



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter ended
December 31, 2017
(Unaudited)**



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Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Shams Mohammad Haji Munawar A. Habib Raeesul Hasan	<i>Chairman</i>
Audit Committee	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	<i>Chief Executive</i> Chairman Member Member
Human Resource & Remuneration Committee	Shams Mohammad Haji Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member Member
Company Secretary	Amir Bashir Ahmed	
Registered Office	3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habib.com/sugar E-mail : sugar@habib.com	
Mills	Sugar & Distillery Division Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314 Textile Division D-140/B-1 Mangopir Road S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118	
Bulk Storage	Terminal 60/1-B Oil Installation Area Kaemari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 Phones : (+92-21) 111-000-322 Fax : (+92-21) 34168271 E-mail : secretariat@thk.com.pk info@thk.com.pk Website : www.thk.com.pk	



VISION STATEMENT

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

MISSION STATEMENT

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



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is our privilege to present to you the unaudited condensed interim unconsolidated and consolidated financial statements of the Company for the first quarter ended December 31, 2017.

Financial Results

During the period under review the operations of your Company resulted in pre-tax loss of Rs.69.40 million. The financial results for the quarter are as follows :

(Rupees in thousands)	
Loss before taxation	(69,404)
Taxation	5,500
Loss after taxation	(74,904)
Unappropriated profit brought forward	2,395
Unappropriated loss carried forward	(72,509)
Loss per share – Basic and diluted	Rupee (0.50)

Performance Review

Sugar Division

The crushing season 2017-18 commenced on December 8, 2017 and upto December 31, 2017, 156,905 M. Tons of sugarcane was crushed with average sucrose recovery of 9.38 % and sugar production of 14,727 M.Tons including sugar in process as compared with crushing of 289,151 M. Tons with average sucrose recovery of 9.10 % and sugar production of 26,306 M. Tons during the corresponding quarter of the previous year.

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

The minimum sugarcane support price fixed by the Sindh government at Rs. 182/40 kgs is not justified in relation to the prevailing sugar price both in domestic and international markets. Your company along with other sugar mills filed a petition before the Hon'ble High Court of Sindh praying that the minimum



support price fixed by the Sindh government was totally arbitrary and unjustified as it would result in financial catastrophe and economic disaster to the sugar industry in the Province of Sindh.

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

During the hearing on January 25, 2018, under the instructions of Chief Secretary and Chief Minister of Sindh, the Advocate General Sindh submitted that Government is willing to get the matter resolved amicably by calling meeting of all the stakeholders, whereafter support price of sugarcane will be determined and a fresh notification will be issued after the approval of Provincial Cabinet. In view of the said submission, the matter was finally adjourned to January 30, 2018.

Considering surplus sugar stock in the country, the Economic Co-ordination Committee of the Cabinet (ECC) has allowed export of 1,500,000 M. Tons of sugar with inland freight subsidy of Rs.10.70/kg on sliding scale basis.

The sugar division suffered operating loss of Rs.121.63 million as against operating loss of Rs. 27.33 million during the corresponding quarter of the previous year. The increase in operating loss was due to increased cost of production on account of lower crushing quantum.

Distillery Division

The division operated satisfactorily during the period and upto December 31, 2017 produced 5,040 M. Tons of ethanol as compared with 5,460 M. Tons during the corresponding period of the previous year. The division earned operating profit of Rs.52.24 million as compared with Rs.21.05 million during the corresponding quarter of previous year. The increase in operating profit was on account of better sales volume and decrease in molasses prices.

The liquidified carbon dioxide (CO₂) unit produced 1,551 M. Tons as compared with 1,470 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 operating profit of Rs.4.87 million during the quarter under review, as against loss of Rs.2.47 million during the corresponding period of previous year. The increase in profit was on account of better sales volume and increase in selling prices.



Trading Division

During the period under review, the division incurred a loss of Rs.56.96 million on account of trading of sugar as against profit of Rs.20.06 million during the corresponding period of the previous year. The division suffered loss due to drastic reduction in sugar prices in local market.

Bagasse Based Co-Generation Project of 26.5 MW

The Company has obtained approval of upfront Tariff, Generation Licence and Letter of Support. The Energy Purchase Agreement (EPA) and Implementation Agreement (IA) have not yet been signed by the Company as a review application with respect to upfront Tariff has been filed by the Central Power Purchasing Authority (CPPA) which is pending adjudication before the National Electric Power Regulatory Authority (NEPRA). The application was lastly fixed for hearing on January 4, 2018 and in view of the advice of our legal counsel, the company is confident of a favourable outcome.

