



# **Habib Sugar Mills Limited**

**Report and Condensed Interim  
Financial Statements  
for the Quarter and Nine months  
ended June 30, 2015  
(Unaudited)**



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## Company Information

<b>Board of Directors</b>	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>        <i>Chief Executive</i>
<b>Audit Committee</b>	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Shams Mohammad Haji Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member Member
<b>Company Secretary</b>	Amir Bashir Ahmed	
<b>Registered Office</b>	4th 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	
<b>Mills</b>	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
<b>Bankers</b>	Allied Bank of Pakistan Limited Bank AL Habib Limited Barclays Bank PLC, Pakistan 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	
<b>Statutory Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
<b>Share Registrar</b>	THK Associates (Pvt.) Limited 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 111-000-322 Fax : (+92-21) 35655595 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 (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 my privilege to present to you the unaudited condensed interim financial statements of the Company for the three quarters ended June 30, 2015.

### 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. 751.46 million. The financial results for the three quarters are as follows:

	(Rupees in thousands)
Profit before taxation	751,455
Taxation	120,000
Profit after taxation	631,455
Unappropriated profit brought forward	2,496
Unappropriated profit carried forward	633,951
Earnings per share – Basic and diluted	Rs. 4.21

### Performance Review

#### Sugar Division

The crushing season 2014-15 commenced on December 8, 2014 and the plant operated upto April 8, 2015 for 117 days as against 149 days in the preceding season. Sugarcane crushed during the current crushing season was 854,231 M.Tons with average sucrose recovery of 10.40% and sugar production of 88,807 M.Tons, as compared with crushing of 1,116,554 M.Tons with average sucrose recovery of 10.44% and sugar production of 116,513 M.Tons during the preceding crushing season. The quantum of sugarcane crushed and sugar production was lower as compared with the previous season due to lesser availability of sugarcane.

The current financial year has been a unique year in the history of the sugar industry. The crushing season started with a dispute over minimum sugarcane support price between provincial government, growers and millers resulting in delay in the commencement of crushing season 2014-15. The issue of minimum support price went back and forth before being settled by an interim consent order passed by the Honourable High Court of Sindh emerging an interim minimum support price of sugarcane at Rs. 172 per 40 kg with an arrangement that the mills would pay Rs. 160 per 40 kg while the provincial government was bound to pay Rs. 12 per 40 kg. The above interim arrangement was subject to the final adjudication of the case filed by the sugar mills before the Honourable Supreme Court of Pakistan. In compliance with the interim order of the Honourable High Court of Sindh, the Company made total payment of Rs. 172 per 40 kg to the growers representing company's share of Rs. 160 per 40 kg and Rs. 12 per 40 kg received from the provincial government of Sindh. The Company also informed the concerned authorities that the total payment had been made to the growers for the cane supplied during the crushing season 2014-15.



The Economic Co-ordination Committee of the Cabinet in their meeting held on December 24, 2014 allowed export of 650,000 M. Tons of sugar. To encourage exports, the government also announced subsidy of Rs. 10 / kg on sugar exports vide SRO No.1(4) CF-C/2014-114 dated February 10, 2015. In spite of the subsidy announced by the government, the export of sugar was not considered feasible due to depressed sugar prices prevailing in the international market. Our company exported only 500 M. Tons of sugar to Afghanistan and also received subsidy as announced by the government.

Sugar division earned profit of Rs.180.89 million as against profit of Rs.120.36 million in the corresponding period of previous year. The profitability of the division for the period under review was higher on account of better selling prices as compared with the corresponding period of the previous year.

#### **Distillery Division**

Production of ethanol during the three quarters ended June 30, 2015 was 22,390 M.Tons as compared with 24,518 M.Tons during the corresponding period of the previous year. The division earned profit of Rs.223.97 million during the period under review as against profit of Rs.388.09 million in the corresponding period of previous year. The reduction in profitability was due to lower selling price of ethanol in domestic and international markets.

The liquidified carbon dioxide (CO<sub>2</sub>) unit also operated satisfactorily and produced 6,089 M.Tons as compared with 5,533 M.Tons during the corresponding period of previous year.

#### **Textile Division**

The division earned profit of Rs.11.46 million during the three quarters under review as against profit of Rs.18.32 million in the corresponding period of previous year. Decrease in profit of division was mainly on account of reduction in margin on sale.

#### **Trading Division**

During the period under review, the division made operating profit of Rs.14.29 million on account of trading of molasses and sugar.

#### **General**

The Directors are pleased to place on record their appreciation for 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: July 28, 2015



## Condensed Interim Balance Sheet as at June 30, 2015 (Unaudited)

	Note	(Unaudited) June 30, 2015 (Rupees in thousands)	(Audited) September 30, 2014
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed assets			
Property, plant and equipment	4	1,493,254	1,353,601
Long-term investments	5	1,566,456	1,451,587
Long-term loans		3,867	5,391
Long-term deposits		2,978	2,963
		<u>3,066,555</u>	<u>2,813,542</u>
<b>Current Assets</b>			
Stores and spare parts		131,154	87,983
Stock-in-trade	6	2,530,328	956,881
Trade debts		312,954	619,832
Loans and advances		42,139	263,413
Trade deposits and prepayments		7,152	8,725
Accrued profit on bank deposits		4,025	11,099
Other receivables		16,174	20,857
Cash and bank balances		2,093,504	2,198,559
		<u>5,137,430</u>	<u>4,167,349</u>
<b>Total Assets</b>		<u><u>8,203,985</u></u>	<u><u>6,980,891</u></u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Share Capital			
Authorised			
150,000,000 (September 2014: 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 2014: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>4,990,416</u>	<u>4,699,252</u>
		<u>5,740,416</u>	<u>5,449,252</u>
<b>Non-Current Liabilities</b>			
Deferred taxation		90,000	90,000
<b>Current Liabilities</b>			
Trade and other payables	7	1,661,386	1,203,746
Advance from customers		497,490	236,542
Short-term borrowings	8	185,300	—
Accrued mark-up on short-term borrowings		8,148	—
Provision for income tax-net		21,245	1,351
		<u>2,373,569</u>	<u>1,441,639</u>
<b>Contingencies and Commitments</b>	9		
<b>Total Equity and Liabilities</b>		<u><u>8,203,985</u></u>	<u><u>6,980,891</u></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 and cumulative for three quarters ended June 30, 2015 (Unaudited)

	Note	Three quarters ended		Quarter ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
		(Rupees in thousands)			
<b>Segment operating results</b>	10				
Net sales and services		5,948,076	5,991,643	2,109,802	2,399,765
Cost of sales		(5,267,438)	(5,215,573)	(1,846,124)	(2,098,303)
<b>Gross profit</b>		680,638	776,070	263,678	301,462
Selling and distribution expenses		(150,231)	(154,619)	(60,922)	(43,532)
Administrative expenses		(99,803)	(91,146)	(35,720)	(29,185)
Other operating expenses	11	(53,836)	(68,084)	(18,521)	(24,184)
Other income	12	343,253	251,671	199,886	119,385
		39,383	(62,178)	84,723	22,484
<b>Operating profit</b>		720,021	713,892	348,401	323,946
Finance income / (cost) - net		31,434	(28,293)	(22,343)	(7,113)
<b>Profit before taxation</b>		751,455	685,599	326,058	316,833
Taxation	13	(120,000)	(70,000)	(55,000)	(30,000)
<b>Profit after taxation</b>		631,455	615,599	271,058	286,833
<b>Earnings per share - Basic and diluted</b>	Rs.	4.21	4.10	1.81	1.91

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 and cumulative for three quarters ended June 30, 2015 (Unaudited)

	Three quarters ended		Quarter ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(Rupees in thousands)				
<b>Profit after taxation</b>	631,455	615,599	271,058	286,833
<b>Other comprehensive income :</b>				
<b>Items that will be reclassified subsequently to profit &amp; loss:</b>				
<b>Net gain on investments - available for sale</b>				
Unrealised gain on revaluation of investments for the period - net of tax	287,031	518,710	174,381	192,362
Reclassification adjustments included in the profit and loss account for:				
Gain on sale of investments - net	(252,322)	(178,591)	(191,666)	(102,648)
	34,709	340,119	(17,285)	89,714
<b>Total Comprehensive income for the period</b>	<u>666,164</u>	<u>955,718</u>	<u>253,773</u>	<u>376,547</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



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

**Murtaza H. Habib**  
Director



## Condensed Interim Cash Flow Statement for the three quarters ended June 30, 2015 (Unaudited)

	Note	June 30, 2015 (Rupees in thousands)	June 30, 2014
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	14	91,090	(356,679)
Finance income received / (cost paid) - net		46,656	(28,293)
Income tax paid		(100,106)	(93,166)
Long-term loans		1,524	(1,261)
Long-term deposits		(15)	—
Cash generated from / (used in) operating activities		39,149	(479,399)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(224,709)	(375,047)
Sale proceeds / redemption of investments		3,777,840	3,801,861
Dividend received		89,770	60,199
Purchase of investments		(3,605,678)	(1,535,401)
Sale proceeds of fixed assets		1,334	3,376
Net cash generated from investing activities		38,557	1,954,988
<b>Cash flows from financing activities</b>			
Dividend paid		(368,061)	(367,690)
Net (decrease) / increase in cash and cash equivalents		(290,355)	1,107,899
Cash and cash equivalents at the beginning of the period		2,198,559	331,639
Cash and cash equivalents at the end of the period	15	1,908,204	1,439,538

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 three quarters ended June 30, 2015 (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 Karachi and Lahore Stock Exchanges. 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.

### 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. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance 1984 will 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, 2014.

### 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, 2014.

	(Unaudited) June 30, 2015	(Audited) September 30, 2014
	(Rupees in thousands)	
<b>4. Fixed assets</b>		
<b>4.1 Property, plant and equipment</b>		
Operating fixed assets	1,358,275	1,180,207
Capital work-in-progress	134,501	148,630
Major stores and spare parts	478	24,764
	<u>1,493,254</u>	<u>1,353,601</u>
<b>4.2 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2015 were as follows:</b>		
	Additions	Deletions
	(Rupees in thousands)	
Plant and machinery		
Sugar	89,968	—
Distillery	132,344	—
Furniture, fittings and office equipment	2,271	1
Vehicles	126	13
	<u>224,709</u>	<u>14</u>



	(Unaudited) June 30, 2015 (Rupees in thousands)	(Audited) September 30, 2014
<b>5. Long-term investments - available for sale</b>		
Investments in related parties	914,861	934,271
Investments in other companies	651,595	517,316
	<u>1,566,456</u>	<u>1,451,587</u>
<b>5.1</b>	The above investments are stated at fair value based on the prevailing market rates on June 30, 2015. The aggregate cost of the investments, net of impairment is Rs. 269.99 (September 30, 2014: Rs. 189.83) million.	
	(Unaudited) June 30, 2015 (Rupees in thousands)	(Audited) September 30, 2014
<b>6. Stock-in-trade</b>		
Raw materials	662,630	171,021
Work-in-process	30,050	28,591
Finished goods	1,833,064	756,962
Fertilizers	4,584	307
	<u>2,530,328</u>	<u>956,881</u>
<b>7. Trade and other payables</b>		
Creditors	1,293,443	850,085
Accrued liabilities	245,509	223,960
Sales tax / Federal excise duty	7,322	23,642
Workers' Profit Participation Fund	40,163	49,575
Workers' Welfare Fund	31,472	19,830
Income-tax deducted at source	93	209
Unclaimed dividends	43,384	36,445
	<u>1,661,386</u>	<u>1,203,746</u>
<b>8. Short-term borrowings - secured</b>	<u>185,300</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs. 2,680 (September 2014: Rs. 1,680) 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 5.80% to 10.00% (September 2014: 9.20% to 11.94%) per annum.



## **9. Contingencies and commitments**

### **9.1 Contingencies**

**9.1.1** The Company has provided counter guarantees to banks, aggregating to Rs. 1,158 (September 30, 2014: Rs. 252.75) million against agriculture finance facilities to growers and 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 stock-in-trade, stores and spares, assignment of trade debts and other receivables

**9.1.2** 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 Competition Commission of Pakistan has not imposed any fine / penalty against the alleged violation of any provisions of the Competition Act 2010.

**9.1.3** During the year 2009 -10 the Company alongwith other sugar mills filed 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 Company is of the view that the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.



- 9.1.4** 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. The matter came up for hearing on July 24, 2015 and 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.

The financial exposure of the Company upto June 30, 2015 is Rs. 0.83 million. 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.

- 9.1.5** Appeals filed by the tax authorities for the Tax years 1998, 2001 and 2002 against decisions of the Income Tax Appellate Tribunal (ITAT) in favour of the Company are pending before the Honourable High Court of Sindh. The tax exposure against these appeals in aggregate amounts to Rs.14.6 million. During the period, appeals were fixed for hearing on various dates and were adjourned to 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.
- 9.1.6** The Company has filed a petition before the Honourable High Court of Sindh challenging the increase in market committee fee from Rs 5 / 40kg to Rs. 10 / 40kg on sugarcane purchased by the Company. The Honourable High Court of Sindh has granted status quo and no hearing took place during the period. As a matter of prudence, full provision has been made in these financial statements.
- 9.1.7** The tax authorities increased the rate of Special Excise Duty from 1% to 2.5% for the period from November 7, 2007 to June 30, 2011. The Company disputed the above increase as the levy was without jurisdiction illegal and unconstitutional. The Company along with other petitioners filed a petition before the Honourable High Court of Sindh challenging the vires of Section 3A of the Federal Excise Act 2005 & SRO 655(1)/2007 with respect to the imposition and increase in rate of Special Excise Duty.

On February 22, 2013 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, the Government of Pakistan filed appeal which is pending before the Honourable Supreme Court of Pakistan for final adjudication.

- 9.1.8** 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 June 30, 2015 is Rs.15.28 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.



- 9.1.9** 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 was 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.

	(Unaudited) June 30, 2015 (Rupees in thousands)	(Audited) September 30, 2014
<b>9.2 Commitments</b>		
<b>9.2.1</b> Capital expenditure	<u>30,171</u>	<u>71,317</u>
<b>9.2.2</b> Rentals payable over next four years under operating lease agreements with First Habib Modraba in respect of vehicles	<u>26,582</u>	<u>23,369</u>



## (Rupees in thousands)

		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		Three quarters ended June 30, 2015	June 30, 2014	Three quarters ended June 30, 2015	June 30, 2014	Three quarters ended June 30, 2015	June 30, 2014	Three quarters ended June 30, 2015	June 30, 2014	Three quarters ended June 30, 2015	June 30, 2014
<b>Net sales and services</b>											
Sales	Local Export	3,619,628 27,946	3,468,133 181,740	237,970 1,615,817	278,980 1,670,334	3,639 298,395	3,549 333,999	32,745 110,594	53,628 —	3,893,982 2,052,752	3,804,290 2,186,073
Services - Storage income - net		3,647,574 —	3,649,873 —	1,853,787 1,342	1,949,314 1,280	302,034 —	337,548 —	143,339 —	53,628 —	5,946,734 1,342	5,990,363 1,280
Less: Cost of sales		3,647,574 (3,351,155)	3,649,873 (3,409,811)	1,855,129 (1,520,984)	1,950,594 (1,461,230)	302,034 (267,085)	337,548 (294,654)	143,339 (128,214)	53,628 (49,878)	5,948,076 (5,267,438)	5,991,643 (5,215,573)
<b>Gross Profit</b>		296,419	240,062	334,145	489,364	34,949	42,894	15,125	3,750	680,638	776,070
Less: Selling and distribution expenses		(28,495)	(40,629)	(100,954)	(92,700)	(20,134)	(21,225)	(648)	(65)	(150,231)	(154,619)
Administrative expenses		(87,037)	(79,076)	(9,222)	(8,579)	(3,358)	(3,354)	(186)	(137)	(99,803)	(91,146)
		(115,532)	(119,705)	(110,176)	(101,279)	(23,492)	(24,579)	(834)	(202)	(250,034)	(245,765)
<b>Profit before other operating expenses and other income</b>		180,887	120,357	223,969	388,085	11,457	18,315	14,291	3,548	430,604	530,305
Other operating expenses -note 11										(53,836)	(68,084)
Other income - note 12										343,253	251,671
<b>Operating profit</b>										720,021	713,892



### 10a. Segment operating results for the quarter ended June 30, 2015 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands)	
		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Total	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>Net sales and services</b>											
Sales	Local	1,074,098	1,643,792	109,853	113,616	873	895	32,745	24,461	1,217,569	1,782,764
	Export	27,946	46,311	781,324	448,447	82,030	121,310	–	–	891,300	616,068
Services - Storage income - net		1,102,044	1,690,103	891,177	562,063	82,903	122,205	32,745	24,461	2,108,869	2,398,832
		–	–	933	933	–	–	–	–	933	933
Less: Cost of sales		1,102,044	1,690,103	892,110	562,996	82,903	122,205	32,745	24,461	2,109,802	2,399,765
		(1,007,413)	(1,615,341)	(734,326)	(353,173)	(72,484)	(106,578)	(31,901)	(23,211)	(1,846,124)	(2,098,303)
<b>Gross Profit</b>		94,631	74,762	157,784	209,823	10,419	15,627	844	1,250	263,678	301,462
Less: Selling and distribution expenses		(4,357)	(9,012)	(51,310)	(29,408)	(5,255)	(5,112)	–	–	(60,922)	(43,532)
Administrative expenses		(31,749)	(25,188)	(2,808)	(2,777)	(1,090)	(1,157)	(73)	(63)	(35,720)	(29,185)
		(36,106)	(34,200)	(54,118)	(32,185)	(6,345)	(6,269)	(73)	(63)	(96,642)	(72,717)
<b>Profit before other operating expenses and other income</b>		58,525	40,562	103,666	177,638	4,074	9,358	771	1,187	167,036	228,745
Other operating expenses - note 11										(18,521)	(24,184)
Other income - note 12										199,886	119,385
<b>Operating profit</b>										348,401	323,946



	(Unaudited) Three quarters ended		(Unaudited) Quarter ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousands)			
<b>11. Other operating expenses</b>				
Workers' Profit Participation Fund	40,163	36,860	17,292	17,034
Workers' Welfare Fund	11,642	14,744	2,494	6,813
Exchange loss / (gain)	2,031	16,480	(1,265)	337
	<u>53,836</u>	<u>68,084</u>	<u>18,521</u>	<u>24,184</u>
<b>12. Other income</b>				
Gain on sale / redemption of investments	252,322	178,591	191,666	102,648
Dividend income	85,466	58,671	6,289	9,183
Scrap sale	2,373	5,147	129	724
Gain on disposal of fixed assets	1,320	2,804	746	1,129
Agriculture income	1,772	6,458	1,056	5,701
	<u>343,253</u>	<u>251,671</u>	<u>199,886</u>	<u>119,385</u>
<b>13. Taxation</b>				
Current	120,000	55,000	55,000	23,000
Deferred	–	15,000	–	7,000
	<u>120,000</u>	<u>70,000</u>	<u>55,000</u>	<u>30,000</u>
<b>14. Cash generated from / (used in) operations</b>				
Profit before taxation		751,455		685,599
<b>Adjustment for non-cash charges and other items</b>				
Depreciation		85,042		74,321
Gain on disposal of fixed assets		(1,320)		(2,804)
Gain on sale / redemption of investments		(252,322)		(178,591)
Finance (income) / cost - net		(31,434)		28,293
Dividend income		(85,466)		(58,671)
Working capital changes - note 14.1		(374,865)		(904,826)
		<u>91,090</u>		<u>(356,679)</u>

(Unaudited)  
June 30,  
2015  
June 30,  
2014  
(Rupees in thousands)



(Unaudited)  
June 30, June 30,  
2015 2014  
(Rupees in thousands)

**14.1 Working capital changes**

**(Increase) / decrease in current assets**

Stores and spare parts	(43,171)	(21,281)
Stock-in-trade	(1,573,447)	(2,562,543)
Trade debts	306,878	(57,323)
Loans and advances	221,274	267,169
Trade deposits and prepayments	1,573	1,599
Other receivables	379	(2,874)
	(1,086,514)	(2,375,253)

**Increase / (decrease) in current liabilities**

Trade and other payables	450,701	327,361
Advance from customers	260,948	1,143,066
	711,649	1,470,427
	(374,865)	(904,826)

**Net changes in working capital**

**15. Cash and cash equivalents at the end of the period**

These comprise of the following

Cash and bank balances	2,093,504	1,439,538
Short-term borrowings	(185,300)	–
	1,908,204	1,439,538

**16. Transactions with related parties**

Material transactions with related parties are given below:

	(Unaudited) Three quarters ended		(Unaudited) Quarter ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousands)			
Insurance premium paid	18,553	13,012	4,478	5,607
Insurance claim received	11,383	1,729	483	121
Profit on treasury call accounts / term deposits	110,553	26,211	14,566	12,087
Purchases	–	131	–	–
Investment in units of mutual fund	750,000	200,000	–	–
Dividend received	66,188	38,976	–	5,364
Dividend paid	60,710	60,710	–	–
Bonus shares / units received at nominal value	–	68,790	–	5,363
Redemption of investments	779,846	1,667,011	779,846	–
Bank charges	222	526	85	169
Compensation of Key management personnel	31,311	17,700	10,618	4,338
Contribution to retirement funds	8,724	9,321	2,874	3,101

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



**17. Date of Authorisation for issue**

These condensed interim financial statements were authorised for issue on July 28, 2015 by the Board of Directors of the Company.

**18. General**

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

**Raeesul Hasan**  
Chief Executive

**Murtaza H. Habib**  
Director