

Un-Audited Condensed Financial Information
for the Nine Months ended June 30, 2018

www.husein.pk

50 Years of
Excellence

30-A E/1, Old FCC Gulberg III, Lahore
Tel: 042 111 111 476 (HSM)
Fax: 0092 42 35712680
E-mail: info@husein.pk



DIRECTORS' REPORT

I am pleased to present the third quarter interim condensed financial information of the Company for the period ending on **June 30, 2018**.

The highlights of the Company's performance for the nine months and its comparison with the corresponding period from last year are illustrated below:

	2018	2017	<u>% age Change</u>
OPERATIONAL			
Sugarcane crushed (M. Tons)	600,773	660,136	(9.00)%
Sugar produced (M. Tons)	55,331	65,024	(14.91)%
Sugar recovery percentage	9.21	9.85	(6.50)%
Rupees			
FINANCIAL			
Sales	1,707,784,807	3,099,870,313	(44.91)%
Gross profit	257,975,929	526,537,193	(51.01)%
Operating cost	139,591,747	158,658,847	(12.02)%
Finance cost	92,681,039	67,739,911	36.82 %
Profit before taxation	76,978,278	329,803,017	(76.66)%
Profit after taxation	25,223,306	298,804,314	(91.56)%
Earnings per share	1.01	17.58	(94.25)%

Due to late start of the season (November 29, 2017) as compared to last season (November 05, 2016), your company could not attain last year's crushing volume (9.00% decrease). The low quantum of sugarcane crushing coupled with low sucrose recovery (9.21% last year 9.8%) dragged sugar production down to 55,331 tons compared to 65,024 tons (last year (14.91% drop).

At the beginning of the current crushing season, there was about 1.4 million tons of carry over sugar stocks from last year production. Current year production together with last year surplus sugar stocks kept the sugar market under pressure. The Government at the beginning of the current season allowed export of 1.5 million tons of sugar. It took some time to export this quantum of sugar because of low international prices and lack of miller confidence in Government regarding timely release of sugar export subsidy.

Considering all these factors your company took a strategic sales decision to off load sugar stocks in later part of the financial year (3rd and 4th quarter) anticipating improvement in sales prices of sugar. We expect that this strategy will save your company from incurring huge losses. In last financial year, the sales strategy was quite opposite, where we sold bulk production in first half of the season.

Sales revenue for the nine months was 44.91% less than corresponding period of last year. Same is the case with Gross Profit 51.00% decrease and net profit 91.56% decrease than last year. However, the finished goods inventory we are carrying is 688.51% higher than last year and we anticipate significant improvement in sales and net profit margins in coming months.

FUTURE OUTLOOK

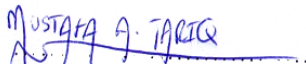
Due to delayed monsoon rains, shortfall in canal water and substantial increase in competing crops (cotton and rice), it is expected that sugarcane crop on national level will witness 15 – 20% drop in size. The confirmation of this aspect will come by end of August 2018 by which time the sugarcane survey of all mills will be complete. Affirmation of this expectation will boost domestic sugar prices, which will be in line with year Company's thinking.

Your company is continuously investing funds in project to improve its machinery efficiency and steam consumption per ton of sugarcane processed. Inshah-Allah, the operational results in next financial year will be much better.

The Board acknowledges with thanks the continued support and cooperation extended by all stakeholders, bankers, financial institutions and growers. The Board also places on record its appreciation for employees of the Company for their dedication, commitment, and hard work.

