

HUSEIN SUGAR MILLS LIMITED



Un-audited Condensed Interim Financial Information
For The First Quarter Ended
31 DECEMBER 2013



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

Mst. Nusrat Shamim	Chairperson & Chief Executive Executive Director
Mian Ahmad Ali Tariq	
Mian Mustafa Ali Tariq	
Mian Shahzad Aslam	
Mian Aamir Naseem	
Mrs. Ayesha Shahzad	
Mian M. Shams Amin	
Mr. Irfan Qamar	

AUDIT COMMITTEE

Mian Shahzad Aslam	Chairman
Mrs. Ayesha Shahzad	Member
Mian M. Shams Amin	Member

**HUMAN RESOURCE &
REMUNERATION COMMITTEE**

Mian M. Shams Amin	Chairman
Mst. Nusrat Shamim	Member
Mrs. Ayesha Shahzad	Member

CHIEF OPERATING OFFICER

Hasan Ahmed

CHIEF FINANCIAL OFFICER

Irfan Qamar

COMPANY SECRETARY

Syed Arif Hussain

LEGAL ADVISOR

Manzoor Hussein Syed

BANKERS

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

AUDITORS

Riaz Ahmad & Company
Chartered Accountants

REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House, 7-Bank Square Lahore.
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MILLS

Lahore Road, Jaranwala.

REGISTERED / HEAD OFFICE

30-A E/I, Old FCC, Gulberg III, Lahore
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E-mail: info@huseinsugarmills.com
Website: www.huseinsugarmills.com



DIRECTORS' REPORT

On behalf of the Board, I am pleased to present un-audited interim condensed financial information of the Company for the first quarter ended on December 31, 2013.

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

		2013	2012
OPERATIONAL			
Sugarcane crushed till December 31	(M. Tons)	198,932	176,677
Sugar produced	(M. Tons)	17,670	15,235
Sugar recovery	(Percentage)	9.09	8.91

		Rupees	
FINANCIAL			
Sales		1,191,477,326	219,674,766
Gross profit / (loss)		59,049,836	(51,085,769)
Operating and finance cost		58,769,256	40,932,585
Profit / (loss) before taxation		4,001,280	(86,994,660)
Profit / (loss) after taxation		13,339,812	(56,120,484)
Earnings / (loss) per share		0.78	(3.30)

The Company has commenced its ongoing crushing season (2013-14) on November 18, 2013. The mill is operating successfully and has crushed over 13% more sugarcane as compared to corresponding quarter of last year. It is envisaged that sugar recovery percentage for the current crushing season shall overtake last year's sugar recovery. High sugar recovery is attributable to better quality of sugarcane of improved varieties and operational efficiencies.

Currently, overall situation of the sugar industry could not be termed as satisfactory. Despite bumper sugarcane crop and improved sugar recovery, depressed sugar price since last year has affected sugar industry's financial viability and resultantly its ability to pay growers in time. However, Government's permission for sugar export is highly appreciable in the current scenario of the industry.

Operational and financial indicators are giving positive signals. Management of your company is undertaking all humanly possible efforts to put the Company back on track.

The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers, and all other stakeholders. The Board also places on record its appreciation for employees of the Company for its devotion and hard work.

Muhammad Ali
Chairperson

(By the order of the Board)

Lahore: January 30, 2014


CONDENSED INTERIM BALANC SHEET

	NOTE	Un-Audited 31 December 2013 Rupees	Audited 30 September 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (30 September 2013: 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>(82,260,574)</u>	<u>(92,604,681)</u>
Total equity		87,739,426	77,395,319
Advance for share deposit money		25,000,000	2,500,000
Surplus on revaluation of land		492,684,029	492,684,029
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	37,474,996	49,966,664
Liabilities against assets subject to finance lease	6	15,673,660	17,574,113
Long term deposits		5,393,184	5,144,134
		58,541,840	72,684,911
CURRENT LIABILITIES			
Trade and other payables		876,291,133	530,055,891
Accrued mark-up		8,006,495	26,878,506
Short term borrowings		597,111,370	907,317,840
Current portion of non-current liabilities		61,816,887	62,359,429
Provision for taxation		20,657,748	11,963,831
		<u>1,563,883,633</u>	<u>1,538,575,497</u>
Total liabilities		1,622,425,473	1,611,260,408
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	<u>2,227,848,928</u>	<u>2,183,839,756</u>

