



Husein Sugar Mills Limited



**UN-AUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
31 MARCH 2017**



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COMPANY INFORMATION

BOARD OF DIRECTORS

Directors	Mr. Ahmed Ali Tariq (Chairman) Mr. Mustafa Ali Tariq (Chief Executive Officer) Mr. Ali Ashfaq Mrs. Maryam Habib Mr. Muhammad Iftikhar Mst. Nusrat Shamim Mr. Taufeeq Ahmed Khan
Chief Financial Officer/COO	Mr. Wasim Saleem
Company Secretary	Mr. Khalid Mahmood
Head of Internal Audit	Mr. Jalal-ud-din Khan

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

LEGAL ADVISOR

Masud & Mirza Associates
K-29, Gulberg-III, Lahore

BANKERS

Allied Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Summit Bank Limited
The Bank of Punjab
United 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

EXTERNAL AUDITORS

Kreston Hyder Bhimji & Co
Chartered Accountants
Amin Building, The Mall, Lahore.

COST AUDITORS

Amin Mudassar & Company
Chartered Accountants
IEP Building, Liberty, Lahore.

MILLS

REGISTERED / HEAD OFFICE

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**DIRECTORS' REPORT**

On behalf of the Board, I am pleased to present half yearly interim condensed financial information of the Company for the period ended on March 31, 2017.

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

	2017	2016
OPERATIONAL		
Sugarcane crushed (M. Tons)	655,219	499,396
Sugar produced (M. Tons)	63,670	46,861
Sugar recovery percentage	9.85	9.41
	Rupees	
FINANCIAL		
Sales	2,234,335,035	2,149,692,403
Gross profit	386,343,348	235,925,447
Operating and finance cost	159,555,456	132,697,361
Profit before taxation	254,145,445	137,214,746
Profit after taxation	240,362,593	179,613,492
Earnings per share	14.14	10.57

Alhamdulillah, the crushing season 2016-17 went very well and all the targets set were achieved. The company achieved two new all times records, highest recovery 9.85% [previous high 9.55% in year 2013 and highest production 63,670 tons [previous high 61,169 tons in year 2012]. This year company produced 63,670 tons of sugar which is 35.87% more than last year production of 46,861 M. Tons. Likewise, due to healthy crop and favorable weather conditions, company achieved sucrose recovery of 9.85% as compared to 9.41% achieved last year.

Higher production and sucrose recovery together with timely sale of sugar and molasses impacted favorably on the financial results of the company. Our net sales during the period under review increased by 3.94%, from Rs. 2.150 billion to Rs. 2.234 billion. These factors in turn boosted gross profit ratio from 10.97 % to 17.29 %.

The company exercised strict control on expenses in all areas of operations and administration and as a result, the net profit increased by Rs.60.75 million i.e., from Rs.179.613 million to Rs.240.362 million.

The company took advantage of higher sale prices booked and almost 90% of entire production of sugar and molasses at very attractive prices and alienated itself from market risk associated with bumper sugar production. We expect the company will post good financial results for the full year also.

The country has record sugar production of 7.2 million tons and Government has so far allowed only 425,000 tons of sugar export. We think the Government should act promptly and allow further 1.0 million tons of sugar export so that there should be minimum sugar stocks left with the mills before the start of the crushing season 2017-18. This will facilitate mills in improving internal cash generation which in turn will help in timely payment to the growers.



I am pleased to inform our valued members that the company has initiated various programs aiming at overall efficiency of the projects. These initiatives inter-alia includes introduction of new high sucrose varieties and cultivation techniques, process steam saving and removing bottleneck of various sections of the mills. These initiatives are at different stages of completion and the company has already started reaping benefits in the form of improved sucrose recovery, less fuel consumption and low production losses. To complete these initiatives costing Rs. 400 million, the company is raising its equity by Rupees 200.000 million from issue of right shares to its existing members along with injection of internal cash resources of Rupees 200.000 million.

With good profitability, enhanced confidence of banks, buyers, growers, better process configuration, it is expected that your company will perform even better in coming years.

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.

Lahore: May 11, 2017

Ahmed Ali Tariq
Chairman

ڈائریکٹرز رپورٹ

بورڈ کی طرف سے، میں 31 مارچ 2017ء کو اختتامہ مدت کیلئے کمپنی کی ششماہی عبوری منہدمالی معلومات بخوش پیش کرتا ہوں۔

ششماہی میں کمپنی کی کارکردگی اور گزشتہ سال کی اسی مدت کے ساتھ اس کے موازنہ کی جھلکیاں مندرجہ ذیل ہیں:

2016	2017	آپریشنل
499,396 (میٹرک ٹن)	655,219 (میٹرک ٹن)	گنے کی کرشنگ
46,861 (میٹرک ٹن)	63,670 (میٹرک ٹن)	چینی کی پیداوار
9.41	9.85	فیصد چینی کا حصول
روپے	روپے	مالیات
2,149,692,403	2,234,335,035	فروخت
235,925,447	386,343,348	مجموعی نفع
132,697,361	159,555,456	آپریٹنگ اور فنانس لاگت
137,214,746	254,145,445	ٹیکس سے قبل نفع
179,613,492	240,362,593	ٹیکس کے بعد نفع
10.57	14.14	آمدن فی حصص

الحمد للہ، کرشنگ سیزن 2016-17 بہت اچھی طرح چلا گیا اور مقررہ تمام اہداف حاصل کئے گئے۔ کمپنی نے دو (2) نئے ریکارڈ، سب سے زیادہ وصولی 9.85 فیصد (سال 2013 میں گزشتہ اعلیٰ 9.55 فیصد) اور سب سے زیادہ پیداوار 63,670 ٹن (سال 2012 میں گزشتہ اعلیٰ 61,169 ٹن) حاصل کئے۔ اس سال کمپنی نے 63,670 ٹن چینی پیدا کی، جو گزشتہ سال کی 46,861 میٹرک ٹن پیداوار کے مقابلے میں 35.87 فیصد زیادہ ہے۔ اسی طرح، صحت مند فصل اور سازگار موسمی حالات کی وجہ سے، کمپنی نے گزشتہ سال 9.41 فیصد حاصل کرنے کے مقابلے میں 9.85 فیصد سکروس ریکوری حاصل کی۔

اعلیٰ پیداوار اور سکروس ریکوری کے ساتھ چینی اور مولاس کی بروقت فروخت نے کمپنی کے مالی نتائج پر موزوں اثرات مرتب کئے۔ زیر جائزہ مدت کے دوران ہماری خالص فروخت 3.94 فیصد بڑھ کر 2.150 ملین روپے سے 2.234 ملین روپے ہو گئی۔ ان عوامل کے نتیجے میں مجموعی منافع کا تناسب 10.97 فیصد سے بڑھ کر 17.29 فیصد ہو گیا۔

کمپنی نے تمام آپریشنز اور انتظامی امور میں اخراجات پر سخت کنٹرول کیا اور نتیجہ میں خالص منافع 60.75 ملین روپے تک بڑھ گیا یعنی 179.613 ملین روپے سے 240.362 ملین روپے ہو گیا۔

کمپنی نے اعلیٰ فروخت کی قیمتیں بک اور بہت پرکشش قیمتوں پر چینی اور مولاس کی تمام پیداوار کا تقریباً 90 فیصد کا فائدہ اٹھایا اور ہمہ جہتی کی پیداوار کے ساتھ منسلک مارکیٹ رسک سے اپنے آپ کو بچایا۔ ہم توقع کرتے ہیں کہ کمپنی پور سال اچھے مالیاتی نتائج کا مظاہرہ کرے گی۔

ملک نے 7.2 ملین ٹن چینی کی پیداوار درج کی ہے اور حکومت نے اب تک صرف 425,000 ٹن چینی برآمد کرنے کی اجازت دی ہے۔ ہمارا خیال ہے حکومت کو فوری طور پر مزید 1.0 ملین ٹن چینی برآمد کرنے کی اجازت دے دی جانی چاہئے تاکہ کرشنگ سیزن 2017-18 کے آغاز سے پہلے ملوں کے ہاں کم از کم چینی کا اسٹاک ہونا چاہئے۔ جس سے انٹرنل کیش جنریشن کو بہتر بنانے میں ملوں کو سہولت ملے گی اس کے نتیجے میں کاشتکاروں کو بروقت ادائیگی میں مدد ملے گی۔

میں اپنے قابل قدر راکین کو مطلع کرتے ہوئے خوشی محسوس کرتا ہوں کہ کمپنی نے مجموعی کارکردگی کے منصوبوں کے مقصد سے مختلف پروگراموں کا آغاز کر دیا ہے۔ ان اقدامات کے ساتھ باہم نئی اعلیٰ سکروس اقسام اور کاشت کی تکنیکس، عمل بھاپ کی بچت کا تعارف اور ملوں کے مختلف حصوں کو بھانے کے عوامل بھی شامل ہیں۔ یہ اقدامات تکمیل کے مختلف مراحل میں ہیں اور کمپنی نے پہلے ہی سکروس وصولی کی بہتری، ایندھن کی کم کھپت اور کم پیداوار کے نقصانات کی شکل میں فوائد حاصل کرنے شروع کر دیئے ہیں۔ 400 ملین روپے کی لاگت کے یہ اقدامات مکمل کرنے کے لئے، کمپنی اپنے موجودہ راکین کو رائٹ شیئر کے اجراء کے ساتھ 200,000 ملین روپے کے اندرونی نقد وسائل کے انکیشن سے اپنے سرمایہ کو بڑھا رہی ہے۔

اچھے منافع، بینکوں، خریداروں، کاشتکاروں کے بہتر اعتماد اور بہتر عمل ترتیب کے ساتھ، یہ توقع کی جاتی ہے کہ کمپنی آنے والے سالوں میں بھی بہتر کارکردگی کا مظاہرہ کرے گی۔

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

لاہور: 11 مئی 2017ء

احمد علی طارق
چیئرمین



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **HUSEIN SUGAR MILLS LIMITED** as at 31 March 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as the "condensed interim financial information").

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 March 2017 and 31 March 2016 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 March 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The trade and other payables include balances amounting to Rs. 81.460 million (2016: Rs. 283.765 million) stated to be received from a bank on behalf of sugarcane growers as advance against the provision of agricultural inputs, against which we were unable to obtain sufficient appropriate audit evidence.

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Qualified Conclusion

Based on our review, except for the matter stated in Basis for Qualified Conclusion Paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan.

Matter of Emphasis

We draw attention to note 1.2 to the financial statements, which indicates that although the company has earned gross profit and profit after taxation amounting to Rs.386.343 million and Rs.240.363 million respectively during the period ended March 31, 2017, yet the equity of the company stands at a negative balance of Rs.143.440 million (2016: Rs. 410.246 million). Further at the terminal date, the company's current liabilities exceeded its current assets by Rs.499.857 million (2016: Rs. 762.820 million). These conditions, along with other matters as set forth in the aforesaid note, indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the realization of the company's assets and liquidation of any liabilities that may be necessary should the company be unable to continue as a going concern.

Our conclusion is not qualified in respect of the matters discussed in emphasis of matter paragraph enumerated as above.

Lahore: 11 MAY 2017

Kreston Hyderabad Td.
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner – Shabir Ahmad, FCA


CONDENSED INTERIM BALANCE SHEET

	Note	Un-Audited 31-March-2017 Rupees	Audited 30-September-2016
EQUITY AND LIABILITIES			
Share capital & reserves			
Authorized share capital			
50 million (30 September 2016: 50 million) ordinary shares of Rupees 10 each			
		500,000,000	500,000,000
Issued, subscribed and paid-up share capital			
17 million (30 September 2016: 17 million) ordinary shares of Rupees 10 each			
		170,000,000	170,000,000
Reserves			
		(313,440,084)	(580,245,660)
Total equity			
		(143,440,084)	(410,245,660)
Deposit for purchase of shares - related parties			
		609,681,833	609,681,833
Surplus on revaluation of property, plant and equipment - net of deferred tax			
		1,427,105,597	1,453,548,580
NON-CURRENT LIABILITIES			
Deferred tax liability			
		181,882,777	209,585,106
CURRENT LIABILITIES			
Trade and other payables			
		1,089,858,124	762,269,832
Short term borrowings			
	6	1,342,997,387	438,946,777
Accrued markup on secured borrowings			
		31,016,108	5,334,298
Loan from related party			
		61,732,380	70,000,000
		2,525,603,999	1,276,550,907
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES			
		4,600,834,122	3,139,120,766

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

MUSTAFA A. TARIQ


MUSTAFA ALI TARIQ
 Chief Executive Officer



AS AT 31 MARCH 2017 (UN-AUDITED)

	Note	Un-Audited 31-March-2017 Rupees	Audited 30-September-2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,571,232,809	2,622,701,694
Long term deposits		3,853,940	2,687,690
		2,575,086,749	2,625,389,384
CURRENT ASSETS			
Stores, spare parts and loose tools		135,250,246	144,614,335
Stock-in-trade		1,579,314,306	180,513,382
Trade debts		23,706,810	693,424
Advances		51,679,385	35,100,050
Short term deposits and prepayments		10,510,348	828,598
Other receivables		71,565,365	103,754,148
Tax refund due from Government - income tax		32,808,966	32,021,299
Cash and bank balances		120,911,947	16,206,146
		2,025,747,373	513,731,382
TOTAL ASSETS		4,600,834,122	3,139,120,766

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


AHMED ALI TARIQ
 Chairman / Director


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2017**

	Note	Half year ended March 31,		2nd Quarter ended March 31,	
		2017	2016	2017	2016
		Rupees			
NET SALES	9	2,234,335,035	2,149,692,403	1,384,172,376	1,462,673,158
COST OF SALES	10	(1,847,991,687)	(1,913,766,956)	(1,116,335,249)	(1,298,578,254)
GROSS PROFIT		386,343,348	235,925,447	267,837,127	164,094,904
OPERATING EXPENSES					
Selling and distribution expenses		(9,862,369)	(9,206,629)	(5,672,187)	(7,385,788)
Administrative and general expenses		(89,498,855)	(81,264,977)	(50,135,251)	(42,957,437)
Other operating expenses		(13,959,428)	(7,241,475)	(9,983,858)	(6,118,720)
		(113,320,652)	(97,713,081)	(65,791,296)	(56,461,945)
PROFIT FROM OPERATIONS		273,022,696	138,212,366	202,045,831	107,632,959
OTHER INCOME		27,357,553	33,986,660	7,734,559	31,001,463
FINANCE COST		(46,234,804)	(34,984,280)	(31,170,765)	(21,960,991)
PROFIT BEFORE TAXATION		254,145,445	137,214,746	178,609,625	116,673,431
TAXATION		(13,782,852)	42,398,746	(5,281,225)	49,268,938
PROFIT AFTER TAXATION		240,362,593	179,613,492	173,328,400	165,942,369
EARNINGS PER SHARE - BASIC AND DILUTED		14.14	10.57	10.20	9.76

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

MUSTAFA A. TARIQ

MUSTAFA ALI TARIQ
 Chief Executive Officer

AHMED ALI TARIQ
 Chairman / Director




**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2017**

	Half year ended March 31,		2nd Quarter ended March 31,	
	2017	2016	2017	2016
	-----Rupees-----			
PROFIT AFTER TAXATION	240,362,593	179,613,492	173,328,400	165,942,369
OTHER COMPREHENSIVE INCOME / (LOSS):				
Items that will not be re classified to profit and loss account	-	-	-	-
Items that may be reclassified subsequently to profit and loss account:				
Deficit on remeasurement of available for sale investments	-	(2,506,795)	-	(5,241,545)
	-	(2,506,795)	-	(5,241,545)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	240,362,593	177,106,697	173,328,400	160,700,824

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

MUSTAFA A. TARIQ

MUSTAFA ALI TARIQ
 Chief Executive Officer



AHMED ALI TARIQ
 Chairman / Director




CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 MARCH 2017

	31-March-2017	31-March-2016
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	254,145,445	137,214,746
Adjustments for non-cash charges and other items:		
Depreciation	57,476,273	59,375,970
Profit on bank deposits	(73,312)	(148,921)
Dividend income	-	(1,275,000)
Loss / (gain) on disposal of operating fixed assets	583,352	(1,378,891)
Finance cost	46,234,804	34,984,280
Cash generated from operating activities before working capital changes	358,366,562	228,772,184
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	9,364,089	(2,937,206)
Stock in trade	(1,398,800,924)	(708,429,000)
Trade debts	(23,013,386)	25,436
Advances	(16,579,335)	(75,155,210)
Short term deposits and prepayments	(9,681,750)	5,748,713
Other receivables	32,188,783	(124,852,307)
Increase in current liabilities:		
Trade and other payables	327,588,292	10,727,276
	(1,078,934,231)	(894,872,298)
Cash used in operations	(720,567,669)	(666,100,114)
Finance cost paid	(20,552,994)	(36,125,446)
Income tax paid	(42,272,848)	(14,217,212)
Net cash used in operating activities	(783,393,511)	(716,442,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of operating fixed assets	3,813,846	4,455,221
Addition in property, plant & equipment	(10,404,586)	(20,179,974)
Dividend received	-	1,275,000
(Increase) / decrease in long term deposits	(1,166,250)	84,600
Profit on bank deposits received	73,312	148,921
Net cash used in investing activities	(7,683,678)	(14,216,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	-	(7,976,878)
Repayment of long term financing	-	(11,491,663)
Deposit for purchase of shares received	-	202,290,000
Short term borrowings obtained - net	904,050,610	498,704,888
Repayment of director's loan - net	(8,267,620)	-
Net cash flows from financing activities	895,782,990	681,526,347
Net increase / (decrease) in cash and cash equivalents	104,705,801	(49,132,657)
Cash and cash equivalents at the beginning of the period	16,206,146	102,706,499
Cash and cash equivalents at the end of the period	120,911,947	53,573,842

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


MUSTAFA ALI TARIQ
Chief Executive Officer


AHMED ALI TARIQ
Chairman / Director

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2017****1. THE COMPANY AND ITS OPERATIONS**

1.1 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 Pakistan Stock Exchange. 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.

1.2 GOING CONCERN ASSUMPTION

Although the Company has declared reasonable profitability in the period under review, yet it had the history of huge losses, which has resulted in negative equity amounting to Rs. 143.440 million, depletion of working capital base, created financial crunch and adverse financial ratios. To overcome these situations, the sponsoring directors have invested a substantial amounts towards the share deposit money and a short term interest free advance has also been provided to meet the working capital requirements amounting to Rs. 609.682 million and Rs. 61.732 respectively as at 31 March 2017. This gesture shows the firm commitment of the sponsors to support the operations of the Company for foreseeable future and has also resulted in the increased confidence of banks and financial institutions that proved helpful in negotiating with various banks for not only the renewal of old working capital facilities but also obtaining the additional credit facilities.

Further, the Company is in process of removing bottlenecks in various sections of the plant by installing energy efficient machines and equipments which will increase the process efficiency and production capacity, hence allowing the company to avail the opportunity of consistent availability of sugarcane in abundance considering that a large sugar mills having crushing capacity of 12,000 M.Tons per day has shifted its plant to Southern Punjab from the vicinity of the company's sugar plant.

In addition to this, the Government of Pakistan has also allowed export of 425,000 M. Tons of sugar (without any subsidy). This policy decision of the Government will have salutary effects for the sugar industry of the country. In line with this policy the Company is actively engaged in formalizing the contract for export of 15,000 M. Tons of sugar, mainly with customers in Afghanistan and Central Asian States.

In view of the factors mentioned above, the management is confident to take out the company from the existing financial crises so that it should continue to be a going concern as in the past, having a history of five decades. This financial information has therefore been prepared by using the going concern assumption.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 31 March 2017 has been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with audited annual published financial statements of the Company for the year ended 30 September 2016.

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of financial statements of the Company for the year ended 30 September 2016.

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2016.

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in October / November and ends in March / April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increasing volume of inventories and financing at the end of this first half.

		Un-audited 31-March-2017	Audited 30-September-2016
		Rupees	
6. SHORT TERM BORROWINGS	Note		
From banking companies - secured			
National Bank of Pakistan			
Cash finance (hypothecation)		24,995,182	49,995,092
Cash finance (pledge)	6.1	200,000,000	-
Meezan Bank Limited			
Istisna / tijarah		499,997,205	-
Dubai Islamic Bank Pakistan Limited			
Salam finance	6.2	150,000,000	-
The Bank of Punjab			
Agricultural finance		118,005,000	139,505,000
Bank Islami Pakistan Limited			
Istisna finance		250,000,000	249,446,685
Askari Bank Limited - Islamic banking			
Cash finance	6.3	100,000,000	-
		1,342,997,387	438,946,777



- 6.1** This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2016: Rs. 200 million), to procure the raw materials. It carries markup at the rate of 1 month KIBOR + 2.5% (2016: 1 months KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of pledge of refined sugar in standard bags of 50 kgs each in shared godowns with a margin of 25% on pledge of sugar or as per SBP, ranking charge of Rs. 400 million (2016: Rs. 400 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees of two directors of the company.
- 6.2** This salam finance facility has been obtained during the period from Dubai Islamic Bank Pakistan Limited, out of the total sanctioned limit of Rs. 150 million, to procure the raw materials. It carries markup at the rate of matching KIBOR + 3% per annum, payable quarterly. It is secured by way of pledge of refined sugar in godowns with a margin of 25% on pledge of sugar, ranking charge of Rs. 200 million already registered with SECP over all present & future current & fixed assets of the company (inclusive of 25% margin) and personal guarantees of two directors of the company.
- 6.3** This cash finance facility has been obtained during the period from Askari Bank Limited - Islamic Banking, out of the total sanctioned limit of Rs. 100 million, for production of white refined sugar from sugar cane. It carries markup at the rate of corresponding KIBOR + 3% per annum, payable quarterly. It is secured by way of pledge of refined sugar in godowns with a margin of 25% on pledge of sugar, ranking charge of Rs. 133.33 million already registered with SECP over all present & future current & fixed assets of the company (inclusive of 25% margin) and personal guarantees of two directors of the company.
- 6.4** In addition to above, the company has unavailed cash finance facility from JS Bank Limited (JSBL) amounting to Rs. 150 million for purchase of raw materials. This facility is secured against ranking charge over all present & future fixed assets of the company amounting to Rs. 200 million, pledge of white crystalline refined sugar with a margin of 25% on sugar placed in godowns, personal guarantees of two directors of the company and Director's loan of Rs. 200 Million to be subordinated to JSBL.
- 6.5** The company has total credit facilities from all the banks (other than mentioned in note 6.4) as mentioned above, amounting to Rs. 250 million (2016: Rs. 950 million) that remained unutilized at the terminal date.

7. CONTINGENCIES AND COMMITMENTS

7.1 CONTINGENCIES

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended September 30, 2016.

7.2 COMMITMENTS

Company is committed to pay the following ijarah rentals:



	Note	Un-audited 31-March-2017	Audited 30-September-2016
		Rupees	
Due within one year		1,246,896	1,246,896
Due after one year but not later than five year		3,948,504	4,571,952
		5,195,400	5,818,848
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	2,344,105,708	2,388,975,515
Capital work in progress		227,127,101	233,726,179
		2,571,232,809	2,622,701,694
8.1 OWNED			
Opening balance - net book value		2,388,975,515	2,516,399,289
Additions during the period / year		17,003,664	9,398,548
Disposals during the period / year - net book value		4,397,198	4,060,743
Depreciation charged during the period / year		57,476,273	132,761,579
Closing balance - net book value		2,344,105,708	2,388,975,515
		HALF YEAR ENDED - (Un-audited)	QUARTER ENDED - (Un-audited)
		31 March	31 March
		2017	2016
		Rupees	
9. NET SALES			
Local sales - net of GST and FED		2,007,426,975	1,662,089,672
Export sales		226,908,060	382,211,731
Subsidy		-	105,391,000
		2,234,335,035	2,149,692,403
10. COST OF SALES			
<i>Raw materials consumed:</i>			
Sugarcane purchased		2,959,777,373	2,377,259,180
Sugarcane development cess		24,570,473	18,727,534
Market committee fee		3,276,093	2,497,030
		2,987,623,939	2,398,483,744
Salaries, wages and other benefits		91,290,955	78,008,373
Workers' welfare		9,794,856	5,561,404
Stores, spare parts and loose tools consumed		9,907,345	7,745,000
Chemicals consumed		27,507,937	21,132,336
Packing material consumed		23,229,383	19,428,208
Fuel and power		5,720,382	11,190,839
Repair and maintenance		33,479,507	20,768,191
Insurance		2,815,948	2,589,287
Other factory overheads		6,113,260	5,869,225
Depreciation		49,309,099	51,419,346
		259,168,672	223,712,209
		3,246,792,611	2,622,195,953
		1,828,520,277	1,594,288,810
		15,142,564	12,206,411
		2,019,033	1,627,536
		1,845,681,874	1,608,122,757
		56,146,766	48,632,901
		6,354,660	3,712,870
		5,774,521	4,232,008
		16,824,380	14,829,998
		14,836,645	12,779,303
		2,099,331	5,420,130
		10,656,260	7,958,596
		1,606,636	1,907,151
		3,108,716	3,560,725
		21,202,142	25,598,403
		138,610,057	128,632,085
		1,984,291,931	1,736,754,842



	HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Work-in-process:	-----Rupees-----			
Opening stock	8,250,909	2,519,008	34,177,985	68,263,560
Closing stock	(32,847,621)	(8,702,395)	(32,847,621)	(8,702,395)
	(24,596,712)	(6,183,387)	1,330,364	59,561,165
Cost of goods manufactured	3,222,195,899	2,616,012,566	1,985,622,295	1,796,316,007
Finished goods:				
Opening stock	172,262,473	319,150,357	677,179,639	523,658,214
Closing stock	(1,546,466,685)	(1,021,395,967)	(1,546,466,685)	(1,021,395,967)
	(1,374,204,212)	(702,245,610)	(869,287,046)	(497,737,753)
	1,847,991,687	1,913,766,956	1,116,335,249	1,298,578,254

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, Directors, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:

	Un-audited 31-March-2017	Un-audited 31-March-2016
	Rupees	
Contributions to provident fund trust	2,857,908	2,611,536
Remuneration to key management personnel	30,452,365	28,462,354
Head office building rent paid	1,350,000	1,350,000
Dividend received from associated company	-	1,275,000

12. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

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

	March 31, 2017 - (Un-audited)			September 30, 2016 - (Audited)		
	Rupees			Rupees		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Accrued markup on secured borrowings	23,725,590	7,290,518	31,016,108	3,073,919	2,260,379	5,334,298
Shortterm borrowings	999,997,205	343,000,182	1,342,997,387	249,446,685	189,500,092	438,946,777
Bank balances	(38,356,191)	(75,585,156)	(113,941,347)	(1,183,704)	(13,666,610)	(14,850,314)
	985,366,604	274,705,544	1,260,072,148	251,336,900	178,093,861	429,430,761
	-----			-----		
	Half Year ended 31 March 2017 - (Un-audited)			Half Year ended 31 March 2016 - (Un-audited)		
	Rupees			Rupees		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Ijarah rentals	623,448	-	623,448	-	-	-
Finance cost	30,109,090	16,125,714	46,234,804	13,278,704	21,705,576	34,984,280
Loss on remeasurement of available for sale investments	-	-	-	2,505,000	1,795	2,506,795
Dividend income	-	-	-	(1,275,000)	-	(1,275,000)
Income from PLS bank account	(23,460)	(49,852)	(73,312)	(66,408)	(82,513)	(148,921)
	30,709,078	16,075,861	46,784,940	14,442,296	21,624,858	36,067,154



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 2016.

14. SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment. Sales of sugar represents 94.83% (2016: 87.41%) of the total sales of the Company. 89.84% (2016: 81.30%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, all of those sales are made to customers in Afghanistan. All non-current assets of the Company as at 31 March 2017 were located in Pakistan. 31.43% (2016: 37.52%) of the total sales of the Company are made to a Single customer in Pakistan.


15. DATE OF AUTHORIZATION


This condensed interim financial information was approved by the Board of Directors and authorized for issue on 11 May, 2017.

16. GENERAL

16.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However there were no major reclassifications during the period.

16.2 The figures have been rounded off to the nearest rupee.


MUSTAFA ALI TARIQ
Chief Executive Officer


AHMED ALI TARIQ
Chairman / Director