On Behalf of the Board of Directors,

Lahore: July 31, 2018



Mustafa Ali Tariq
CEO

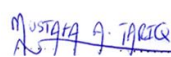


Ahmed Ali Tariq
Chairman of the Board

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 (UN-AUDITED)

	Un-Audited 30 June, 2018	Audited 30-September-2017
Note	Rupees	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital		
Ordinary share capital	500,000,000	500,000,000
50 million (30 September 2017: 50 million) ordinary shares of Rupees 10 each		
Preference share capital	150,000,000	-
15 million (30 September 2017: Nil) preference shares of Rupees 10 each		
	650,000,000	500,000,000
Issued, subscribed and paid-up share capital		
25 million (30 September 2017: 25 million) ordinary shares of Rupees 10 each	250,000,000	250,000,000
Capital reserve		
Share premium	141,093,550	141,093,550
Surplus on revaluation of property, plant and equipment	1,796,874,207	1,822,091,754
	1,937,967,757	1,963,185,304
Revenue reserve		
General reserves	169,450,000	169,450,000
Accumulated loss	(449,871,079)	(511,119,452)
	(280,421,079)	(341,669,452)
	1,907,546,678	1,871,515,852
Directors' loan - related parties	521,951,753	531,051,753
NON-CURRENT LIABILITIES		
Deferred tax liability	180,927,274	191,734,794
CURRENT LIABILITIES		
Trade and other payables	1,531,984,303	523,923,664
Accrued mark-up on secured borrowings	49,558,703	10,391,674
Short term borrowings	1,972,082,179	490,400,182
Loan from related party	2,654,760	5,874,760
	3,556,279,945	1,030,590,280
CONTINGENCIES AND COMMITMENTS		
	8	
TOTAL EQUITY AND LIABILITIES	6,166,705,650	3,624,892,679
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,890,800,905	2,989,279,104
Long term deposits	12,852,308	9,246,940
	2,903,653,213	2,998,526,044
CURRENT ASSETS		
Stores, spare parts and loose tools	150,993,581	148,349,789
Stock-in-trade	1,837,453,066	233,027,645
Trade debts	782,418,706	7,592,188
Advances, Deposit & prepayments	278,904,278	80,547,045
Export subsidy receivable from Federal Government	66,737,250	36,295,750
Other receivables	18,771,115	5,402,159
Tax refund due from Government - income tax	68,122,393	55,053,929
Cash and bank balances	59,652,047	60,098,130
	3,263,052,436	626,366,635
TOTAL ASSETS	6,166,705,650	3,624,892,679

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

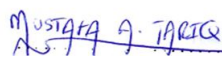


DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2018

Note	NINE MONTHS ENDED JUNE 30		QUARTER ENDED JUNE 30		
	2018	2017	2018	2017	
-----Rupees-----					
NET SALES	10	1,701,784,807	3,099,870,313	771,966,712	865,535,278
COST OF SALES	11	<u>(1,443,808,878)</u>	<u>(2,573,333,120)</u>	<u>(667,592,207)</u>	<u>(725,341,433)</u>
GROSS PROFIT		257,975,929	526,537,193	104,374,505	140,193,845
OPERATING EXPENSES					
Selling and distribution expenses		<u>(7,202,851)</u>	(13,122,642)	2,079,569	(3,260,273)
Administrative and general expenses		<u>(126,315,245)</u>	(127,725,264)	(44,979,478)	(38,226,409)
Other operating expenses		<u>(6,073,651)</u>	(17,810,941)	(2,127,666)	(3,851,513)
		<u>(139,591,747)</u>	(158,658,847)	(45,027,575)	(45,338,195)
PROFIT FROM OPERATIONS		118,384,182	367,878,346	59,346,930	94,855,650
OTHER INCOME		51,275,135	29,664,582	16,948,250	2,307,029
FINANCE COST		<u>(92,681,039)</u>	(67,739,911)	(43,985,189)	(21,505,107)
PROFIT BEFORE TAXATION		76,978,278	329,803,017	32,309,991	75,657,572
TAXATION		<u>(51,754,972)</u>	(30,998,703)	(9,649,583)	(17,216,110)
PROFIT AFTER TAXATION		25,223,306	298,804,314	22,660,408	58,441,462
EARNINGS PER SHARE - BASIC AND DILUTED	12	1.01	17.58	0.91	3.44