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

Husein Sugar Mills Limited
CHIEF EXECUTIVE



AS AT 31 DECEMBER 2013

	NOTE	Un-Audited 31 December 2013 Rupees	Audited 30 September 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	986,094,947	999,194,004
Long term investments	9	16,432,550	19,428,255
Long term deposits		15,972,429	17,119,929
Deferred income tax asset	10	163,795,297	145,762,848
		<u>1,182,295,223</u>	<u>1,181,505,036</u>

CURRENT ASSETS

Stores, spare parts and loose tools	151,744,407	151,472,558
Stock-in-trade	504,201,501	666,453,039
Trade debts	43,630,920	19,416,713
Advances	84,287,923	46,875,869
Short term deposits and prepayments	34,066,940	17,547,294
Other receivables	104,577,567	87,178,780
Cash and bank balances	123,044,447	13,390,467
	<u>1,045,553,705</u>	<u>1,002,334,720</u>

TOTAL ASSETS

<u>2,227,848,928</u>	<u>2,183,839,756</u>
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DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2013**

NOTE	QUARTER ENDED	
	31 December 2013 Rupees	31 December 2012 Rupees
SALES	1,191,477,326	219,674,766
COST OF SALES	11 (1,132,427,490)	(270,760,535)
GROSS PROFIT / (LOSS)	59,049,836	(51,085,769)
DISTRIBUTION COST	(3,239,830)	(1,634,270)
ADMINISTRATIVE EXPENSES	(33,124,060)	(28,852,215)
OTHER OPERATING EXPENSES	(296,550)	-
	(36,660,440)	(30,486,485)
	22,389,396	(81,572,254)
OTHER INCOME	3,720,700	5,023,694
PROFIT / (LOSS) FROM OPERATIONS	26,110,096	(76,548,560)
FINANCE COST	(22,108,816)	(10,446,100)
PROFIT / (LOSS) BEFORE TAXATION	4,001,280	(86,994,660)
TAXATION	9,338,532	30,874,176
PROFIT/ (LOSS) AFTER TAXATION	13,339,812	(56,120,484)
EARNING/ (LOSS) PER SHARE - BASIC AND DILUTED	0.78	(3.30)

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


CHIEF EXECUTIVE


DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2013**

	QUARTER ENDED	
	31 December 2013 Rupees	31 December 2012 Rupees
PROFIT / LOSS) AFTER TAXATION	13,339,812	(56,120,484)
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	(2,995,705)	12,937,750
Other comprehensive income / (loss) for the period	(2,995,705)	12,937,750
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	10,344,107	(43,182,734)

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


CHIEF EXECUTIVE


DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2013**

	QUARTER ENDED	
	31 December 2013 Rupees	31 December 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	4,001,280	(86,994,660)
Adjustments for non-cash charges and other items:		
Depreciation	14,958,953	14,123,376
Amortization of intangible asset	-	83,325
Finance cost	22,108,816	10,446,100
Profit on bank deposits	(62,612)	(57,082)
Gain on disposal of operating fixed assets	-	(397,341)
CASH FROM / (USED IN) OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	41,006,437	(62,796,282)
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(271,849)	16,203,525
Stock-in-trade	162,251,538	(596,353,075)
Trade debts	(24,214,207)	5,696,893
Advances	(37,412,054)	(3,177,770)
Short term prepayments	(13,047,446)	(1,069,877)
Other receivables	(10,808,011)	297,201
(Decrease) / increase in current liabilities:		
Trade and other payables	345,248,725	361,814,452
	421,746,696	(216,588,651)
CASH GENERATED FROM / (USED IN) OPERATIONS	462,753,133	(279,384,933)
Finance cost paid	(40,980,828)	(14,372,167)
Income tax paid	(5,662,078)	(2,552,400)
Dividend paid	-	-
Net increase / (decrease) in long term deposits	(2,324,700)	10,000
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	413,785,527	(296,299,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	-	1,250,000
Property, plant and equipment - acquired	(1,859,896)	(25,002,331)
Profit on bank deposits received	120,430	139,929
NET CASH (USED IN) INVESTING ACTIVITIES	(1,739,466)	(23,612,402)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(2,442,994)	(2,830,022)
Share deposit money received	22,500,000	-
Repayment of long term financing	(12,491,667)	(12,491,667)
Long term deposits - net	249,050	(743,691)
Short term borrowings-net	(310,206,470)	466,452,819
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(302,392,081)	450,387,439
NET INCREASE IN CASH AND CASH EQUIVALENTS	109,653,980	130,475,537
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13,390,467	10,758,368
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	123,044,447	141,233,905

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


CHIEF EXECUTIVE


DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2013**



Ahmed M. Ing
DIRECTOR

Amr Abd-El
CHIEF EXECUTIVE

	Reserves								
	Capital			Revenue			Total		
	Premium on issue of right shares	Fair value reserve	Sub total	General	Accumulated loss	Sub total			
.....Rupees.....									
Balance as at 30 September 2012 (audited)	170,000,000	21,093,550	1,628,050	22,721,600	169,450,000	(109,271,181)	60,178,819	82,900,419	252,900,419
Loss for the period	-	-	-	-	-	(56,120,484)	(56,120,484)	(56,120,484)	(56,120,484)
Other comprehensive income for the period	-	-	12,937,750	12,937,750	-	-	-	12,937,750	12,937,750
Total comprehensive loss for the period	-	-	12,937,750	12,937,750	-	(56,120,484)	(56,120,484)	(43,182,734)	(43,182,734)
Balance as at 31 December 2012 (un-audited)	170,000,000	21,093,550	14,565,800	35,659,350	169,450,000	(165,391,665)	4,058,335	39,717,685	209,717,685
Loss for the period	-	-	-	-	-	(134,684,371)	(134,684,371)	(134,684,371)	(134,684,371)
Other comprehensive income for the period	-	-	2,362,005	2,362,005	-	-	-	2,362,005	2,362,005
Total comprehensive loss for the period	-	-	2,362,005	2,362,005	-	(134,684,371)	(134,684,371)	(132,322,366)	(132,322,366)
Balance as at 30 September 2013(audited)	170,000,000	21,093,550	16,927,805	38,021,355	169,450,000	(300,076,036)	(130,626,036)	(92,604,681)	77,395,319
Profit for the period	-	-	-	-	-	13,339,812	13,339,812	13,339,812	13,339,812
Other comprehensive loss for the period	-	-	(2,995,705)	(2,995,705)	-	-	-	(2,995,705)	(2,995,705)
Total comprehensive loss for the period	-	-	(2,995,705)	(2,995,705)	-	13,339,812	13,339,812	10,344,107	10,344,107
Balance as at 31 December 2013 (un-audited)	170,000,000	21,093,550	13,932,100	35,025,650	169,450,000	(286,736,224)	(117,286,224)	(82,260,574)	87,739,426

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

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2013****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 2012 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 2013.

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 2013.

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 2013.

	Un-audited 31 December 2013 Rupees	Audited 30 September 2013 Rupees
5 LONG TERM FINANCING		
From Banking Companies - Secured		
Opening balance	99,933,332	149,900,000
Add: Obtained during the period / year	-	-
Less: Repaid during the period / year	12,491,668	49,966,668
	<u>87,441,664</u>	<u>99,933,332</u>
Less: current portion shown under current liabilities	<u>49,966,668</u>	<u>49,966,668</u>
Non-current portion	<u>37,474,996</u>	<u>49,966,664</u>



	Un-audited 31 December 2013 Rupees	Audited 30 September 2013 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	29,512,605	32,245,992
Less: Un-amortized finance charge	1,988,725	2,279,118
Present value of future minimum lease payments	27,523,880	29,966,874
Less: Current portion shown under current liabilities	11,850,220	12,392,761
Non current portion	15,673,660	17,574,113
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
Guarantees of Rupees 42.800 million (30 Septmber 2013: Rupees 42.800 million), Rupees 43.800 million and Rupees 12.989 million (30 September 2013: Rupees 29.297 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connection, Engro Fertilizers Limited against supply of fertilizer and Trading Corporation of Pakistan against sale of sugar respectively.		
7.2 Commitments		
For capital expenditure	-	-
Letters of credit	-	-
8. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets		
Owned (Note 8.1)	952,932,941	964,239,884
Leased (Note 8.2)	33,162,006	34,954,120
	986,094,947	999,194,004
8.1 Operating fixed assets-Owned		
Opening net book value		
Add: Cost of additions during the quarter/year (Note 8.1.1)	964,239,884	930,522,346
Book value of assets transferred from leased assets during the period / year	1,859,896	84,448,164
	-	6,728,651
	966,099,780	1,021,699,161
Less: Book value of deletions during the period / year	-	3,783,617
	966,099,780	1,017,915,544
Less: Depreciation charged during the period / year	13,166,839	53,675,660
	952,932,941	964,239,884
8.1.1 Cost of additions		
Land	-	1,360,370
Building on freehold lans	-	5,291,097
Plant and machinery	-	75,249,306
Standby equipments	-	1,768,429
Gas and electric installations	1,377,700	113,378
Furniture and fixtures	-	119,117
Office equipment	109,286	116,515
Computer equipment	17,160	364,808
Vehicles	355,750	65,144
	1,859,896	84,448,164



	Un-audited 31 December 2013 Rupees	Audited 30 September 2013 Rupees
8.2 Operating fixed assets-Leased		
Opening net book value	34,954,120	42,792,272
Add: Cost of additions during the period / year	-	5,731,865
	34,954,120	48,524,137
Less: Book value of assets transferred to owned assets during the period / year	-	6,728,651
	34,954,120	41,795,486
Less: Depreciation charged during the period / year	1,792,114	6,841,366
	33,162,006	34,954,120

9. LONG TERM INVESTMENTS
AVAILABLE FOR SALE
Associated Companies
Quoted
Shadab Textile Mills Limited

375,000 (30 September 2013: 375,000) fully paid ordinary shares of Rupees 10 each

2,500,000 2,500,000

Sargodha Spinning Mills Limited

500 (30 September 2013: 500) fully paid ordinary shares of Rupees 10 each

5,000 5,000

2,505,000 2,505,000

Add: Fair value adjustment

13,932,100 16,927,805

Less: Impairment loss

4,550 4,550

16,432,550 19,428,255

10. DEFERRED INCOME TAX ASSET

The asset for deferred taxation originated due to timing differences relating to:

Taxable temporary differences:

Accelerated tax depreciation

83,395,419 85,276,939

Finance lease

4,724,929 1,645,791

88,120,348 86,922,730

Deductible temporary differences:

Available tax losses

199,473,231 200,900,912

Turnover tax available for carry forward

52,442,414 31,784,666

251,915,645 232,685,578

Deferred income tax asset

163,795,297 145,762,848



UN-AUDITED	
31 December 2013	31 December 2012

.....Rupees.....

11. COST OF SALES

Raw materials consumed:

Sugarcane purchased	845,976,007	755,485,028
Sugarcane development cess	4,973,307	4,444,970
Market committee fee	994,661	783,483
	851,943,975	760,713,481

Salaries, wages and other benefits	27,537,469	23,545,154
Workers' welfare	1,293,492	430,282
Stores, spare parts and loose tools	4,724,251	4,134,218
Chemicals consumed	10,581,630	5,787,036
Packing material consumed	8,456,604	6,480,344
Fuel and power	5,998,755	5,629,521
Repair and maintenance	41,742,539	46,380,743
Insurance	1,336,452	424,523
Other factory overheads	4,117,803	1,770,019
Depreciation	12,442,982	11,818,289
	118,231,977	106,400,129
	970,175,952	867,113,610

Work-in-process:

Opening stock	1,272,242	370,926
Closing stock	(21,660,754)	(23,101,080)
	(20,388,512)	(22,730,154)
	949,787,440	844,383,456

Cost of goods manufactured

Finished goods:		
Opening stock	665,180,797	43,223,248
Closing stock	(482,540,747)	(616,846,169)
	182,640,050	(573,622,921)
	1,132,427,490	270,760,535

12. 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. Details of transactions with related parties are as follows:

	Un-audited 31 December 2013 Rupees	Un-audited 31 December 2012 Rupees
Contributions to provident fund	1,158,577	844,037
Remuneration to key management personnel	11,561,345	9,874,340
Dividend received	562,500	375,000



13. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 September 2013.

14. SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment. Sales of sugar represents 96.30% (30 September 2013: 88.93%) of the total sales of the Company 72.80%(30 September 2013 : 80.80%) of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company as at 31 December 2013 were located in Pakistan.

15. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 30 January 2014.

16. CORRESPONDING FIGURES

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

17. GENERAL

Figures have been rounded off to the nearest of Rupee.


CHIEF EXECUTIVE


DIRECTOR