



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter ended
December 31, 2015
(Unaudited)**



Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Shams Mohammad Haji Imran A. Habib Raeesul Hasan	<i>Chairman</i> <i>Chief Executive</i>
Audit Committee	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	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	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	
Mills	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Statutory Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
Share Registrar	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 (CO₂) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

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



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is my privilege to present to you the unaudited condensed interim financial statements of the Company for the first quarter ended December 31, 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.124.68 million. The financial results for the quarter are as follows :

(Rupees in thousands)		
Profit before taxation		124,684
Taxation		27,000
Profit after taxation		97,684
Unappropriated profit brought forward		2,933
Unappropriated profit carried forward		100,617
Earnings per share – Basic and diluted	Rupee	0.65

Performance Review

Sugar Division

The crushing season 2015-16 commenced on November 24, 2015 and upto December 31, 2015, 293,817 M. Tons of sugarcane was crushed with average sucrose recovery of 10.13% and sugar production of 29,752 M.Tons including sugar in process as compared with crushing of 183,585 M. Tons with average sucrose recovery of 9.39% and sugar production of 17,239 M. Tons during the corresponding quarter of the previous year.

The Government of Sindh on January 4, 2016 issued notification fixing the minimum support price of sugarcane at Rs.172 per 40 kgs as compared with Rs.182 per 40 kgs for the crushing season 2014-15. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.



During the current crushing season the availability of sugarcane is expected to be lower and this has resulted in unhealthy price competition among the mills. In the light of the prevailing situation, the growers are demanding much higher prices and the company is forced to procure sugarcane at higher rates. The existing situation of supply of sugarcane may affect the crushing quantum for the current crushing season.

The Economic Co-ordination Committee (ECC) of the cabinet has allowed export of 500,000 M. Tons of Sugar by March 31, 2016 and approved cash subsidy of Rs. 13 / kg on the export of sugar. The State Bank of Pakistan has however not yet issued any notification with respect to cash subsidy of Rs. 13 / kg.

The sugar division suffered operating loss of Rs.1.64 million as against operating loss of Rs. 66.10 million during the corresponding quarter of the previous year. The reduction in operating loss was due to start of crushing season on November 24, 2015 as against crushing season 2014-15 which was started on December 8, 2014.

Distillery Division

The division commenced its operation on December 14, 2015 and upto December 31, 2015 produced 5,139 M. Tons of ethanol as compared with 3,881 M. Tons during the corresponding period of the previous year. The division earned operating profit of Rs. 22.32 million as compared with Rs.45.44 million during the corresponding quarter of previous year. The reduction in profitability was on account of lower selling price of ethanol in the international market due to sharp decline in crude oil prices.

The liquidified carbon dioxide (CO₂) unit also operated satisfactorily and produced 1,727 M. Tons as compared with 1,370 M. Tons during the corresponding period of the previous year. The operating profit earned by the unit is included in the profit of the division.

Textile Division

The division earned profit of Rs. 6.53 million during the quarter under review, as against Rs. 5.38 million during the corresponding period of previous year.

Trading Division

During the period under review, the division made operating profit of Rs. 16.39 million on account of trading of sugar.



General

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

On behalf of the Board of Directors

Asghar D. Habib
Chairman

Karachi: January 28, 2016



Condensed Interim Balance Sheet as at December 31, 2015 (Unaudited)

	Note	Unaudited Dec. 31, 2015 (Rupees in thousands)	Audited Sept. 30, 2015
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	1,591,593	1,542,980
Long-term investments	5	1,717,964	1,711,136
Long-term loans		3,918	3,997
Long-term deposits		2,978	2,978
		<u>3,316,453</u>	<u>3,261,091</u>
Current Assets			
Stores and spare parts		142,702	113,583
Stock-in-trade	6	2,017,293	719,141
Trade debts		41,482	391,479
Loans and advances		983,376	246,303
Trade deposits and short-term prepayments		12,571	7,615
Profit accrued on bank deposits		741	327
Other receivables		143,741	24,488
Short-term Investments	7	636,988	2,809,686
Cash and bank balances		2,264,939	296,863
		<u>6,243,833</u>	<u>4,609,485</u>
Total Assets		<u><u>9,560,286</u></u>	<u><u>7,870,576</u></u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>4,812,571</u>	<u>5,110,222</u>
		<u>5,562,571</u>	<u>5,860,222</u>
Non-Current Liabilities			
Deferred taxation		92,800	102,000
Current Liabilities			
Trade and other payables	8	2,240,771	1,651,555
Advance from customers		71,916	247,057
Short-term borrowings	9	1,200,000	—
Accrued mark-up on short-term borrowings		12,829	—
Taxation-net		4,399	9,742
Proposed dividend		375,000	—
		<u>3,904,915</u>	<u>1,908,354</u>
Contingencies and Commitments	10		
Total Equity and Liabilities		<u><u>9,560,286</u></u>	<u><u>7,870,576</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 ended December 31, 2015 (Unaudited)**

	Note	Dec. 31, 2015 (Rupees in thousands)	Dec. 31, 2014 (Rupees in thousands)
Segment operating results	11		
Net sales and services		988,890	1,204,221
Cost of sales		(877,895)	(1,139,112)
Gross Profit		110,995	65,109
Selling and distribution expenses		(31,758)	(31,689)
Administrative expenses		(35,636)	(35,123)
Other operating expenses	12	(8,413)	(7,774)
Other income	13	92,076	18,799
		16,269	(55,787)
Operating profit		127,264	9,322
Finance (cost) / income - net		(2,580)	49,609
Profit before taxation		124,684	58,931
Taxation		(27,000)	(10,500)
Profit after taxation		97,684	48,431
Earnings per share - Basic and diluted (Rupee)		0.65	0.32

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Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



**Condensed Interim Statement of Comprehensive Income
for the quarter ended December 31, 2015 (Unaudited)**

	Dec. 31, 2015	Dec. 31, 2014
	(Rupees in thousands)	
Profit after taxation	97,684	48,431
Other comprehensive income :		
Items that will be reclassified subsequently to profit and loss:		
Net gain on investments - available for sale		
Unrealised gain on revaluation of investments for the period - net of tax	14,286	165,158
Reclassification adjustments included in the profit and loss account for:		
Gain on sale of investments	(34,621)	(12,042)
	(20,335)	153,116
Total comprehensive income for the quarter ended December 31, 2015	<u>77,349</u>	<u>201,547</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



Condensed Interim Statement of Changes in Equity for the quarter ended December 31, 2015 (Unaudited)

	Revenue Reserves						
	Issued Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Unappro- priated Profit	Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2014	750,000	34,000	2,601,000	802,496	1,261,756	4,689,252	5,449,252
Cash dividend for the year ended September 30, 2014 @ 50%	-	-	-	(375,000)	-	(375,000)	(375,000)
Transfer to general reserve	-	-	425,000	(425,000)	-	-	-
Total comprehensive income for the quarter ended December 31, 2014	-	-	-	48,431	153,116	201,547	201,547
Balance as on December 31, 2014	<u>750,000</u>	<u>34,000</u>	<u>3,026,000</u>	<u>50,927</u>	<u>1,414,872</u>	<u>4,525,799</u>	<u>5,275,799</u>
Balance as on October 1, 2015	750,000	34,000	3,026,000	817,933	1,232,289	5,110,222	5,860,222
Proposed cash dividend for the year ended September 30, 2015 @ 50%	-	-	-	(375,000)	-	(375,000)	(375,000)
Proposed transfer to general reserve	-	-	440,000	(440,000)	-	-	-
Total comprehensive income for the quarter ended December 31, 2015	-	-	-	97,684	(20,335)	77,349	77,349
Balance as on December 31, 2015	<u>750,000</u>	<u>34,000</u>	<u>3,466,000</u>	<u>100,617</u>	<u>1,211,954</u>	<u>4,812,571</u>	<u>5,562,571</u>

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

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Cash Flow Statement for the quarter ended December 31, 2015 (Unaudited)

	Note	Dec. 31, 2015 (Rupees in thousands)	Dec. 31, 2014
Cash flows from operating activities			
Cash (used in) / generated from operations	14	(1,359,971)	327,758
Finance income received - net		9,835	58,414
Income tax paid		(32,343)	(45,822)
Long-term loans		79	826
Long-term deposits		—	(15)
Net cash (used in) / generated from operating activities		(1,382,400)	341,161
Cash flows from investing activities			
Fixed capital expenditure		(82,142)	(116,924)
Sale proceeds of investments		3,467,712	22,516
Dividend received		14,323	8,281
Purchase of investments		(1,250,000)	(1,278,803)
Sale proceeds of fixed assets		760	579
Net cash generated from / (used in) investing activities		2,150,653	(1,364,351)
Cash flows from financing activities			
Dividend paid		(177)	(73)
Net cash used in financing activities		(177)	(73)
Net decrease in cash and cash equivalents		768,076	(1,023,263)
Cash and cash equivalents at the beginning of the quarter		296,863	2,198,559
Cash and cash equivalents at the end of the quarter	15	<u>1,064,939</u>	<u>1,175,296</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



Notes to the Condensed Interim Financial Statements for the quarter ended December 31, 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 (CO₂), 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, 2015.

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 preparation of the annual published financial statements of the Company for the year ended September 30, 2015.

4. Fixed assets

4.1 Property, plant and equipment

	(Unaudited) Dec. 31, 2015	(Audited) Sept. 30, 2015
	(Rupees in thousands)	
Operating fixed assets	1,506,434	1,340,550
Capital work-in-progress	84,093	198,988
Major stores and spare parts	1,066	3,442
	<u>1,591,593</u>	<u>1,542,980</u>

4.2 Cost of additions to and written down value of deletions from fixed assets during the period ended December 31, 2015 were as follows:

	Additions	Deletions
	(Rupees in thousands)	
Plant and machinery		
Sugar	75,099	—
Distillery	4,060	—
Textile	884	—
Furniture, fittings and office equipment	2,099	—
Vehicle	—	3
	<u>82,142</u>	<u>3</u>



	(Unaudited) Dec. 31, 2015	(Audited) Sept. 30, 2015
	(Rupees in thousands)	
5. Long-term investments - available for sale		
Investments in related parties	1,112,369	1,106,811
Investments in other companies	605,595	604,325
	<u>1,717,964</u>	<u>1,711,136</u>

5.1 The above long-term investments are stated at fair value based on the prevailing market rates on December 31, 2015. The aggregate cost of the investments, net of impairment is Rs.523.53 (September 30, 2015: Rs.523.53) million.

	(Unaudited) Dec. 31, 2015	(Audited) Sept. 30, 2015
	(Rupees in thousands)	
6. Stock-in-trade		
Raw materials	362,831	230,373
Work-in-process	72,239	42,180
Finished goods	1,580,653	444,300
Fertilizers	1,570	2,288
	<u>2,017,293</u>	<u>719,141</u>

	(Unaudited) Dec. 31, 2015	(Audited) Sept. 30, 2015
	(Rupees in thousands)	
7. Short-term investments - available for sale		

Investments in Units of Mutual Funds are as follows:

Mutual Fund Units		Face value Rs.	Fund's Name		
December 2015	September 2015				
11,527,111	18,784,006	50	MCB Pakistan Sovereign Fund	636,988	1,022,038
-	74,272,509	10	ABL Government Securities Fund	-	765,497
-	9,277,024	100	UBL Government Securities Fund	-	1,022,151
				<u>636,988</u>	<u>2,809,686</u>

The aggregate cost of the above investments is Rs. 613.67 (September 2015: Rs.2,750) million.

The above short-term investments are stated at fair value. Unrealised gain of Rs. 23.32 (September 2015: Rs. 59.69) millions arising from a change in the fair value of these short-term investments has been recognised in equity through other comprehensive income.



	(Unaudited) Dec. 31, 2015	(Audited) Sept. 30, 2015
	(Rupees in thousands)	
8. Trade and other payables		
Creditors	1,939,026	1,264,945
Accrued liabilities	202,876	208,633
Sales-tax / Federal excise duty	—	47,991
Workers' Profit Participation Fund (WPPF)	18,495	51,846
Workers' Welfare Fund	36,318	34,676
Income-tax deducted at source	1,132	363
Unclaimed dividends	42,924	43,101
	<u>2,240,771</u>	<u>1,651,555</u>
9. Short-term borrowings - secured	<u>1,200,000</u>	<u>—</u>

The aggregate financing facilities available from commercial banks amounted to Rs.3,030 (September 2015: Rs.3,030) 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 4.30% to 4.50% (September 2015: 4.30% to 11.68%) per annum.

10. Contingencies and commitments

10.1 Contingencies

10.1.1 The Company has provided counter guarantees to bank AL Habib Limited, a related party, amounting to Rs. 250.00 (September 2015: Rs.250.00) million against agriculture finance facilities to growers and counter guarantees to other banks amounting to Rs.40.84 (September 2015: 624.04) 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 stock-in-trade, stores and spares, assignment of trade debts and other receivables.

10.1.2 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.

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

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

According to the advice of legal counsel, the 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.

- 10.1.4** 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 December 31, 2015 Rs. 16.74 (September 30, 2015: Rs.8.40) 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.

- 10.1.5** 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.

- 10.1.6** 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.



10.1.7 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.

10.1.8 The Government of Sindh vide notification dated July 8, 2014 levied 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 were not taken up for hearing. The financial exposure as at December 31, 2015 is Rs.20.17 (September 30, 2015: Rs.18.6) million. In view of the advice of legal counsel, the company is confident of a favourable outcome of the case and accordingly no provision has been made in these financial statements.

10.1.9 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 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.

	(Unaudited) Dec. 31, 2015	(Audited) Sept. 30, 2015
	(Rupees in thousands)	
10.2 Commitments		
10.2.1 Capital expenditure	9,416	53,593
10.2.2 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	21,625	25,070



11. Segment operating results and related information for the quarter ended December 31, 2015 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Net sales and services											
Sales	Local	337,282	480,881	85,977	57,576	189	1,960	189,921	—	613,369	540,417
	Export	—	—	284,256	447,879	91,103	105,206	—	110,594	375,359	663,679
		337,282	480,881	370,233	505,455	91,292	107,166	189,921	110,594	988,728	1,204,096
Services - Storage income - net		—	—	162	125	—	—	—	—	162	125
		337,282	480,881	370,395	505,580	91,292	107,166	189,921	110,594	988,890	1,204,221
Less: Cost of sales		(302,032)	(513,344)	(323,094)	(435,227)	(79,298)	(94,228)	(173,471)	(96,313)	(877,895)	(1,139,112)
Gross Profit / (Loss)		35,250	(32,463)	47,301	70,353	11,994	12,938	16,450	14,281	110,995	65,109
Less: Selling and distribution expenses		(6,558)	(5,237)	(20,855)	(19,277)	(4,345)	(6,527)	—	(648)	(31,758)	(31,689)
	Administrative expenses	(30,334)	(28,391)	(4,127)	(5,636)	(1,119)	(1,034)	(56)	(62)	(35,636)	(35,123)
		(36,892)	(33,628)	(24,982)	(24,913)	(5,464)	(7,561)	(56)	(710)	(67,394)	(66,812)
Profit / (Loss) before other operating expenses and other income		(1,642)	(66,091)	22,319	45,440	6,530	5,377	16,394	13,571	43,601	(1,703)
Other operating expenses - note 12										(8,413)	(7,774)
Other income - note 13										92,076	18,799
Operating profit										127,264	9,322



	(Unaudited)	
	Dec. 31, 2015	Dec. 31, 2014
	(Rupees in thousands)	
12. Other operating expenses		
Workers' Profit Participation Fund	6,649	3,168
Workers' Welfare Fund	1,642	1,267
Exchange loss	122	3,339
	<u>8,413</u>	<u>7,774</u>
13. Other income		
Profit on sale / redemption of investments	81,377	12,597
Dividend income	5,701	3,665
Scrap sale	4,241	1,967
Gain on disposal of fixed assets	757	570
	<u>92,076</u>	<u>18,799</u>
14. Cash (used in) generated from operations		
Profit before taxation	124,684	58,931
Adjustment for non-cash charges and other items		
Depreciation	33,526	27,565
Gain on disposal of fixed assets	(757)	(570)
Profit on sale / redemption of investments	(81,377)	(12,597)
Finance cost / (income) - net	2,580	(49,609)
Dividend income	(5,701)	(3,665)
Working capital changes - note 14.1	(1,432,926)	307,703
	<u>(1,359,971)</u>	<u>327,758</u>
14.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(29,119)	(46,523)
Stock-in-trade	(1,298,152)	(386,971)
Trade debts	349,997	441,237
Loans and advances	(737,073)	(43,549)
Trade deposits and prepayments	(4,956)	(7,094)
Other receivables	(127,875)	(95,789)
	<u>(1,847,178)</u>	<u>(138,689)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	589,393	637,284
Advance from customers	(175,141)	(190,892)
Net changes in working capital	<u>(1,432,926)</u>	<u>307,703</u>



(Unaudited)
Dec. 31, Dec. 31,
2015 2014
(Rupees in thousands)

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

These comprise of the following:

Cash and bank balances	2,264,939	2,255,296
Short-term borrowings	(1,200,000)	(1,080,000)
	1,064,939	1,175,296

16. Transactions with related parties

Material transactions with related parties are given below:

	(Unaudited) Dec. 31, Dec. 31, 2015 2014 (Rupees in thousands)	
Insurance premium paid	9,640	10,010
Insurance claim received	-	10,900
Profit on treasury call accounts / term deposits	12,402	64,852
Investment in units of mutual fund	750,000	-
Redemption of investments	753,648	-
Bank charges	30	42
Compensation of Key management personnel	11,037	7,167
Contribution to retirement funds	860	528

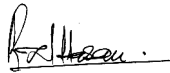
Transactions with related parties are carried out at arm's length.

17. Dividend

The Board of Directors of the Company in their meeting held on December 30, 2015 had proposed a final cash dividend of Rs. 2.50 per share (50%) for the year ended September 30, 2015. The cash dividend as proposed by the Board of Directors of the Company was approved by the members at the Annual General Meeting of the Company held on January 27, 2016. The proposed cash dividend has been accounted for in these condensed interim financial statements.

18. General

- Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.
- These condensed interim financial statements were authorised for issue on January 28, 2016 by the Board of Directors of the Company.


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director