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER




DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2018

	NINE MONTHS 30 JUNE		FOR THE QUARTER ENDED 30 JUNE	
	2018	2017	2018	2017
	-----Rupees-----			
PROFIT AFTER TAXATION	25,223,306	298,804,314	22,660,408	58,441,462
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	25,223,306	298,804,314	22,660,408	58,441,462

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


 CHIEF EXECUTIVE OFFICER

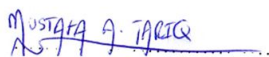

 CHIEF FINANCIAL OFFICER


 DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2018

	<u>Note</u>	NINE MONTHS 30-June-2018	NINE MONTHS 30-June-2017
<u>Rupees</u>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		76,978,278	329,803,017
Adjustments for non-cash charges and other items:			
Depreciation		88,993,859	86,214,410
Profit on bank deposits		(132,367)	(326,238)
Loss on disposal of operating fixed assets		-	583,352
Bad debts written off		921,339	-
Old credit balances written back		(1,377,729)	-
Finance cost		92,681,039	67,739,911
Cash generated from operating activities before working capital changes		258,064,419	484,014,452
Working capital changes	15	(1,546,394,253)	(715,838,243)
Cash used in operations		(1,288,329,834)	(231,823,791)
Finance cost paid		(53,514,010)	(59,066,891)
Income tax paid		(7,995,374)	(46,513,160)
Net cash used in operating activities		(1,349,839,218)	(337,403,842)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of operating assets		-	3,813,846
Additions in property, plant and equipment		(51,593,241)	(7,522,472)
Capital work in progress incurred		(67,343,801)	-
Increase in long term deposits		(3,605,368)	(1,076,650)
Profit on bank deposits received		132,367	326,238
Net cash used in investing activities		(122,410,043)	(4,459,038)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained - net		1,481,681,997	365,894,443
Repayment of directors' loan - related parties		(9,100,000)	(14,794,320)
Repayment of loan obtained from related party		(3,220,000)	-
Net cash generated from financing activities		1,469,361,997	351,100,123
Net (decrease) / increase in cash and cash equivalents		(2,887,264)	9,237,243
Cash and cash equivalents at the beginning of the period		60,098,130	16,206,146
Cash and cash equivalents at the end of the period		57,210,867	25,443,387
The reconciliation in cash and cash equivalent is as follows:			
Cash and bank balances		59,652,047	-
Temporary book overdrawn		(2,441,180)	-
		57,210,867	-

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2018

SHARE CAPITAL	RESERVES						TOTAL	TOTAL EQUITY	
	Capital			Revenue					
	Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General	Accumulated loss	Sub total			
Rupees									
Balance as at 30 September 2016 (Audited)	170,000,000	21,093,550	1,453,548,580	1,474,642,130	169,450,000	(770,789,210)	(601,339,210)	873,302,920	1,043,302,920
Total comprehensive income for the half year ended 31 March 2017									
Profit after taxation	-	-	-	-	-	298,804,314	298,804,314	298,804,314	298,804,314
Other comprehensive income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	298,804,314	298,804,314	298,804,314	298,804,314
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(26,442,983)	(26,442,983)	-	26,442,983	26,442,983	-	-
Balance as at 31 March 2017 (Un-audited)	170,000,000	21,093,550	1,427,105,597	1,448,199,147	169,450,000	(445,541,913)	(276,091,913)	1,172,107,234	1,342,107,234
Transactions with owners of the Company - Contributions									
Issue of right shares	80,000,000	120,000,000	-	120,000,000	-	-	-	120,000,000	200,000,000
Total comprehensive income for the half year ended 30 September 2017									
Loss after taxation	-	-	-	-	-	(97,214,233)	(97,214,233)	(97,214,233)	(97,214,233)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	377,304,458	377,304,458	-	-	-	377,304,458	377,304,458
	-	-	377,304,458	377,304,458	-	(97,214,233)	(97,214,233)	280,090,225	280,090,225
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(31,636,694)	(31,636,694)	-	31,636,694	31,636,694	-	-
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and	-	-	49,318,393	49,318,393	-	-	-	49,318,393	49,318,393
	-	-	17,681,699	17,681,699	-	31,636,694	31,636,694	49,318,393	49,318,393
Balance as at 30 September 2017 (Audited)	250,000,000	141,093,550	1,822,091,754	1,963,185,304	169,450,000	(511,119,452)	(341,669,452)	1,621,515,852	1,871,515,852
Total comprehensive income for the Nine Months ended 30 June 2018									
Profit after taxation	-	-	-	-	-	25,223,306	25,223,306	25,223,306	25,223,306
Other comprehensive income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	25,223,306	25,223,306	25,223,306	25,223,306
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(25,217,547)	(25,217,547)	-	36,025,067	36,025,067	10,807,520	10,807,520
Balance as at 31 March 2018 (Un-Audited)	250,000,000	141,093,550	1,796,874,207	1,937,967,757	169,450,000	(449,871,079)	(280,421,079)	1,657,546,678	1,907,546,678

