



Husein Sugar Mills Limited



**UN-AUDITED CONDENSED FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED
DECEMBER 31,2015**



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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mst. Nusrat Shamim
Mr. Ahmed Ali Tariq
Mr. Mustafa Ali Tariq
Mr. Muhammad Shams Amin
Mr. Asad Ahmad Sheikh
Mr. Taufiq Ahmed Khan
Mr. Ali Ashfaq

CEO
Chairman

AUDIT COMMITTEE

Mr. Taufiq Ahmad Khan
Mr. Ahmed Ali Tariq
Mr. Ali Ashfaq

Chairman
Member
Member

**HUMAN RESOURCE &
REMUNERATION COMMITTEE**

Mr. Ahmed Ali Tariq
Mr. Taufiq Ahmad Khan
Mr. Mustafa Ali Tariq

Chairman
Member
Member

CHIEF OPERATING OFFICER

Mr. Wasim Saleem

CHIEF FINANCIAL OFFICER

Mr. Masood Ahmad
FCA

COMPANY SECRETARY

Mr. Khalid Mahmood
ACIS

LEGAL ADVISOR

Masud & Mirza Associates

BANKERS

MCB Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
Allied Bank Limited
Faysal Bank Limited
Meezan Bank Limited
United Bank Limited
The Bank of Punjab
Albarkah Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Summit Bank Limited
NIB Bank Limited

SHARE REGISTRAR

M/s Corptec Associates (Pvt) Limited
503-E, Johar Town, Lahore.
Ph:042- 35170336-7 Fax: 042- 35170338
E-mail: info@corptec.com.pk

AUDITORS

Riaz Ahmad & Company
Chartered Accountants

MILLS

Lahore Road, Jaranwala

REGISTERED HEAD OFFICE

30-A E/1, Old FCC Gulberg III, Lahore
Ph: 35762089 - 35762090 Fax: 042-35712680
E-mail: info@huseinsugarmills.com
Website: www.huseinsugarmills.com

**DIRECTORS' REPORT**

On behalf of the Board, I am pleased to present un-audited Condensed Interim Financial Information of the Company for the first quarter ended on December 31, 2015.

Highlights of the Company's performance for the first quarter and its comparison with corresponding period of last year is as under:

	2015	2014
OPERATIONAL		
Crushing days	37	69
Sugarcane crushed till December 31 (M. Tons)	173,,899	209,569
Sugar produced (M. Tons)	14,305	18,455
Sugar recovery percentage	9.10	9.03
	Rupees	
FINANCIAL		
Sales	687,019,245	611,639,634
Gross profit / (loss)	72,588,167	(2,376,197)
Operating and finance cost	(54,274,425)	(54,575,838)
Profit / (loss) before taxation	20,541,315	(37,665,783)
Profit / (loss) after taxation	13,671,123	(37,665,783)
Earnings / (loss) per share	0.80	(2.22)

The Company started the crushing season 2015-16 on November 25, 2015 with renewed determination, operational planning, and strategy. The focus has been shifted to procurement of quality sugarcane at controlled price rather than only on quantitative crushing. The disparity in sugarcane support price observed during last crushing between Punjab and Sindh Provinces continued in the current season also. The Punjab province announced sugarcane support price of Rs. 180/40 kg. whereas it is Rs. 172/40 kg. in Sindh province. This disparity created uncertainty in local sugar market and sugar rates took a plunge from Rs. 58/kg. to Rs. 51/kg. However, to avert the crises the government announced permission for export of 500,000 tons of sugar with Rs. 13/kg. subsidy to exporting mills of those provinces which are paying not less than Rs. 180/40 kg. to sugarcane growers. This measure saved the sugar industry from total disaster and sugar prices started to stabilize in the range of Rs. 54 – Rs. 56 / kg.

Now as the season is progressing, we observe that per acre yield is not the same as the growers were getting last year. The difference in sugarcane yield is about 7%. This aspect will shorten the current crushing season and we expect better sugar prices in off-season. The Company has entered into export contracts on prices which are better than local prices. This will increase the profitability of the Company.

Due to decucity of sugarcane crop in neighboring sugar mills area, we anticipate price war among the mills for procurement of more sugarcane from our mills area. This might adversely affect our mills working, however, despite these factors; we anticipate much better operational and financial results than last year owing to better planning and coordinated efforts of all stake holders.

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 devotion and hard work.