General

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

On behalf of the Board of Directors

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

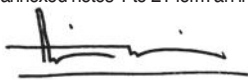
Karachi: January 30, 2018

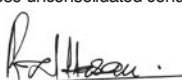


Unconsolidated Condensed Interim Balance Sheet as at December 31, 2017 (Unaudited)

	Note	Unaudited Dec. 31, 2017 (Rupees in thousands)	Audited Sept. 30, 2017
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,722,309	2,692,170
Long-term investments	5	2,386,309	2,403,065
Long-term loans		6,212	6,570
Long-term deposits		4,028	4,028
		<u>5,118,858</u>	<u>5,105,833</u>
Current Assets			
Stores and spare parts		165,086	119,735
Stock-in-trade	6	1,381,997	1,673,612
Trade debts		220,057	254,380
Loans and advances	7	453,921	803,432
Trade deposits and short-term prepayments		9,407	9,749
Profit accrued on bank deposits		7,410	1,551
Other receivables	8	148,676	151,819
Taxation - net		112,627	98,292
Cash and bank balances	9	2,585,095	924,206
		<u>5,084,276</u>	<u>4,036,776</u>
Total Assets		<u>10,203,134</u>	<u>9,142,609</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>5,853,319</u>	<u>6,233,335</u>
		<u>6,603,319</u>	<u>6,983,335</u>
Non-Current Liabilities			
Deferred taxation	10	90,000	98,500
Current Liabilities			
Trade and other payables	11	1,886,818	1,368,854
Advance from customers		126,947	691,920
Short-term borrowings	12	1,227,500	—
Accrued mark-up on short-term borrowings		6,050	—
Proposed dividend		262,500	—
		<u>3,509,815</u>	<u>2,060,774</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>10,203,134</u>	<u>9,142,609</u>

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Unconsolidated Condensed Interim Profit and Loss Account for the quarter ended December 31, 2017 (Unaudited)

	Note	Dec. 31, 2017 (Rupees in thousands)	Dec. 31, 2016
Segment operating results	14		
Net sales		1,827,075	811,726
Cost of sales		(1,874,536)	(736,773)
Gross (Loss) / Profit		(47,461)	74,953
Selling and distribution expenses		(32,810)	(25,577)
Administrative expenses		(41,207)	(38,072)
Other operating expenses	15	(850)	(3,851)
Other income	16	29,813	15,974
		(45,054)	(51,526)
Operating (Loss) / profit		(92,515)	23,427
Finance income - net		23,111	38,735
(Loss) / Profit before taxation		(69,404)	62,162
Taxation		(5,500)	(11,500)
(Loss) / Profit after taxation		(74,904)	50,662
(Loss) / Earnings per share - Basic and diluted (Rupee)		(0.50)	0.34

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive

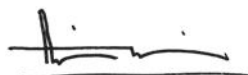

Murtaza H. Habib
 Director



**Unconsolidated Condensed Interim Statement of Comprehensive Income
for the quarter ended December 31, 2017 (Unaudited)**

	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousands)	
(Loss) / profit after taxation	(74,904)	50,662
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	(42,836)	519,640
Reclassification adjustments included in the profit and loss account for:		
Loss / (Gain) on sale of investments - net of tax	224	(1,380)
	(42,612)	518,260
Total Comprehensive (loss) / income for the quarter ended December 31, 2017	(117,516)	568,922

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Unconsolidated Condensed Interim Statement of Changes in Equity for the quarter ended December 31, 2017 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves Unappropriated Profit	Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2016	750,000	34,000	3,466,000	827,753	1,453,684	5,781,437	6,531,437
Cash dividend for the year ended September 30, 2016 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	412,500	(412,500)	-	-	-
Total comprehensive income for the quarter ended December 31, 2016	-	-	-	50,662	518,260	568,922	568,922
Balance as on December 31, 2016	<u>750,000</u>	<u>34,000</u>	<u>3,878,500</u>	<u>53,415</u>	<u>1,971,944</u>	<u>5,937,859</u>	<u>6,687,859</u>
Balance as on October 1, 2017	750,000	34,000	3,878,500	559,895	1,760,940	6,233,335	6,983,335
Proposed cash dividend for the year ended September 30, 2017 @ 35%	-	-	-	(262,500)	-	(262,500)	(262,500)
Proposed transfer to general reserve	-	-	295,000	(295,000)	-	-	-
Total comprehensive (loss) / income for the quarter ended December 31, 2017	-	-	-	(74,904)	(42,612)	(117,516)	(117,516)
Balance as on December 31, 2017	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>(72,509)</u>	<u>1,718,328</u>	<u>5,853,319</u>	<u>6,603,319</u>

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Unconsolidated Condensed Interim Cash Flow Statement for the quarter ended December 31, 2017 (Unaudited)

	Note	Dec. 31, 2017	Dec. 31, 2016
(Rupees in thousands)			
Cash flows from operating activities			
Cash (used in) / generated from operations	17	533,155	(2,982,228)
Finance income received - net		23,302	42,387
Income tax paid		(28,335)	(36,150)
Long-term loans		358	175
Net cash (used in) / generated from operating activities		528,480	(2,975,816)
Cash flows from investing activities			
Fixed capital expenditure		(91,856)	(394,728)
Redemption / sale proceeds of investments		54,354	8,740
Dividend received		19,628	15,552
Purchase of investments		(80,434)	(15,031)
Sale proceeds of fixed assets		3,274	385
Net cash generated from / (used in) investing activities		(95,034)	(385,082)
Cash flows from financing activities			
Dividend paid		(57)	(71)
Net cash used in financing activities		(57)	(71)
Net decrease in cash and cash equivalents		433,389	(3,360,969)
Cash and cash equivalents at the beginning of the quarter		924,206	3,575,276
Cash and cash equivalents at the end of the quarter	18	1,357,595	214,307

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Notes to the Unconsolidated Condensed Interim Financial Statements for the quarter ended December 31, 2017 (Unaudited)

1. The Company and its operations

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

2. Statement of compliance

These unconsolidated interim condensed financial statements are unaudited and have been prepared in accordance with the requirements of the international Accounting Standards 34 – 'Interim Financial Reporting' as applicable in Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Companies Act, 2017 was enacted on May 31, 2017. The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 4, 2017 and Institute of Chartered Accountants of Pakistan (ICAP) vide its circular No. 17 of 2017 have given relaxation for the preparation of financial statements and clarified that the Interim Financial Statements of the Companies for the period ending on or before December 31, 2017, shall be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 has added certain disclosure requirements which will be applicable in future.