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Mustafa A. Tahir

CHIEF EXECUTIVE OFFICER

Ueelaan

CHIEF FINANCIAL OFFICER

Al M. H. H.

DIRECTOR

HUSEIN SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2018

1 THE COMPANY AND ITS OPERATIONS

1.1 Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Act, 1913. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and by products. Its registered office is situated at -30A E/1, Old FCC, Gulberg-III, Lahore.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- o International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- o Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the company except as follows:

TAXATION

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

a) Amendments to published approved accounting standards which are effective during the Nine months ended June 30,2017

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began after July 1, 2017. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial information.

b) Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. During the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

c) New Company Act, 2017 effective during the Nine months ended June 30,2018

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such surplus to an account called 'Surplus on revaluation of property plant and equipment' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity and also there is change in treatment of loss on revaluation. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017; however, there is no significant change in the reported amounts so no restatement is required with respect to amount, the only change required is reclassification of revaluation surplus as part of equity. In respect of additional disclosures required by the Act will be made in the annual financial statements of the Company.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2017.

6 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane and costs incurred/accrued up to the reporting date have been accounted for. Accordingly, the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

	Un-audited 30-June-2018	Audited 30-September-2017
	Rupees	
7 SHORT TERM BORROWINGS		
<i>From banking companies - secured</i>		
National Bank of Pakistan		
Cash finance (hypothecation)	7.1	99,995,182
Cash finance (pledge)	7.2	499,903,125
Cash finance (pledge)OTT		100,000,000
Meezan Bank Limited		
Istisna / tijarah	7.3	426,418,872
Dubai Islamic Bank Pakistan Limited		
Salam cum wakala	7.4	250,000,000
Salam cum wakala-OTT	7.5	151,210,000
The Bank of Punjab		
Agricultural finance	7.6	-
Bank Islami Pakistan Limited		

<i>Karobaar finance</i>	7.7	250,000,000	250,000,000
Askari Bank Limited - Islamic banking			
<i>Salam (Pledge)</i>	7.8	94,555,000	
<i>Salam OTT (Pledge)</i>	7.9	100,000,000	
Bank of Punjab			116,505,000
		<u>1,972,082,179</u>	<u>490,400,182</u>