Ahmed Ali Tariq
Chairman

Lahore: January 21, 2016

ڈائریکٹر زر پورٹ

بورڈ کی طرف سے، میں 31 دسمبر 2015ء کو اختتام پہلی سہ ماہی کیلئے کمپنی کی غیر متنتج شدہ عبوری منہد مالی معلومات بخوشی پیش کرتا ہوں۔ پہلی سہ ماہی میں کمپنی کی کارکردگی اور گزشتہ سال کی پہلی سہ ماہی کے ساتھ اس کے موازنہ کی جھلکیاں مندرجہ ذیل ہیں:

2014	2015	آپریشنل
69	37	کرشنگ لیم
209,569	173,899	31 دسمبر تک گئے کی کرشنگ (میٹرک ٹن)
18,455	14,305	چینی کی پیداوار (میٹرک ٹن)
9.03	9.10	فیصد چینی کا حصول
روپے	روپے	مالیاتی
611,639,634	687,019,245	فروخت
(2,376,197)	72,588,167	مجموعی نفع/(نقصان)
(54,575,838)	(54,274,425)	آپریٹنگ اور فنانس لاگت
(37,665,783)	20,541,315	ٹیکس سے قبل نفع/نقصان
(37,665,783)	13,671,123	ٹیکس کے بعد نفع/نقصان
(2.22)	0.80	آمدن/(نقصان) فی حصص

کمپنی نے تجدید عزم، آپریشنل منصوبہ بندی، اور حکمت عملی کے ساتھ 25 نومبر 2015ء کو کرشنگ سیزن 16-2015 شروع کیا۔ صرف مقداری کرشنگ کی بجائے کنٹرول قیمت پر معیاری گنے کی خریداری توجہ مرکوز کر دی گئی۔ پنجاب اور سندھ کے درمیان گزشتہ کرشنگ کے دوران گنے کی امدادی قیمت میں فرق موجودہ سیزن میں بھی جاری رکھا گیا۔ صوبہ پنجاب نے گنے کی قیمت -/180 روپے فی من کا اعلان کیا جبکہ صوبہ سندھ میں یہ -/172 روپے فی من ہے۔ اس فرق نے شوکر مارکیٹ میں غیر یقینی صورتحال پیدا کر دی اور چینی کی قیمت -/58 روپے سے -/51 روپے فی کلوگرام کرنے کا فیصلہ کرنا پڑا۔ تاہم، بھارت سے بچنے کے لئے حکومت نے 500,000 ٹن چینی -/13 روپے فی کلوگرام سبسڈی کے ساتھ ان صوبوں کو برآمد کرنے کی اجازت کا اعلان کیا جن کے کاٹشکاروں کو گنے کی قیمت -/180 روپے سے کم ادا کی جا رہی ہے۔ اس اقدام نے چینی کی صنعت کو کل پتائی سے بچایا اور چینی کی قیمتیں 54-56 روپے فی کلوگرام کی حد میں مستحکم ہونا شروع ہو گئیں۔

اب جیسا کہ سیزن کا آغاز ہے، دیکھنے میں آیا ہے کہ گزشتہ سال یعنی فی ایکڑ پیداوار اس سال نہیں ہے۔ گنے کی پیداوار میں فرق تقریباً 7 فیصد ہے۔ یہ پہلو موجودہ کرشنگ سیزن مختصر کرے گا اور ہمیں آف سیزن میں چینی کی بہتر قیمتوں کی توقع ہے۔ کمپنی برآمدی معاہدوں میں داخل ہوئی ہے جہاں قیمتیں مقامی قیمتوں کے مقابلے میں بہتر ہیں اس سے کمپنی کے منافع میں اضافہ ہوگا۔ ہمسایہ شوگر ملوں کے علاقہ میں گنے کی فصل میں کمی کی بدولت ہمیں اپنی ملز کی علاقہ سے زیادہ گنے کی خریداری کے لئے قیمتوں کی جنگ میں حصہ لینا پڑے گا۔ یہ عوامل ہماری ملز کی کارکردگی پر منفی اثر ڈال سکتے ہیں۔ تاہم، ان عوامل کے باوجود ہم بہتر منصوبہ بندی اور تمام اسٹیک ہولڈرز کی مربوط کوششوں کی بدولت گزشتہ سال کے مقابلے میں بہت بہتر آپریشنل اور مالیاتی نتائج کا انتظار کر رہے ہیں۔