These unconsolidated interim condensed financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2017.

3. Significant accounting policies and disclosures

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

	(Unaudited) Dec. 31, 2017	(Audited) Sept. 30, 2017
	(Rupees in thousands)	
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,497,841	2,508,472
Capital work-in-progress	223,115	180,788
Major stores and spare parts	1,353	2,910
	<u>2,722,309</u>	<u>2,692,170</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the quarter ended December 31, 2017 were as follows:		



	Additions (Rupees in thousands)	Deletions
Factory and building	5,454	–
Plant and machinery		
Sugar	73,572	1,094
Distillery	11,185	–
Textile	422	–
Furniture, fittings and office equipment	1,223	–
Vehicles	–	2
	<u>91,856</u>	<u>1,096</u>
	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
5. Long-term investments - available for sale		
Investments in subsidiary company – at cost	100	100
Investments in related parties – Quoted - at fair value	1,482,960	1,471,409
– Un-Quoted - at cost	78,700	58,500
Investments in other companies – Quoted - at fair value	824,549	873,056
	<u>2,386,309</u>	<u>2,403,065</u>
5.1 Investments in associated companies or undertakings have been made in accordance with the requirements under the Act.		
5.2 The aggregate cost of these investments, net of impairment is Rs.667.98 (September 30, 2017: Rs.642.13) million.		
	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
6. Stock-in-trade		
Raw materials	247,413	251,406
Work-in-process	62,623	32,978
Finished goods	1,056,155	1,373,326
Bagasse stock	12,886	12,714
Fertilizers	2,920	3,188
	<u>1,381,997</u>	<u>1,673,612</u>
7. Loans and advances		
Loans - secured		
Current maturity of long-term loans		
Executives	1,571	1,571
Other Employees	5,779	5,395
	7,350	6,966
Advances - unsecured		
Suppliers	446,571	796,466
	<u>453,921</u>	<u>803,432</u>
8. Other receivables - Considered good		
Duty drawback and research & development support claim	19,700	17,112
Dividend receivable	370	3,336
Sales tax refundable / adjustable	100,160	115,686
Others	28,446	15,685
	<u>148,676</u>	<u>151,819</u>



	Note	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
9. Cash and bank balances			
Cash in hand		483	273
Balances with banks in:			
Current accounts		78,491	19,482
Treasury call accounts	9.1	36,121	169,451
Term Deposit Receipts	9.2	2,470,000	735,000
	9.3	2,584,612	923,933
		<u>2,585,095</u>	<u>924,206</u>
9.1	Profit rates on Treasury call accounts ranged between 3.75% to 5.50% (September 2017: 3.75% to 5.50%) per annum.		
9.2	Profit rates on Term Deposit Receipts 5.80% (September 2017: 5.80% to 6.05%) per annum. Maturity of these Term Deposit Receipts are one month.		
9.3	Includes Rs.2,574.22 (September 2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.		
		(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
10. Deferred taxation			
Deferred tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences:		200,000	203,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax depreciation allowance		(103,000)	(92,000)
Unadjusted tax credit on investment		—	(5,500)
		<u>(110,000)</u>	<u>(104,500)</u>
		<u>90,000</u>	<u>98,500</u>
11. Trade and other payables			
Creditors		1,576,198	1,043,251
Accrued liabilities		240,737	201,888
Workers' Profit Participation Fund (WPPF)		—	26,474
Workers' Welfare Fund		9,695	37,141
Income-tax deducted at source		762	617
Unclaimed dividends		59,426	59,483
		<u>1,886,818</u>	<u>1,368,854</u>



12. Short-term borrowings - secured

1,227,500

—

The aggregate financing facility available from commercial banks amounted to Rs. 5,313 (September 2017: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.20% (September 2017: 2.25% to 7.54%) per annum.

13. Contingencies and commitments

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

The Company challenged the vires of GID Cess Act, 2015 before the Honourable High Court of Sindh. On July 24, 2015 the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015. On October 26, 2016, the case was decided by the Honourable High Court of Sindh in favour of the Company. The Government has filed an appeal before the Honourable High Court of Sindh, where the Company was not made party to such litigation. Currently, GID Cess is not being charged to the Company by SSGC.

The Financial exposure of the Company upto December 31, 2017 is Rs.36.85 (September 30, 2017: 35.82) million. However, in view of the advice of legal counsel no provision has been made in these unconsolidated financial statements.

- 13.2** The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Kaemari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on March 20, 2015 and was not taken up for hearing. The financial exposure as at December 31, 2017 is Rs.68.70 (September 30, 2017 is Rs.65.71) 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 unconsolidated financial statements.

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

Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the



export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. The case was lastly fixed for hearing on December 4, 2014 and was adjourned as date in office. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision has been made in these unconsolidated financial statements.

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

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

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

- 13.5** The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 30, 2017: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.649.91 (September 30, 2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

- 13.6** Commitments for capital expenditure amounting to Rs.17.47 (September 2017: 65.20) million.

	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
13.7 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	29,095	32,653



14. Segment operating results and related information for the quarter ended December 31, 2017 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands)	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Total	Total
Net sales										
Sales	903,864	188,997	95,473	78,796	985	1,386	268,745	209,647	1,269,067	478,806
Local	—	—	428,106	267,556	129,902	65,364	—	—	558,008	332,920
Export	903,864	188,997	523,579	346,352	130,887	66,730	268,745	209,647	1,827,075	811,726
Less: Cost of sales	(985,771)	(179,047)	(443,973)	(303,383)	(119,144)	(64,800)	(325,648)	(189,543)	(1,874,536)	(736,773)
Gross (Loss) / Profit	(81,907)	9,950	79,606	42,969	11,743	1,930	(56,903)	20,104	(47,461)	74,953
Less: Selling and distribution expenses	(5,208)	(5,382)	(21,900)	(16,767)	(5,702)	(3,428)	—	—	(32,810)	(25,577)
Administrative expenses	(34,514)	(31,900)	(5,470)	(5,153)	(1,168)	(971)	(55)	(48)	(41,207)	(38,072)
(Loss) / Profit before other operating expenses and other income	(39,722)	(37,282)	(27,370)	(21,920)	(6,870)	(4,399)	(55)	(48)	(74,017)	(63,649)
Other operating expenses - note 15	(121,629)	(27,332)	52,236	21,049	4,873	(2,469)	(56,958)	20,056	(121,478)	11,304
Other income - note 16									(850)	(3,851)
Operating (loss) / profit									29,813	15,974
									(92,515)	23,427



	(Unaudited)	
	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousands)	
15. Other operating expenses		
Workers' Profit Participation Fund	–	3,301
Workers' Welfare Fund	850	550
	<u>850</u>	<u>3,851</u>
16. Other income		
Income from financial assets		
(Loss) / profit on redemption / sale of investments	(224)	1,380
Dividend income	16,662	7,947
	<u>16,438</u>	<u>9,327</u>
Income from non financial assets		
Gain on disposal of fixed assets	2,178	344
Sale of Electricity	3,001	–
Scrap sale	3,857	6,099
Exchange gain - net	4,339	204
	<u>13,375</u>	<u>6,647</u>
	<u>29,813</u>	<u>15,974</u>
17. Cash (used in) / generated from operations		
(Loss) / profit before taxation	(69,404)	62,162
Adjustment for non-cash charges and other items		
Depreciation	60,621	38,190
Gain on disposal of fixed assets	(2,178)	(344)
Loss / (profit) on sale / redemption of investments	224	(1,380)
Finance income - net	(23,111)	(38,735)
Dividend income	(16,662)	(7,947)
Working capital changes - note 17.1	583,665	(3,034,174)
	<u>533,155</u>	<u>(2,982,228)</u>
17.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(45,351)	(55,254)
Stock-in-trade	291,615	(1,749,093)
Trade debts	34,323	(25,644)
Loans and advances	349,511	(1,019,789)
Trade deposits and prepayments	342	(8,505)
Other receivables	177	(175,046)
	<u>630,617</u>	<u>(3,033,331)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	518,021	237,279
Advance from customers	(564,973)	(238,122)
	<u>(46,952)</u>	<u>(843)</u>
Net changes in working capital	<u>583,665</u>	<u>(3,034,174)</u>



(Unaudited)
Dec. 31, Dec. 31,
2017 2016
(Rupees in thousands)

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

These comprise of the following:

Cash and bank balances	2,585,095	1,214,307
Short-term borrowings	(1,227,500)	(1,000,000)
	1,357,595	214,307

19. Transactions with related parties

Material transactions with related parties are given below:

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	(Unaudited) Dec. 31, Dec. 31, 2017 2016 (Rupees in thousands)	
Insurance premium paid	8,080	14,828
Insurance claim received	—	5,651
Profit on treasury call accounts / term deposits	32,785	37,030
Investment in share / units of mutual fund	70,200	—
Redemption of investments	50,209	—
Bank charges	21	23
Compensation of Key management personnel	12,150	12,015
Contribution to retirement funds	3,391	3,398

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

20. Dividend

The Board of Directors of the Company in their meeting held on December 28, 2017 had proposed a final cash dividend of Rs.1.75 per share (35%) for the year ended September 30, 2017. 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, 2018. The proposed cash dividend has been accounted for in these condensed interim financial statements.

21. General

- Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.
- These condensed interim financial statements were authorised for issue on January 30, 2018 by the Board of Directors of the Company.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive

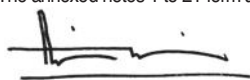

Murtaza H. Habib
Director

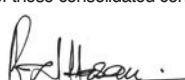


Consolidated Condensed Interim Balance Sheet as at December 31, 2017 (Unaudited)

	Note	Unaudited Dec. 31, 2017 (Rupees in thousands)	Audited Sept. 30, 2017
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,746,288	2,707,501
Long-term investments	5	2,386,209	2,402,965
Long-term loans		6,212	6,570
Long-term deposits		4,028	4,028
		<u>5,142,737</u>	<u>5,121,064</u>
Current Assets			
Stores and spare parts		165,086	119,735
Stock-in-trade	6	1,381,997	1,673,612
Trade debts		220,057	254,380
Loans and advances	7	453,505	803,432
Trade deposits and short-term prepayments		9,407	9,749
Profit accrued on bank deposits		7,410	1,551
Other receivables	8	123,956	136,440
Taxation - net		112,627	98,292
Cash and bank balances	9	2,585,195	924,306
		<u>5,059,240</u>	<u>4,021,497</u>
Total Assets		<u><u>10,201,977</u></u>	<u><u>9,142,561</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>5,852,099</u>	<u>6,233,237</u>
		<u>6,602,099</u>	<u>6,983,237</u>
Non-Current Liabilities			
Deferred taxation	10	90,000	98,500
Current Liabilities			
Trade and other payables	11	1,886,881	1,368,904
Advance from customers		126,947	691,920
Short-term borrowings	12	1,227,500	—
Accrued mark-up on short-term borrowings		6,050	—
Proposed dividend		262,500	—
		<u>3,509,878</u>	<u>2,060,824</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u><u>10,201,977</u></u>	<u><u>9,142,561</u></u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive

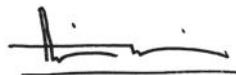

Murtaza H. Habib
 Director



Consolidated Condensed Interim Profit and Loss Account for the quarter ended December 31, 2017 (Unaudited)

	Note	Dec. 31, 2017 (Rupees in thousands)
Segment operating results	14	
Net sales		1,827,075
Cost of sales		(1,874,536)
Gross Loss		(47,461)
Selling and distribution expenses		(32,810)
Administrative expenses		(42,286)
Other operating expenses	15	(850)
Other income	16	29,813
		(46,133)
Operating loss		(93,594)
Finance income - net		23,068
Loss before taxation		(70,526)
Taxation		(5,500)
Loss after taxation		(76,026)
Loss per share - Basic and diluted (Rupee)		(0.51)

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



**Consolidated Condensed Interim Statement of Comprehensive Income
for the quarter ended December 31, 2017 (Unaudited)**

Dec. 31,
2017
(Rupees in thousands)

(Loss) after taxation (76,026)

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

(42,836)

Reclassification adjustments included in the profit
and loss account for:

Loss on sale of investments

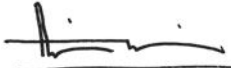
224

(42,612)

**Total Comprehensive loss for the quarter
ended December 31, 2017**

(118,638)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Consolidated Condensed Interim Statement of Changes in Equity for the quarter ended December 31, 2017 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves	Unrealised gain on investments available for sale	Total Reserves	Total Equity
			General Reserve	Unappro- priated Profit		
	(Rupees in thousands)					
Balance as on October 1, 2017	750,000	34,000	3,878,500	559,797	1,760,940	6,983,237
Proposed cash dividend for the year ended September 30, 2017 @ 35%	-	-	-	(262,500)	-	(262,500)
Proposed transfer to general reserve	-	-	295,000	(295,000)	-	-
Total comprehensive loss for the quarter ended December 31, 2017	-	-	-	(76,026)	(42,612)	(118,638)
Balance as on December 31, 2017	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>(73,729)</u>	<u>1,718,328</u>	<u>6,602,099</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive

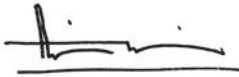

Murtaza H. Habib
Director

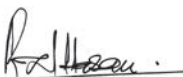


Consolidated Condensed Interim Cash Flow Statement for the quarter ended December 31, 2017 (Unaudited)

	Note	Dec. 31, 2017 (Rupees in thousands)
Cash flows from operating activities		
Cash generated from operations	17	541,846
Finance income received - net		23,259
Income tax paid		(28,335)
Long-term loans		358
Net cash generated from operating activities		537,128
Cash flows from investing activities		
Fixed capital expenditure		(100,504)
Redemption / sale proceeds of investments		54,354
Dividend received		19,628
Purchase of investments		(80,434)
Sale proceeds of fixed assets		3,274
Net cash used in investing activities		(103,682)
Cash flows from financing activities		
Dividend paid		(57)
Net cash used in financing activities		(57)
Net decrease in cash and cash equivalents		433,389
Cash and cash equivalents at the beginning of the quarter		924,306
Cash and cash equivalents at the end of the quarter	18	1,357,695

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Consolidated Condensed Interim Financial Statements for the quarter ended December 31, 2017 (Unaudited)

1. Group and its Operations

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

1.1. Holding Company

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

1.2. Subsidiary Company

HSM Energy Limited is incorporated in Pakistan as a public unlisted company on May 16, 2017. The Principal activity of the Company is to generate electricity through bagasse based power plant and sell it to National Grid. The Company is in the process of obtaining generation license and upfront tariff from National Electric Power Regulatory Authority (NEPRA). The expected time for commissioning of the project is 24 months from the award of the upfront tariff. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

2. Statement of compliance

These consolidated condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act, are to be followed. The consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2017.

3. Significant accounting policies and disclosures

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



	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,497,841	2,508,472
Capital work-in-progress	247,094	196,119
Major stores and spare parts	1,353	2,910
	<u>2,746,288</u>	<u>2,707,501</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the quarter ended December 31, 2017 were as follows:		
	Additions (Rupees in thousands)	Deletions (Rupees in thousands)
Factory and building	5,454	—
Plant and machinery		
Sugar	82,220	1,094
Distillery	11,185	—
Textile	422	—
Furniture, fittings and office equipment	1,223	—
Vehicles	—	2
	<u>100,504</u>	<u>1,096</u>
	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
5. Long-term investments - available for sale		
Investments in related parties	— Quoted - at fair value 1,482,960	1,471,409
	— Un-Quoted - at cost 78,700	58,500
Investments in other companies	— Quoted - at fair value 824,549	873,056
	<u>2,386,209</u>	<u>2,402,965</u>
5.1 The aggregate cost of these investments, net of impairment is Rs.667.98 (September 30, 2017: Rs.642.13) million.		
	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
6. Stock-in-trade		
Raw materials	247,413	251,406
Work-in-process	62,623	32,978
Finished goods	1,056,155	1,373,326
Bagasse stock	12,886	12,714
Fertilizers	2,920	3,188
	<u>1,381,997</u>	<u>1,673,612</u>
7. Loans and advances - Considered good		
Loans - secured		
Current maturity of long-term loans		
Executives	1,571	1,571
Other Employees	5,779	5,395
	7,350	6,966
Advances - unsecured		
Suppliers	446,155	796,466
	<u>453,505</u>	<u>803,432</u>



	Note	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
8. Other receivables - Considered good			
Duty drawback and research & development support claim		19,700	17,112
Dividend receivable		370	3,336
Sales tax refundable / adjustable		100,160	115,686
Others		3,726	306
		<u>123,956</u>	<u>136,440</u>
9. Cash and bank balances			
Cash in hand		483	273
Balances with banks in:			
Current accounts		78,591	19,582
Treasury call accounts	9.1	36,121	169,451
Term Deposit Receipts	9.2	2,470,000	735,000
	9.3	2,584,712	924,033
		<u>2,585,195</u>	<u>924,306</u>
9.1 Profit rates on Treasury call accounts ranged between 3.75% to 5.50% (September 2017: 3.75% to 5.50%) per annum.			
9.2 Profit rates on Term Deposit Receipts 5.80% (September 2017: 5.80% to 6.05%) per annum. Maturity of these Term Deposit Receipts are one month.			
9.3 Includes Rs.2,574.32 (September 2017: Rs.896.00) million kept with Bank AL Habib Limited - a related party.			
10. Deferred taxation			
Deferred tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences:		200,000	203,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax depreciation allowance		(103,000)	(92,000)
Unadjusted tax credit on investment		—	(5,500)
		<u>(110,000)</u>	<u>(104,500)</u>
		<u>90,000</u>	<u>98,500</u>



	(Unaudited) Dec. 31, 2017 (Rupees in thousands)	(Audited) Sept. 30, 2017
11. Trade and other payables		
Creditors	1,576,198	1,043,251
Accrued liabilities	240,800	201,938
Workers' Profit Participation Fund (WPPF)	—	26,474
Workers' Welfare Fund	9,695	37,141
Income-tax deducted at source	762	617
Unclaimed dividends	59,426	59,483
	<u>1,886,881</u>	<u>1,368,904</u>
12. Short-term borrowings - secured	<u>1,227,500</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs. 5,313 (September 2017: Rs. 5,313) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 2.20% (September 2017: 2.25% to 7.54%) per annum.

13. Contingencies and commitments

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

The Holding Company challenged the vires of GID Cess Act, 2015 before the Honourable High Court of Sindh. On July 24, 2015 the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015. On October 26, 2016, the case was decided by the Honourable High Court of Sindh in favour of the Holding Company. The Government has filed an appeal before the Honourable High Court of Sindh, where the Holding Company was not made party to such litigation. Currently, GID Cess is not being charged to the Holding Company by SSGC.

The Financial exposure of the Holding Company upto December 31, 2017 is Rs.36.85 (September 30, 2017: 35.82) million. However, in view of the advice of legal counsel no provision has been made in these consolidated financial statements.

13.2 The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Kaemari, Karachi. The Holding Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on March 20, 2015 and was not taken up for hearing. The financial exposure as at December 31, 2017 is Rs.68.70 (September 30, 2017: Rs.65.71) million. In view of the advice of legal counsel, the Holding Company is confident of a favourable outcome of the case and accordingly no provision has been made in these consolidated financial statements.



13.3 Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Holding 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 7, 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 Holding Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. The case was lastly fixed for hearing on December 4, 2014 and was adjourned as date in office. In view of the advice of legal counsel, the Holding Company is confident of a favourable outcome and accordingly no provision has been made in these consolidated financial statements.

13.4 During the year 2009-10 the Holding 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 Holding 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 Holding Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

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

13.5 The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 30, 2017: Rs. 250.00) million against agriculture finance facilities to the growers suppling sugarcane to the mills and counter guarantees to other banks amounting to Rs.649.91 (September 30, 2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Holding Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

13.6 Commitments for capital expenditure amounting to Rs. 17.47 (September 2017: 65.20) million.

	(Unaudited) Dec. 31, 2017	(Audited) Sept. 30, 2017
	(Rupees in thousands)	
13.7 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	29,095	32,653



14. Segment operating results and related information for the quarter ended December 31, 2017 (Unaudited)

		(Rupees in thousands)				
		Sugar Division	Distillery Division	Textile Division	Trading Division	Total
		Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017
Net sales						
Sales	Local	903,864	95,473	985	268,745	1,269,067
	Export	—	428,106	129,902	—	558,008
		903,864	523,579	130,887	268,745	1,827,075
Less: Cost of sales		(985,771)	(443,973)	(119,144)	(325,648)	(1,874,536)
Gross Loss / (Profit)		(81,907)	79,606	11,743	(56,903)	(47,461)
Less: Selling and distribution expenses		(5,208)	(21,900)	(5,702)	—	(32,810)
Administrative expenses - Holding Company		(34,514)	(5,470)	(1,168)	(55)	(41,207)
Administrative expenses - Subsidiary Company		—	—	—	—	(1,079)
		(34,514)	(5,470)	(1,168)	(55)	(42,286)
Profit / (Loss) before other operating expenses and other income		(121,629)	52,236	4,873	(56,958)	(122,557)
Other operating expenses -note 15						(850)
Other income - note 16						29,813
Operating loss						(93,594)



(Unaudited)
Dec. 31,
2017
(Rupees in thousands)

15. Other operating expenses

Workers' Profit Participation Fund	—
Workers' Welfare Fund	850
	<u>850</u>

16. Other income

Income from financial assets

Loss on redemption / sale of investments	(224)
Dividend income	16,662
	<u>16,438</u>

Income from non financial assets

Gain on disposal of fixed assets	2,178
Sale of Electricity	3,001
Scrap sale	3,857
Exchange gain - net	4,339
	<u>13,375</u>

17. Cash (used in) / generated from operations

Loss before taxation	(70,526)
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Adjustment for non-cash charges and other items

Depreciation	60,621
Gain on disposal of fixed assets	(2,178)
Loss on sale / redemption of investments	224
Finance income - net	(23,068)
Dividend income	(16,662)
Working capital changes - note 17.1	593,435
	<u>541,846</u>

17.1 Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	(45,351)
Stock-in-trade	291,615
Trade debts	34,323
Loans and advances	349,927
Trade deposits and prepayments	342
Other receivables	9,518
	<u>640,374</u>

Increase / (decrease) in current liabilities

Trade and other payables	518,034
Advance from customers	(564,973)
	<u>(46,939)</u>

Net changes in working capital	<u>593,435</u>
---------------------------------------	----------------



(Unaudited)
Dec. 31,
2017
(Rupees in thousands)

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

These comprise of the following:

Cash and bank balances	2,585,195
Short-term borrowings	(1,227,500)
	<u>1,357,695</u>

19. Transactions with related parties

Material transactions with related parties are given below:

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

(Unaudited)
Dec. 31,
2017
(Rupees in thousands)

Insurance premium paid	8,080
Insurance claim received	—
Profit on treasury call accounts / term deposits	32,785
Investment in share / units of mutual fund	70,200
Redemption of investments	50,209
Bank charges	21
Compensation of Key management personnel	12,150
Contribution to retirement funds	3,391

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

20. Dividend

The Board of Directors of the Holding Company in their meeting held on December 28, 2017 had proposed a final cash dividend of Rs.1.75 per share (35%) for the year ended September 30, 2017. The cash dividend as proposed by the Board of Directors of the Holding Company was approved by the members at the Annual General Meeting of the Holding Company held on January 27, 2018. The proposed cash dividend has been accounted for in these condensed interim financial statements.

21. General

- Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.
- These condensed interim financial statements were authorised for issue on January 30, 2018 by the Board of Directors of the Holding Company.
- As the Subsidiary Company was incorporated on May 16, 2017, hence, there are no corresponding figures for the quarter ended December 31, 2016 to report.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران ڈویژن کو 56.96 ملین روپیہ کا خسارہ شکر کی تجارت سے ہوا۔ اس کے برعکس گزشتہ سال اسی مدت کے دوران 20.06 ملین روپیہ کا منافع حاصل کیا تھا۔ ڈویژن نے شکر کی تجارت میں خسارہ مقامی منڈیوں میں شکر کی تیزی سے گرتی ہوئی قیمتوں کی وجہ سے ہوا۔

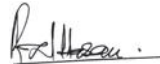
بگاس پرمیٹی کو جزییشن 26.5 میگا واٹ کا منصوبہ:

کمپنی نے بجلی پیدا کرنے کا لائسنس ٹریف اور لیٹر آف سپورٹ کی منظوری حاصل کر لی ہے۔ توانائی کی خریداری کے معاہدے پر (ای پی اے) کمپنی نے اب تک دستخط اس لئے نہیں کئے کہ ٹریف کی نظر ثانی کی درخواست سینٹرل پاور پراجیکٹنگ ایجنسی (CPPA) نے دی ہے جس کی سماعت الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا) کے پاس زیر التوا ہے۔ آخری بار درخواست کی سماعت 4 جنوری 2018 کو مقرر کی گئی تھی۔ اور قانونی مشیر کے مشورے کے مطابق کمپنی اپنے حق میں فیصلے کے لئے پرامید ہے۔

عام امور:

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


مر تقی ایچ حبیب
ڈائریکٹر


رئیس افسر
چیف ایگزیکٹو

کراچی مورخہ 30 جنوری 2018ء



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

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

25 جنوری 2018 کو کیس کی سنوائی کے دوران چیف سیکریٹری اور وزیر اعلیٰ سندھ کی ہدایت پر ایڈووکیٹ جنرل سندھ نے پیش کیا کہ حکومت باہمی افہام و تفہیم سے اس معاملے کو حل کرنے کے لئے تمام اسٹیک ہولڈرز کی میٹنگ بلاتی ہے جس میں گنے کی سپورٹ پرائس کا تعین کیا جائے گا اور صوبائی کابینہ کی منظوری کے بعد ایک نیا نوٹیفکیشن جاری کیا جائے گا۔ اوپر بیان کردہ کی روشنی میں یہ معاملہ حتمی طور پر 30 جنوری 2018 تک موخر کر دیا گیا۔

ملک میں اضافی شکر کے ذخائر کو ملحوظ رکھتے ہوئے اکنامک کوآرڈینیشن کمیٹی آف کیپیٹل (ای سی سی) نے 1,500,000 ٹن شکر کی برآمد کرنے کی اجازت دی جس پر اندرون ملک کرایہ کی مد میں 10/70 روپیہ فی کلو سسڈی ہوگی۔

شکر ڈویژن نے آپریٹنگ خسارہ 121.63 ملین روپیہ کیا اس کے مقابل گزشتہ سال اس مدت کے سبہ ماہی میں 27.33 ملین روپیہ کا خسارہ کیا تھا۔ آپریٹنگ خسارہ کی بڑھنے کی وجہ پیداواری لاگت میں اضافہ کرٹنگ کے حجم میں کمی ہے۔

ڈسٹری ڈویژن:

ڈویژن کی 31 دسمبر 2017 کی مدت کے دوران اطمینان بخش کارکردگی رہی اور 5040 میٹرک ٹن اسٹھانول تیار کی اور گزشتہ سال اس مدت کے دوران 5460 میٹرک ٹن پیداوار رہی۔ ڈویژن نے 52.24 ملین روپیہ کا آپریٹنگ منافع حاصل کیا مقابل گزشتہ سال اس مدت کے دوران 21.05 ملین منافع حاصل کیا تھا۔ منافع میں اضافہ کی وجہ فروخت کے حجم میں اضافہ اور شیرے کی قیمتوں میں کمی کی وجہ سے ہوا۔

لیکونیڈ کاربن ڈائی آکسائیڈ کی پیداوار 1551 میٹرک ٹن رہی مقابل گزشتہ سال اس مدت کے دوران 1470 میٹرک ٹن تھی۔ پونٹ کا حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر سبہ ماہی کے دوران 4.87 ملین روپیہ آپریٹنگ منافع حاصل کیا اس کے برعکس گزشتہ سال اسی سبہ ماہی کے دوران 2.47 ملین روپیہ کا نقصان تھا۔ منافع میں اضافہ کی وجہ بہتر فروخت کا حجم اور قیمت فروخت میں اضافہ ہے۔



ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے میں 31 دسمبر 2017ء کو ختم ہونے والے پہلی سہ ماہی کیلئے کمپنی کی غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات پیش کر رہا ہوں۔

مالیاتی نتائج:

زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس خسارے کی رقم مبلغ 69,404 ملین روپے رہی۔ پہلی سہ ماہی کے مالیاتی نتائج درج ذیل ہیں:-

(روپے ہزاروں میں)

(69,404)

5,500

(74,904)

2,395

(72,509)

(0.50)

خسارہ قبل از ٹیکس

ٹیکس

خسارہ بعد از ٹیکس

غیر منقسمہ منافع براڈ فارورڈ

غیر منقسمہ خسارہ کیری فارورڈ

خسارہ فی شیئر - بنیادی اور معتدل - روپیہ

کارکردگی کا جائزہ:

شکر ڈویژن

گئے کی کرشنگ کا سیزن 2017-2018 8 دسمبر 2017 کو شروع ہوا اور 31 دسمبر 2017 تک گئے کی کرشنگ 156,905 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 9.38 فیصد رہا اور شکر کی پیداوار 14,727 میٹرک ٹن بشمول شکر ان پروس ہوئی۔ مقابلہ گزشتہ سیزن کی پہلی سہ ماہی میں گئے کی کرشنگ 289,151 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 9.10 فیصد تھی اور شکر کی پیداوار 26,306 میٹرک ٹن بشمول شکر ان پروس تھی۔

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