- 7.1 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2017: Rs. 50 million), to meet working capital requirements of the company. It carries markup at the rate of 3 months KIBOR + 3% (2017: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future current assets of the company to the extent of Rs. 134 million (2017: Rs. 134 million), first pari passu charge over fixed assets of the company to the extent of Rs. 134 million measuring 77 acres - 14 maralas including land, building & machinery having market value of Rs. 2,109.06 million situated at Lahore road, Jaranwala evaluated by Harvester Services (Pvt) Limited as on 22.06.2017 and personal guarantees along with PNWS of the two directors of the company.
- 7.2 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 500 million (2017: Rs. 200 million) to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries markup at the rate of 1 months KIBOR + 2.5% (2017: 1 months KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of exclusive charge of Rs. 667.67 million with 25% margin against pledge facility of the company to be registered with SECP, pledge of refined sugar in standard bags of 50 kgs each in shared godowns, ranking charge of Rs. 400 million (2017: Rs. 400 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees and PNWS of two directors of the Company.
- 7.3 This istisna finance facility has been obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million for purchase of raw materials / stores and spares / and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future assets (both current and fixed) of the company to the extent of Rs 667 million duly insured, pledge charge on pledge assets of the company (white refined crystalline sugar) to the extent of Rs 715 million, personal guarantees of three directors of the company along with PNWS and cross corporate guarantee of Style and Trend (Private) Limited.
- 7.4 This salam cum wakala facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 250 million to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market and subsequent sale. It carries profit at the rate of relevant KIBOR + 3.0% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs 312.50 million over pledged stocks (inclusive of 25% margin), ranking charge of Rs. 400.0 million over all present and future assets of the company with 25% margin, first apri passu charge of Rs 252.3 million over all present and future fixed assets of the company, inclusive of 20% margin and personal guarantees along with PNWS of the two directors of the company.
- 7.5 This letter of credit facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 200 million to import 05 compact gears. It carries commission at 0.20% per quarter and 0.10% at retirement. It is secured by way of lien over title of import documents, first apri passu charge of Rs 252.3 million over all present and future fixed assets of the company, inclusive of 20% margin and personal guarantees along with PNWS of the two directors of the company.
- 7.6 This agricultural finance facility has been obtained from Bank of Punjab, out of the total sanctioned limit of Rs. 140.155 million (2017: Rs. 140.155 million), for adjustment purposes only. It carries markup at the rate of 3 months KIBOR + 3% (2017: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future fixed assets of the Company to the extent of Rs. 180 million (2017: Rs. 180 million), corporate guarantee of the company and personal guarantees of two directors of the Company.
- 7.7 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 250 million (2017: Rs. 250 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2017: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of ownership of istisna goods, first pari passu charge over all future and present current assets of the Company to the extent of Rs. 234 million (2017: Rs. 234 million), first pari passu charge over all future and present fixed assets of the company to the extent of Rs. 334 million (2017: Rs. 334 million) and personal guarantee of all the directors of the company.
- 7.8 This salam facility has been obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 200 million for production of white refined sugar from sugarcane. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs 400 million with 25% margin through constructive MOTD and plant & machinery (through letter of hypothecation), ranking charge over all present and future current assets of the company to the extent of Rs 400 million with 25% margin, ranking charge over pledge stocks of white refined sugar of 2017-2018 season to the extent of Rs 400 million with 25% margin (inclusive of sales tax) stored at the company premises at shared godown duly stacked and segregated in countable position and insured under the supervision of the company approved muccadam and personal guarantee of two directors of the company.
- 7.9 This Salam - OTT facility has been obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 100 million for production of white refined sugar from sugarcane. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs 400 million with 25% margin through constructive MOTD and plant & machinery (through letter of hypothecation), ranking charge over all present and future current assets of the company to the extent of Rs 400 million with 25% margin, ranking charge over pledge stocks of white refined sugar of 2017-2018 season to the extent of Rs 400 million with 25% margin (inclusive of sales tax) stored at the company premises at shared godown duly stacked and segregated in countable position and insured under the supervision of the company approved muccadam and personal guarantee of two directors of the company.
- 7.10 The Company has total credit facilities from all the banks as mentioned in notes 7.1 to 7.9 above, amounting to Rs. 265 million (2017: Rs. 140 million) that remained unutilized at the terminal date. The overall charge on the current and fixed assets of the Company is in the sum of Rs. 8.311 billion (2017: Rs. 7.875 billion) at the terminal date.

