855
Contribution to retirement funds	7,440	6,876	4,049	3,478
			(Unaudited)	(Audited)
			March 31, 2018	Sept. 30, 2017
			(Rupees in thousands)	

Balances at the end of the period

Bank balances	609,541	895,903
Profit accrued on bank deposits	1,592	1,449

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

22. Date of authorisation for issue

These unconsolidated condensed interim financial statements were authorised for issue on May 30, 2018 by the Board of Directors of the Company.

23. General

23.1 Figures for the quarters ended March 31, 2018 and March 31, 2017 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, 2018 (Unaudited)

	Note	Unaudited March 31, 2018	Audited Sept. 30, 2017
(Rupees in thousands)			
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,723,561	2,707,501
Long-term investments	5	2,950,101	2,402,965
Long-term loans		5,250	6,570
Long-term deposits		3,928	4,028
		<u>5,682,840</u>	<u>5,121,064</u>
Current Assets			
Stores and spare parts		157,194	119,735
Stock-in-trade	6	5,002,100	1,673,612
Trade debts		301,586	254,380
Loans and advances	7	114,365	803,432
Trade deposits and short-term prepayments		7,854	9,749
Profit accrued on bank deposits		1,600	1,551
Other receivables	8	278,216	136,440
Taxation - net		136,719	98,292
Cash and bank balances	9	791,012	924,306
		<u>6,790,646</u>	<u>4,021,497</u>
Total Assets		<u>12,473,486</u>	<u>9,142,561</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September 30, 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 (September 30, 2017: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>6,896,658</u>	<u>6,233,237</u>
		<u>7,646,658</u>	<u>6,983,237</u>
Non-Current Liabilities			
Deferred taxation	10	105,000	98,500
Current Liabilities			
Trade and other payables	11	2,782,032	1,309,421
Advance from customers		631,376	691,920
Short-term borrowings	12	1,227,500	—
Unclaimed dividend		74,261	59,483
Accrued mark-up on short-term borrowings		6,659	—
		<u>4,721,828</u>	<u>2,060,824</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>12,473,486</u>	<u>9,142,561</u>

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


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director




**Consolidated Condensed Interim Statement of Profit and Loss for
the half year ended March 31, 2018 (Unaudited)**

	Note	Half year ended March 31, 2018 (Rupees in thousands)	Quarter ended March 31, 2018
Segment operating results	14		
Net sales and services		3,435,975	1,608,900
Cost of sales		(2,946,641)	(1,072,105)
Gross Profit		<u>489,334</u>	<u>536,795</u>
Selling and distribution expenses		(116,205)	(83,395)
Administrative expenses		(86,303)	(44,017)
Other operating expenses	15	(24,245)	(23,395)
Other income	16	127,989	98,176
		<u>98,764</u>	<u>52,631</u>
Operating profit		<u>390,570</u>	<u>484,164</u>
Finance income / (cost) - net	17	35,999	12,931
Profit before taxation		<u>426,569</u>	<u>497,095</u>
Taxation	18	(11,000)	(5,500)
Profit after taxation		<u><u>415,569</u></u>	<u><u>491,595</u></u>
Earnings per share - Basic and diluted	Rs.	<u><u>2.77</u></u>	<u><u>3.28</u></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 Comprehensive Income
for the half year ended March 31, 2018 (Unaudited)**

	<u>Half year ended</u> March 31, 2018 (Rupees in thousands)	<u>Quarter ended</u> March 31, 2018
Profit after taxation	415,569	491,595
Other comprehensive income :		
Items that will be reclassified subsequently to profit and loss account:		
Net gain on investments - available for sale		
Increase / (decrease) in unrealised gain on revaluation of investments for the period - net of tax	511,284	554,120
Reclassification adjustments included in the profit and loss account for:		
Gain on sale / redemption of investments - net of tax	(932)	(1,156)
	510,352	552,964
Total comprehensive income for the period	<u>925,921</u>	<u>1,044,559</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 Changes in Equity for the half year ended March 31, 2018 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves Unappro- priated Profit	Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2017	750,000	34,000	3,878,500	559,797	1,760,940	6,233,237	6,983,237
Cash dividend for 2017 @ 35%	-	-	-	(262,500)	-	(262,500)	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-	-
Total comprehensive income for the half year ended March 31, 2018	-	-	-	415,569	510,352	925,921	925,921
Balance as on March 31, 2018	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>417,866</u>	<u>2,271,292</u>	<u>6,896,658</u>	<u>7,646,658</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, 2018 (Unaudited)

	Note	March 31, 2018 (Rupees in thousands)
Cash flows from operating activities		
Cash used in operations	19	(963,660)
Finance income received - net		42,609
Income tax paid		(42,927)
Long-term loans		1,320
Long-term deposits		100
Net cash used in operating activities		(962,558)
Cash flows from investing activities		
Fixed capital expenditure		(141,372)
Sale proceeds / redemption of investments		81,020
Dividend received		23,419
Purchase of investments		(116,872)
Sale proceeds of fixed assets		3,291
Net cash used in investing activities		(150,514)
Cash flows from financing activities		
Dividend paid		(247,722)
Net cash used in financing activities		(247,722)
Net decrease in cash and cash equivalents		(1,360,794)
Cash and cash equivalents at the beginning of the period		924,306
Cash and cash equivalents at the end of the period	20	(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, 2018 (Unaudited)

1. Group and its Operations

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

1.1. Holding Company

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

1.2. Subsidiary Company

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

2. Statement of compliance

These consolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Companies Act (the Act), 2017 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, 2017.

3. Significant accounting policies and disclosures

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



	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,664,733	2,508,472
Capital work-in-progress	58,828	196,119
Major stores and spare parts	—	2,910
	<u>2,723,561</u>	<u>2,707,501</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the half year ended March 31, 2018 were as follows:		
	Additions (Rupees in thousands)	Deletions
Factory and building	5,454	—
Plant and machinery		
Sugar	120,634	1,095
Distillery	11,776	—
Textile	662	—
Furniture, fittings and office equipment	2,770	—
Vehicles	—	9
	<u>141,296</u>	<u>1,104</u>
	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
5. Long-term investments - available for sale		
Investments in related company	— Quoted - at fair value 1,946,831	1,471,409
	— Un-Quoted - at cost 94,100	58,500
Investments in other companies	— Quoted - at fair value 909,170	873,056
	<u>2,950,101</u>	<u>2,402,965</u>
5.1 The aggregate cost of these investments, net of impairment is Rs.678.81 (September 30, 2017: Rs.642.13) million.		
	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
6. Stock-in-trade		
Raw materials	870,814	251,406
Work-in-process	91,444	32,978
Finished goods	3,960,921	1,373,326
Bagasse	76,015	12,714
Fertilizers	2,906	3,188
	<u>5,002,100</u>	<u>1,673,612</u>
7. Loans and advances		
Loans - secured		
Current maturity of long-term loans		
Executives	1,446	1,571
Other Employees	3,553	5,395
	4,999	6,966
Advances - unsecured		
Suppliers	109,366	796,466
	<u>114,365</u>	<u>803,432</u>



	Note	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
8. Other receivables - Considered good			
Duty drawback and research & development support claim		24,075	17,112
Cash freight support receivable		72,800	—
Dividend receivable	8.1	75,117	3,336
Sales tax refundable / adjustable		89,229	115,686
Others		16,995	306
		<u>278,216</u>	<u>136,440</u>
8.1 Includes Rs. 72.41 million (September 30, 2017: Nil) from Bank AL Habib Limited a related party.			
9. Cash and bank balances			
Cash in hand		887	273
Balances with banks in:			
Current accounts		74,452	19,582
Treasury call accounts	9.1	45,673	169,451
Term Deposit Receipts	9.2	670,000	735,000
	9.3	790,125	924,033
		<u>791,012</u>	<u>924,306</u>
9.1 Profit rates on Treasury call accounts ranged between 3.75% to 5.50% (September 2017: 3.75% to 5.50%) per annum.			
9.2 Profit rates on Term Deposit Receipts 5.80% (September 30, 2017: 5.80% to 6.05%) per annum. Maturity of these Term Deposit Receipts are one month.			
9.3 Includes Rs.609.64 (September 30, 2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.			
		(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
10. Deferred taxation			
Deferred Tax liability on taxable temporary differences:			
Accelerated tax depreciation allowance on operating fixed assets		212,000	203,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax losses		(100,000)	(92,000)
Unadjusted tax credit on investment		—	(5,500)
		<u>(107,000)</u>	<u>(104,500)</u>
		<u>105,000</u>	<u>98,500</u>
			<u>29</u>



	(Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
11. Trade and other payables		
Creditors	2,451,020	1,043,251
Accrued liabilities	297,652	201,938
Workers' Profit Participation Fund (WPPF)	22,660	26,474
Workers' Welfare Fund	10,431	37,141
Income-tax deducted at source	269	617
	<u>2,782,032</u>	<u>1,309,421</u>
12. Short-term borrowings - secured	<u>1,227,500</u>	<u>—</u>
<p>The aggregate financing facility available from commercial banks amounted to Rs.5,313 (September 2017: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.20% (September 2017: 2.25% to 7.54%) per annum.</p>		
13. Contingencies and commitments		
13.1 Contingencies		
<p>There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2017.</p>		
13.2 Commitments		
<p>The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 30, 2017: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,020.11 (September 30, 2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Holding Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.</p> <p>Commitments for capital expenditure amounting to Rs.1.30 (September 2017: 65.20) million.</p>		
	Unaudited) March 31, 2018 (Rupees in thousands)	(Audited) Sept. 30, 2017
13.3 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	<u>29,824</u>	<u>32,653</u>



14. Segment operating results for the half year ended March 31, 2018 (Unaudited)

		(Rupees in thousands)				
		Sugar Division	Distillery Division	Textile Division	Trading Division	Total
		March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Net sales and services						
Sales	Local	1,359,481	202,690	3,279	270,074	1,835,524
	Export	202,878	1,114,306	283,209	—	1,600,393
		1,562,359	1,316,996	286,488	270,074	3,435,917
Services - Storage income - net		—	58	—	—	58
		1,562,359	1,317,054	286,488	270,074	3,435,975
Less: Cost of sales		(1,449,882)	(914,304)	(254,950)	(327,505)	(2,946,641)
Gross Profit / (Loss)		112,477	402,750	31,538	(57,431)	489,334
Less: Selling and distribution expenses		(40,444)	(61,975)	(13,603)	(183)	(116,205)
Administrative expenses - Holding Company		(74,522)	(6,855)	(2,467)	(120)	(83,964)
Administrative expenses - Subsidiary Company		—	—	—	—	(2,339)
		(74,522)	(6,855)	(2,467)	(120)	(86,303)
		(114,966)	(68,830)	(16,070)	(303)	(202,508)
Profit / (Loss) before other operating expenses and other income		(2,489)	333,920	15,468	(57,734)	286,826
Other operating expenses -note 15						(24,245)
Other income - note 16						127,989
Operating Profit						390,570



14a. Segment operating results for the quarter ended March 31, 2018 (Unaudited)

(Rupees in thousands)						
		Sugar Division	Distillery Division	Textile Division	Trading Division	Total
		March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Net sales and services						
Sales	Local	455,617	107,217	2,294	1,329	566,457
	Export	202,878	686,200	153,307	–	1,042,385
		658,495	793,417	155,601	1,329	1,608,842
Services - Storage income - net		–	58	–	–	58
		658,495	793,475	155,601	1,329	1,608,900
Less: Cost of sales		(464,111)	(470,331)	(135,806)	(1,857)	(1,072,105)
Gross Profit / (Loss)		194,384	323,144	19,795	(528)	(536,795)
Less: Selling and distribution expenses		(35,236)	(40,075)	(7,901)	(183)	(83,395)
Administrative expenses - Holding Company		(40,008)	(1,385)	(1,299)	(65)	(42,757)
Administrative expenses - Subsidiary Company		–	–	–	–	(1,260)
		(40,008)	(1,385)	(1,299)	(65)	(44,017)
		(75,244)	(41,460)	(9,200)	(248)	(127,412)
Profit / (Loss) before other operating expenses and other income		119,140	281,684	10,595	(776)	409,383
Other operating expenses -note 15						(23,395)
Other income - note 16						98,176
Operating Profit						484,164



15. Other operating expenses

	Half year ended March 31, 2018 (Unaudited) (Rupees in thousands)	Quarter ended March 31, 2018 (Unaudited) (Rupees in thousands)
Workers' Profit Participation Fund	22,660	22,660
Workers' Welfare Fund	1,585	735
	<u>24,245</u>	<u>23,395</u>

16. Other income

Profit on sale / redemption of investments	932	1,156
Dividend income	95,200	78,538
Scrap sale	4,624	767
Gain on disposal of fixed assets	2,187	9
Agriculture income	384	384
Exchange (loss) / gain	(91)	(4,430)
Sale of Electricity	24,753	21,752
	<u>127,989</u>	<u>98,176</u>

17. Finance income / (cost) - net

Profit on treasury call accounts	3,633	1,549
Profit on term deposit receipts	53,337	22,541
Interest on loan to employees	147	73
	<u>57,117</u>	<u>24,163</u>
Less:		
Mark-up / interest on:		
Short-term borrowings	(12,696)	(6,675)
Workers' Profit Participation Fund	(443)	-
Bank charges	(7,979)	(4,557)
	<u>(21,118)</u>	<u>(11,232)</u>
	<u>35,999</u>	<u>12,931</u>

18. Taxation

Income tax - current	4,500	7,500
Deferred tax	6,500	(2,000)
	<u>11,000</u>	<u>5,500</u>



	(Unaudited) March 31, 2018 (Rupees in thousands)
19. Cash used in operations	
Profit before taxation	426,569
Adjustment for non-cash charges and other items	
Depreciation	124,208
Gain on disposal of fixed assets	(2,187)
Profit on sale / redemption of investments	(932)
Finance income - net	(35,999)
Dividend income	(95,200)
Working capital changes - net 19.1	(1,380,119)
	<u>(963,660)</u>
19.1 Working capital changes	
(Increase) / decrease in current assets	
Stores and spare parts	(37,459)
Stock-in-trade	(3,328,488)
Trade debts	(47,206)
Loans and advances	689,067
Trade deposits and prepayments	1,895
Other receivables	(69,995)
	<u>(2,792,186)</u>
Increase / (decrease) in current liabilities	
Trade and other payables	1,472,611
Advance from customers	(60,544)
Net changes in working capital	<u>(1,380,119)</u>
20. Cash and cash equivalents at the end of the period	
These comprise of the following:	
Cash and bank balances	791,012
Short-term borrowings	(1,227,500)
	<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, 2018	March 31, 2018
	Unaudited (Rupees in thousands)	
Transactions during the period		
Insurance premium paid	13,039	4,959
Insurance claim received	—	—
Profit on treasury call accounts / term deposits	56,851	24,066
Investment in shares / units of mutual fund	85,600	15,400
Dividend income	72,410	72,410
Dividend paid	41,588	41,588
Redemption of investments	50,209	—
Bank charges	229	208
Compensation of Key management personnel	26,400	14,250
Contribution to retirement funds	7,440	4,049
		(Unaudited) March 31, 2018 (Rupees in thousands)

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 30, 2018 by the Board of Directors of the Company.

23. General

- 23.1** Figures for the quarters ended March 31, 2018 and March 31, 2017 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.
- 23.3** As the Subsidiary Company was incorporated in May 16, 2017, hence, there are no corresponding figure for the half year ended March 31, 2017.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر مدت کے دوران 15.47 ملین روپے آپریٹنگ منافع حاصل کیا اس کے برعکس گزشتہ سال اسی مدت کے دوران 2.33 ملین روپے کا نقصان تھا۔ منافع میں اضافے کی وجہ بہتر فروخت کا حجم، قیمت فروخت میں اضافہ اور حکومت کی جانب سے ٹیکسٹائل پیکیج میں برآمدات پر ریہیٹ ملنے کی وجہ سے ہوا۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران ڈویژن کو 57.73 ملین روپیہ کا خسارہ شکر کی تجارت سے ہوا۔ اس کے برعکس گزشتہ سال اسی مدت کے دوران 19.98 ملین روپیہ کا منافع حاصل کیا تھا۔ ڈویژن نے شکر کی تجارت میں خسارہ مقامی منڈیوں میں شکر کی تیزی سے گرتی ہوئی قیمتوں کی وجہ سے ہوا۔


بگاس پرنی کو جزی لین 26.5 میگا واٹ کا منصوبہ:


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

عام امور:

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

از طرف بورڈ آف ڈائریکٹرز


مرقعی انجمن
ڈائریکٹر


رئیس انجمن
چیف ایگزیکٹو

کراچی مورخہ 30 مئی 2018ء



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

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

30 جنوری 2018 کو معزز ہائی کورٹ آف سندھ نے تمام مستفیدان کی باہمی رضامندی سے کھلی عدالت میں اعلان کیا کہ فریقین کے حقوق کو نقصان پہنچانے بغیر اور معزز سپریم کورٹ میں دائر کردہ مقدمات کے حتمی فیصلہ آنے تک مل 2017-2018 سیزن کے لئے -160 فی کلوگرام کے حساب سے گنے کی خریداری کریں گی۔ یہ عبوری فیصلہ تمام مستفیدان جو کہ زمیندار، ملیں اور گورنمنٹ آف سندھ پر اطلاق ہوگا۔ ملک میں اضافی شکر کے ذخائر کو ملحوظ رکھتے ہوئے اکنامک کوآرڈینیشن کمیٹی آف کیپینٹ (ای سی سی) نے 1,500,000 ٹن شکر کی برآمد کرنے کی اجازت دی اس کے ساتھ کیش فریٹ سپورٹ -10.70 روپے فی کلوگرام جو کہ وفاقی اور صوبائی حکومت آپس میں مساوی حصہ دہنگی۔ اس کے علاوہ سندھ گورنمنٹ نے سندھ کی شوگر ملوں کیلئے اضافی کیش فریٹ سپورٹ -9.30 روپے فی کلوگرام 500,000 ٹن چینی برآمد کرنے پر دینے کا اعلان کیا ہے اور ہر مل کیلئے 20,000 ٹن کی حد مقرر کی ہے۔ آپ کی کمپنی نے 31 مارچ 2018 تک 9,340 ٹن برآمد کا معاہدہ کیا ہے اور 3,640 ٹن چینی برآمد کر چکی ہے۔

زیر جائزہ مدت کے دوران شکر ڈویژن نے آپریٹنگ خسارہ 2.49 ملین روپے کیا جس کے مقابل گزشتہ سال اسی مدت کے دوران 9.20 ملین روپے کا منافع کیا تھا۔ شکر ڈویژن میں خسارے کی وجہ قومی اور بین الاقوامی منڈیوں میں شکر کی قیمتوں میں مسلسل کمی کی وجہ سے ہوا۔

ڈسٹری ڈویژن:

زیر جائزہ مدت کے دوران اس ڈویژن کا پلانٹ 154 دن چلا اور 14,985 میٹرک ٹن انتھانول تیار ہوا اور گزشتہ سال اسی مدت کے دوران 162 دن میں 14688 میٹرک ٹن پیداوار رہی تھی۔ ڈویژن نے 333.92 ملین روپے کا آپریٹنگ منافع حاصل کیا مقابلہ گزشتہ سال اسی مدت کے دوران 93.18 ملین روپے منافع حاصل کیا تھا۔ گزشتہ سال کی مدت کے مقابلے میں منافع میں اضافے کی وجہ فروخت کے حجم میں اضافہ، بہتر قیمت فروخت اور پیداواری قیمتوں میں کمی کی وجہ سے ہوا۔

لیکونیڈ کاربن ڈائی آکسائیڈ کی پیداوار 3717 میٹرک ٹن رہی مقابلہ گزشتہ سال اسی مدت کے دوران 3970 میٹرک ٹن تھی۔ یونٹ کا حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔



ڈائریکٹری کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹری کی جانب سے ہم 31 مارچ 2018ء 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 428.95 ملین روپے رہی۔ اس ششماہی مدت کے مالیاتی نتائج درج ذیل ہیں:-

(روپے ہزاروں میں)

428,952	منافع قبل از ٹیکس
11,000	ٹیکسیشن
417,952	منافع بعد از ٹیکسیشن
2,395	غیر منقسمہ منافع براڈ فارورڈ
420,347	غیر منقسمہ منافع کیری فارورڈ
2.79	منافع فی شیئر - بنیادی اور معتدل - روپیہ

کارکردگی کا جائزہ:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2017-2018 8 دسمبر 2017 کو شروع ہوا اور 31 مارچ 2018 تک گنے کی کرشنگ 963,684 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.37 فیصد رہا اور شکر کی پیداوار 99,914 میٹرک ٹن بشمول شکر ان پروس ہوئی۔ مقابلہ گزشتہ سیزن کی اسی مدت میں گنے کی کرشنگ 865,530 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 9.97 فیصد تھی اور شکر کی پیداوار 86,316 میٹرک ٹن تھی۔

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