بورڈ تمام اسٹیک ہولڈرز، بینکاروں، مالیاتی اداروں اور کاٹشکاروں کے شکریہ کے ساتھ وسیع مسلسل حمایت اور تعاون کو تسلیم کرتا ہے۔ بورڈ، کمپنی کے ملازمین کے لئے ان کی ریکارڈ جان ثناری اور سخت محنت پر اس کی تعریف کرتا ہے۔

محمد علی طارق
چیمین

لاہور: 21 جنوری 2016ء

**CONDENSED INTERIM BALANCE SHEET**

	NOTE	Un-Audited 31 December 2015 Rupees	Audited 30 September 2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (30 September 2015: 50,000,000) shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital		170,000,000	170,000,000
Reserves		<u>(712,980,438)</u>	<u>(743,752,314)</u>
Total equity		<u>(542,980,438)</u>	<u>(573,752,314)</u>
Share deposit money		475,731,833	403,441,833
Surplus on revaluation of operating fixed assets - net of deferred tax		1,481,713,888	1,494,724,734
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance	5	-	-
Liabilities against assets subject to finance lease	6	-	-
Long term deposits		7,286,024	6,830,743
Deferred income tax liability		276,481,510	282,326,962
		283,767,534	289,157,705
CURRENT LIABILITIES			
Trade and other payables		1,189,795,509	1,273,462,838
Accrued mark-up		7,272,442	13,874,902
Short term borrowings		707,493,941	417,404,411
Current portion of non-current liabilities		114,127	19,468,541
Provision for taxation		6,870,192	-
		<u>1,911,546,211</u>	<u>1,724,210,692</u>
Total liabilities		<u>2,195,313,745</u>	<u>2,013,368,397</u>
CONTINGENCIES AND COMMITMENTS 7			
TOTAL EQUITY AND LIABILITIES		<u>3,609,779,028</u>	<u>3,337,782,650</u>

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

Mustafa Husein
CHIEF EXECUTIVE



AS AT 31 DECEMBER 2015 (UN-AUDITED)

	NOTE	Un-Audited 31 December 2015 Rupees	Audited 30 September 2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	2,602,482,058	2,614,021,184
Long term investments	9	19,056,750	20,812,295
Long term deposits		694,840	779,440
		<u>2,622,233,648</u>	<u>2,635,612,919</u>

CURRENT ASSETS

Stores, spare parts and loose tools	147,730,984	139,864,011
Stock-in-trade	591,921,774	321,669,362
Trade debts	1,394,792	41,531
Advances	37,213,006	22,088,824
Short term deposits and prepayments	3,397,790	11,127,476
Other receivables	114,510,354	104,672,028
Cash and bank balances	91,376,680	102,706,499
	<u>987,545,380</u>	<u>702,169,731</u>

TOTAL ASSETS

<u>3,609,779,028</u>	<u>3,357,982,650</u>
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CHAIRMAN / DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2015**

	NOTE	QUARTER ENDED	
		31 December 2015 Rupees	31 December 2014 Rupees
SALES		687,019,245	611,639,634
COST OF SALES	10	(614,431,078)	(614,015,831)
GROSS PROFIT		72,588,167	(2,376,197)
DISTRIBUTION COST		(1,820,841)	(2,492,240)
ADMINISTRATIVE EXPENSES		(38,307,540)	(37,315,205)
OTHER OPERATING EXPENSES		(1,122,755)	-
		(41,251,136)	(39,807,445)
		31,337,031	(42,183,642)
OTHER INCOME		2,227,573	19,286,252
PROFIT/(LOSS) FROM OPERATIONS		33,564,604	(22,897,390)
FINANCE COST		(13,023,289)	(14,768,393)
PROFIT/(LOSS) BEFORE TAXATION		20,541,315	(37,665,783)
TAXATION		6,870,192	-
PROFIT/ (LOSS) AFTER TAXATION		13,671,123	(37,665,783)
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		0.80	(2.22)

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


CHIEF EXECUTIVE


CHAIRMAN / DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2015**

	QUARTER ENDED	
	31 December 2015 Rupees	31 December 2014 Rupees
PROFIT / (LOSS) AFTER TAXATION	13,671,123	(37,665,783)
OTHER COMPREHENSIVE INCOME / (LOSS):		
Items that will not be reclassified to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account:		
Surplus / (deficit) on remeasurement of available for sale investments	(1,755,545)	(2,734,750)
Other comprehensive income / (loss) for the period	(1,755,545)	(2,734,750)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	11,915,578	(40,400,533)

The annexed notes form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE


CHAIRMAN / DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2015**

	QUARTER ENDED	
	31 December 2015	31 December 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(loss) before taxation	20,541,315	(37,665,783)
Adjustments for non-cash charges and other items:		
Depreciation	28,032,216	30,737,590
Finance cost	13,023,289	14,768,393
Profit on bank deposits	(53,075)	(34,570)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	61,543,745	7,805,630
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(7,866,973)	(21,261,244)
Stock-in-trade	(270,252,412)	(455,327,776)
Trade debts	(1,353,261)	(64,797,105)
Advances	(15,124,182)	(127,484,280)
Short term prepayments	7,729,686	8,108,700
Other receivables	(9,838,326)	(29,482,942)
(Decrease) / increase in current liabilities:		
Trade and other payables	(83,667,330)	385,942,269
	(380,372,798)	(304,302,378)
CASH USED IN OPERATIONS	(318,829,053)	(296,496,748)
Finance cost paid	(19,625,749)	(13,559,480)
Income tax paid	(9,046,561)	(6,478,430)
Dividend paid	-	-
Net decrease/ (increase) in long term deposits	7,334,400	(4,054,751)
NET CASH USED IN OPERATING ACTIVITIES	(340,166,963)	(320,589,409)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets held for sale	-	20,200,000
Property, plant and equipment - acquired	(16,493,089)	(11,199,591)
Profit on bank deposits received	1,849,835	17,134
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	(14,643,254)	9,017,543
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(7,862,751)	(1,470,673)
Share deposit money received	72,290,000	-
Repayment of long term financing	(11,491,663)	(12,491,667)
Long term deposits - net	455,281	147,640
Short term borrowings-net	290,089,530	274,484,731
NET CASH GENERATED FROM FINANCING ACTIVITIES	343,480,397	260,670,031
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,329,820)	(50,901,835)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	102,706,499	106,465,698
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	91,376,680	55,563,863

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


CHIEF EXECUTIVE


CHAIRMAN / DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2015**

	Share capital	Capital			Reserves			Total	Total equity
		Premium on issue of right of shares	Fair value reserve	Sub total	Revenue		Sub total		
					General	Accumulated loss			
.....Rupees.....									
Balance as at 30 September 2014 (audited)	170,000,000	21,093,550	13,443,800	34,537,350	169,450,000	(594,721,521)	(425,271,521)	(390,734,171)	(220,734,171)
Loss for the period	-	-	-	-	-	(37,665,783)	(37,665,783)	(37,665,783)	(37,665,783)
Surplus realized during the period on account of incremental depreciation	-	-	-	-	-	22,226,225	22,226,225	22,226,225	22,226,225
Other comprehensive loss for the period	-	-	(2,734,750)	(2,734,750)	-	-	-	(2,734,750)	(2,734,750)
Total comprehensive loss for the period	-	-	(2,734,750)	(2,734,750)	-	(15,439,558)	(15,439,558)	(18,174,308)	(18,174,308)
Balance as at 31 December 2014 (un-audited)	170,000,000	21,093,550	10,709,050	31,802,600	169,450,000	(610,161,079)	(440,711,079)	(408,908,479)	(238,908,479)
Loss for the period	-	-	-	-	-	(380,675,738)	(380,675,738)	(380,675,738)	(380,675,738)
Surplus realized during the period on account of incremental depreciation	-	-	-	-	-	38,229,108	38,229,108	38,229,108	38,229,108
Other comprehensive loss for the period	-	-	7,602,795	7,602,795	-	-	-	7,602,795	7,602,795
Total comprehensive loss for the period	-	-	7,602,795	7,602,795	-	(342,446,630)	(342,446,630)	(334,843,835)	(334,843,835)
Balance as at 30 September 2015(audited)	170,000,000	21,093,550	18,311,845	39,405,395	169,450,000	(952,607,709)	(783,157,709)	(743,752,314)	(573,752,314)
Profit for the period	-	-	-	-	-	13,671,123	13,671,123	13,671,123	13,671,123
Surplus realized during the period on account of incremental depreciation	-	-	-	-	-	18,856,298	18,856,298	18,856,298	18,856,298
Other comprehensive loss for the period	-	-	(1,755,545)	(1,755,545)	-	-	-	(1,755,545)	(1,755,545)
Total comprehensive income for the period	-	-	(1,755,545)	(1,755,545)	-	32,527,421	32,527,421	30,771,876	30,771,876
Balance as at 31 December 2015 (un-audited)	170,000,000	21,093,550	16,556,300	37,649,850	169,450,000	(920,080,288)	(750,630,288)	(712,980,438)	(542,980,438)

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

Mark H.
CHIEF EXECUTIVE

CHAIRMAN / DIRECTOR



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2015****1. THE COMPANY AND ITS OPERATIONS**

Husein Sugar Mills Limited (the company) is a public company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The shares of the company are listed on Lahore and Karachi Stock Exchanges. Its registered office is situated at 30-A-E/1, Old F.C.C., Gulberg-III, Lahore. The company is principally engaged in the business of production and sale of sugar and by products.

2. BASIS OF PREPARATION

These condensed interim financial information of the company for the quarter ended 31 December 2015 are unaudited and are being submitted to shareholders as required by section 245 of the Companies Ordinance 1984. These condensed interim financial information have been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). These condensed interim financial information not include all of the information required for full annual financial statements, and should be read in conjunction with audited annual published financial statements of the company for the year ended 30 September 2015.

3. ACCOUNTING POLICIES

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 September 2015.

4. 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 that applied in the preceding audited annual published financial statements of the company for the year ended 30 September 2015.

	Un-audited 31 December 2015 Rupees	Audited 30 September 2015 Rupees
5. LONG TERM FINANCE		
From Banking Companies - Secured		
Opening balance	-	11,491,663
Add: Obtained during the period / year	-	-
Less: Repaid during the period / year	-	11,491,663
	-	-
Less: current portion shown under current liabilities	-	-
Non-current portion	-	-



Un-audited 31 December 2015 Rupees	Audited 30 September 2015 Rupees
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6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	115,627	7,980,429
Less: Un-amortized finance charge	1,500	3,551
Present value of future minimum lease payments	114,127	7,976,878
Less: Current portion shown under current liabilities	114,127	7,976,878
Non current portion	-	-

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The tax department raised demand of Rupees 44.039 million in show cause notice issued to the Company on 10 November 2014, alleging that the Company charged federal excise duty (FED) at the rate of 0.5% instead of 8% on local supplies made during the period from January 2014 to June 2014 against quantity of white crystalline sugar exported to Afghanistan which was not in accordance with clause (d) of SRO 77(1)/2013 dated 07 February 2013. Consequently, the Company filed a writ petition against this notice in the Honorable Lahore High Court, Lahore on the basis that the FED at the rate of 0.5% has been charged as allowed by the order dated 08 November 2013 passed in W.P No. 4927/2013, which declared that clause (d) of SRO No. 77/2013 is unlawful. The writ petition filed by the Company is in the process of hearing. Based on the advice of the legal counsel, the management expects a favourable outcome of the matter. Hence, no provision has been made in this financial information.

7.1.2 During the year 2015, Deputy Commissioner Inland Revenue raised Sales tax demand of Rupees 15.402 million along with penalty / default surcharge amounting to Rupees 0.508 million on the basis of audit conducted by the tax department for the period from July 2012 to June 2013. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of Deputy Commissioner Inland Revenue. The Commissioner Inland Revenue (Appeals) deleted the demand of Rupees 14.209 million along with penalty / default surcharge amounting to Rupees 0.426 million. Against the remaining demand of Rupees 1.193 million alongwith penalty there on amounting to Rupees 0.082 million, the Company has filed an appeal before Appellate Tribunal Inland Revenue which is still pending for hearing. The management of the Company based on advice of legal counsel expects a favourable outcome of the appeal, hence, no provision has been made in this financial information.

7.1.3 As a result of withholding tax audit for the tax year 2010, the Deputy Commissioner Inland Revenue raised a demand of Rupees 7.264 million under sections 161 and 205 of the Income Tax Ordinance, 2001. Currently, the Company is in appeal before Appellate Tribunal Inland Revenue against this demand. The Company expects a favourable outcome of the appeal based on advice of the tax counsel, hence, no provision has been made in this financial information.

7.1.4 The Company has given corporate guarantee amounting to Rupees 354.000 million and ranking charge over its current assets against Murabah facility given by Bank Islamic Pakistan Limited to various farmers of sugar cane.

**7.2 Commitments**

For capital expenditure

-	-
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Letters of credit other than capital expenditure

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8. FIXED ASSETS

	Un-audited 31 December 2015 Rupees	Audited 30 September 2015 Rupees
Property, plant and equipment:		
Operating fixed assets		
Owned (Note 8.1)	2,470,938,903	2,498,300,698
Leased (Note 8.2)	17,428,171	18,098,591
Capital work-in-progress (8.3)	114,114,984	97,621,895
	2,602,482,058	2,614,021,184

8.1 Operating fixed assets-Owned

Opening net book value	2,498,300,698	2,440,054,016
Book value of assets transferred from leased assets	-	174,943,144
	2,498,300,698	2,614,997,160
Less: Book value of deletions during the period / year	-	2,005,848
	2,498,300,698	2,612,991,312
Add: Book value of assets transferred from leased assets	-	7,373,029
	2,498,300,698	2,620,364,341
Less: Depreciation charged during the period / year	27,361,795	122,063,643
	2,470,938,903	2,498,300,698

8.1.1 Cost of additions

Plant and machinery	-	144,223,993
Gas and electric installations	-	3,979,042
Office equipment	-	248,500
Computer equipment	-	708,300
Vehicles	-	25,783,309
	-	174,943,144

8.2 Operating fixed assets-Leased

Opening net book value	18,098,591	28,785,225
Add: Cost of additions during the period / year	-	-
	18,098,591	28,785,225
Less: Book value of assets transferred to owned assets	-	7,373,029
	18,098,591	21,412,196
Less: Book value of deletions during the period / year	-	-
	18,098,591	21,412,196
Less: Depreciation charged during the period / year	670,420	3,313,605
	17,428,171	18,098,591



8.3 Capital work-in-progress

Plant and machinery	20,609,388	13,454,991
Advance for plant and machinery	93,505,596	84,166,904
	114,114,984	97,621,895

**9. LONG TERM INVESTMENTS
AVAILABLE FOR SALE**

**Associated Companies
Quoted**

Shadab Textile Mills Limited

375,000 (30 September 2015: 375,000) fully paid ordinary shares of Rupees 10 each

2,500,000 2,500,000

Sargodha Spinning Mills Limited

500 (30 September 2015: 500) fully paid ordinary shares of Rupees 10 each

5,000 5,000

2,505,000 2,505,000

Add: Fair value adjustment

16,556,300 18,311,845

Less: Impairment loss

4,550 4,550

19,056,750 20,812,295

UN-AUDITED

31 December 2015	31 December 2014
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.....Rupees.....

10. COST OF SALES

Raw materials consumed:

Sugarcane purchased	782,970,370	943,200,347
Sugarcane development cess	6,521,123	7,858,832
Market committee fee	869,494	807,897
	790,360,987	951,867,076

Salaries, wages and other benefits

29,375,472 37,559,962

Workers' welfare

1,848,534 525,105

Stores, spare parts and loose tools

3,512,992 6,959,279

Chemicals consumed

6,302,338 11,972,525

Packing material consumed

6,648,905 9,388,152

Fuel and power

5,770,709 8,775,557

Repair and maintenance

12,809,595 9,290,934

Insurance

682,136 927,867

Other factory overheads

1,550,876 3,768,779

Depreciation

25,820,943 28,308,368

94,322,500 117,476,528

884,683,487 1,069,343,604

Work-in-process:

Opening stock

2,519,008 1,659,577

Closing stock

(68,263,560) (19,374,911)

(65,744,552) (17,715,334)

Cost of goods manufactured

818,938,935 1,051,628,270

Finished goods:

Opening stock

319,150,357 104,882,045

Closing stock

(523,658,214) (542,494,485)

(204,507,857) (437,612,439)

614,431,078 614,015,831

**11. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated undertakings, other related companies, key management personnel and provident fund. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

	Un-audited 30 June 2015 Rupees	Un-audited 30 June 2014 Rupees
Contributions to provident fund	1,214,849	1,114,377
Remuneration to key management personnel	12,315,645	10,936,506
Dividend received	1,275,000	375,000

12. 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 for the year ended 30 September 2015.

13. SEGMENT INFORMATION

This financial information has been prepared on the basis of a single reportable segment. Sales of sugar represents 89.99% (30 September 2015: 90.72%) of the total sales of the Company. 100.00% (30 September 2015: 87.88%) of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company as at 31 December 2015 were located in Pakistan. 55.32% (30 September 2015: 72.74%) of the total sales of the Company are made to a single customer in Pakistan.

14. DATE OF AUTHORIZATION

This Condensed Interim Financial Information was approved by the Board of Directors and authorized for issue on 21 January 2016.

15. CORRESPONDING FIGURES

No significant reclassification / rearrangement of comparative figures has been made.

16. GENERAL

Figures have been rounded off to the nearest of Rupee.


CHIEF EXECUTIVE


CHAIRMAN / DIRECTOR