8 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended September 30, 2017.

Note	Un-audited	Audited
	30-June-2018	30-September-2017
	Rupees	
COMMITMENTS		
Company is committed to pay the following:		
<i>Jarah Rentals</i>		
Due within one year	3,050,676	2,728,476
Due after one year but not later than five year	7,690,586	8,860,947
<i>Diminishing Musharika Rentals</i>		
Due within one year	3,633,240	3,633,240

Due after one year but not later than five year	8,780,330	14,230,190
	<u>23,154,832</u>	<u>29,452,853</u>
Commitments against CAPEX	<u>19,561,469</u>	<u>22,034,605</u>

Commitments against supply of plant and machinery under letters of credit are amounting to Rs. Nil (2017: 63.983 million) at the terminal date, secured against ranking charge of Rs. 49.031 million after deduction of 25% margin on the amount of Performa Invoice.

		Un-audited 30-June-2018	Audited 30-September-2017
Rupees			
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	2,669,724,020	2,707,124,638
Capital work in progress	9.2	221,076,885	282,154,466
		<u>2,890,800,905</u>	<u>2,989,279,104</u>
9.1 Operating fixed assets			
Opening balance - net book value		2,707,124,638	2,388,975,515
Additions during the period / year	9.1.1	51,593,241	47,839,980
Disposals during the period - net book value		-	22,726,919
Revaluation surplus arose during the period / year		-	411,091,167
Depreciation charged during the period / year		88,993,859	118,055,105
Closing balance - net book value		<u>2,669,724,020</u>	<u>2,707,124,638</u>

9.1.1 The following additions were made during the period in operating fixed assets:

	Additions	
	Cost (Rupees)	
Plant and machinery	43,233,071	
Gas and electric installation	7,960,370	
Office equipment	333,000	
Computer equipment's	66,800	
	<u>51,593,241</u>	
	Un-audited 30-June-2018	Audited 30-September-2017
	Rupees	

9.2 Capital work in progress			
Opening balance		153,733,084	176,197,590
Additions during the period / year:			
Civil Works - building		532,784	2,396,911
Plant & Machinery		66,811,017	23,942,929
Advance for capital expenditure		67,343,801	79,617,036
		<u>67,343,801</u>	<u>105,956,876</u>
Closing balance		<u>221,076,885</u>	<u>282,154,466</u>

	NINE MONTHS - (Un-audited)			QUARTER ENDED - (Un-audited)	
	30-Jun 2018	1-Jul	30-Jun 2017	30-Jun 2018	30-Jun 2017
10 NET SALES					
Local sales - net of sales tax and federal excise duty	1,553,090,824		2,453,863,071	703,324,894	446,436,096
Export sales	148,693,983		646,007,242	68,641,818	419,099,182
	<u>1,701,784,807</u>		<u>3,099,870,313</u>	<u>771,966,712</u>	<u>865,535,278</u>

	NINE MONTHS ENDED - (Un-audited)			QUARTER ENDED - (Un-audited)	
	30-Jun 2018	30-Jun 2017	30-Jun 2018	30-Jun 2018	30-Jun 2017
11 COST OF SALES					
<i>Raw materials consumed:</i>					
Sugarcane purchased	2,706,380,099	2,985,062,911	92,947,127	25,285,538	
Sugarcane development cess	22,531,034	24,754,824	846,730	184,351	
Market committee fee	6,038,771	3,300,673	243,010	24,580	
	<u>2,734,949,904</u>	<u>3,013,118,408</u>	<u>94,036,867</u>	<u>25,494,469</u>	
Salaries, wages and other benefits	118,849,431	117,015,750	27,429,615	25,724,795	
Workers' welfare	9,284,760	11,500,867	1,250,642	1,706,011	
Stores, spares and loose tools consumed	13,427,948	10,807,963	1,895,083	900,618	
Chemicals consumed	29,648,816	30,752,196	3,169,599	3,244,259	
Packing material consumed	23,342,113	23,769,785	1,283,353	540,402	
Fuel and power	21,601,571	11,566,345	6,178,298	5,845,963	
Repair and maintenance	7,428,293	41,367,765	16,231,137	7,888,258	
Insurance	4,334,431	4,215,948	1,511,900	1,400,000	
Other factory overheads	2,625,089	7,782,109	5,477,194	1,668,849	
Depreciation	83,330,812	73,963,649	31,617,454	24,654,550	
	<u>313,873,264</u>	<u>332,742,377</u>	<u>96,044,275</u>	<u>73,573,705</u>	
	<u>3,048,823,168</u>	<u>3,345,860,785</u>	<u>190,081,142</u>	<u>99,068,174</u>	
Work-in-process:					
Opening stock	7,264,038	8,250,909	-	32,847,621	
Closing stock	(7,767,932)	(35,326,454)	(22,520,435)	(35,326,454)	

	(503,894)	(27,075,545)	(22,520,435)	(2,478,833)
Cost of goods manufactured	3,048,319,274	3,318,785,240	167,560,707	96,589,341
Finished goods:				
Opening stock	225,763,607	172,262,473	-	1,546,466,685
Closing stock	(1,830,274,002)	(917,714,593)	500,031,500	(917,714,593)
	(1,604,510,395)	(745,452,120)	500,031,500	628,752,092
	<u>1,443,808,878</u>	<u>2,573,333,120</u>	<u>667,592,207</u>	<u>725,341,433</u>

12 EARNINGS PER SHARE - BASIC AND DILUTED

	NINE MONTHS - (Un-audited)		QUARTER ENDED - (Un-audited)	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-----Rupees-----			
Profit attributable to Shareholders	25,223,306	298,804,314	22,660,408	58,441,462
Weighted average number of shares outstanding	25,000,000	17,000,000	25,000,000	17,000,000
Earning per share-basic and diluted	1.01	17.58	0.91	3.44

13 RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

The Company in the normal course of business deals with sole Islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. The details and segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below:

	June 30, 2018			September 30, 2017		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
	-----Rupees-----					
Accrued Markup on Secured Borrowings	35,573,212	13,985,491	49,558,703	1,489,873	8,901,801	10,391,674
Short Term Borrowings	1,372,179,054	599,903,125	1,972,082,179	250,000,000	240,400,182	490,400,182
Bank Balances	(44,098,779)	(12,584,661)	(56,683,440)	(49,716,623)	(10,133,253)	(59,849,876)
	<u>1,363,653,487</u>	<u>601,303,955</u>	<u>1,964,957,442</u>	<u>201,773,250</u>	<u>239,168,730</u>	<u>440,941,980</u>

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the quarter ended 30 June, 2018

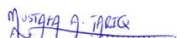
	NINE MONTHS	NINE MONTHS
	JUNE 30, 2018	JUNE 30, 2017
	-----Rupees-----	
CHANGE IN WORKING CAPITAL		
Change in Working capital		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(2,643,792)	4,832,190
Stock in trade	(1,604,425,421)	(772,527,665)
Trade debts	(774,826,518)	(1,930,419)
Advances and prepayments	(198,357,233)	(4,628,324)
Other receivables	(13,368,956)	54,367,839
Increase in current liabilities:		
Trade and other payables	1,008,060,639	4,048,136
Accrued Markup	39,167,029	
	-	
	<u>(1,546,394,253)</u>	<u>(715,838,243)</u>

16 DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on July 31, 2018.

17 GENERAL

- 17.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However, there were no major reclassifications during the period.
- 17.2 Allocation to the Worker's Profit Participation Fund, Workers' Welfare Fund and figures of taxation are provisional. Final liabilities thereof would be determined on the basis of annual results.
- 17.3 The figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR