

Un-Audited Condensed Financial Information  
for the Half Year Ended March 31, 2018

# 50 Years of Excellence



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## Company Information

### Board of Directors

**Mian Ahmed Ali Tariq**  
Chairman

**Mian Mustafa Ali Tariq**  
Chief Executive Officer

**Mrs. Nusrat Shamim**  
Non-Executive Director

**Mrs. Maryam Habib**  
Executive Director

**Mr. Taufiq Ahmed Khan**  
Independent Director

**Mr. Ali Ashfaq**  
Non-Executive Director

**Mr. Muhammad Iftikhar**  
Non-Executive Director

### Chief Operating and Financial Officer

**Mr. Wasim Saleem**

### Company Secretary

**Mr. Khalid Mahmood**

### Head of Internal Audit

**Mr. Jalal-ud-din Khan**

### Audit Committee

**Mr. Taufiq Ahmed Khan**  
Chairman

**Mian Ahmed Ali Tariq**  
Member

**Mr. Ali Ashfaq**  
Member

### Human Resource & Remuneration Committee

**Mian Ahmed Ali Tariq**  
Chairman

**Mr. Taufiq Ahmad Khan**  
Member

**Mian Mustafa Ali Tariq**  
Member

### Legal Advisor

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

### 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

Dubai Islamic Bank Ltd

### Share Registrar/Transfer Agent

Corptec Associates (Pvt) Limited  
503-E, Johar Town, Lahore.

Tel: 042-35170335-7

Fax: 042-35170338

E-mail: info@corptec.com.pk

### External Auditors

Kreston Hyder Bhimjee & Co  
Chartered Accountants  
Amin Building, Mall Road, Lahore

### Mills

Lahore Raod, Jaranwala  
041-4312483

041-4312499

### Registered & Head Office

30-A E/1, Old FCC Gulberg III, Lahore.  
Tel: 042-111-111-476 (HSM)

Fax: 042-35712680

E-mail: info@hsm.com.pk

### Website Information

www.husein.pk





## Directors' Report to the Shareholders

The Directors of your Company are pleased to present the un-Audited Accounts of the Company for the half year ended 31st March 2018.

### INDUSTRY OVERVIEW

Unfortunately, due to poor climatic conditions including low levels of rainfall, the agriculture industry has suffered dramatically. In fact, compared to other crops, sugarcane has suffered significantly. All performance indicators of the industry such as yield per acre, sucrose content in sugarcane, and pathological conditions of the crop have decreased dramatically. At the start of the crushing season especially, sugarcane recoveries for early maturing varieties were historically low due to the unnecessarily early cultivation. Farmers cultivated their crops early and large amounts of un-rooted sugarcane lay for days awaiting crushing. As sucrose recoveries dipped, sugar mills booked low recovery crushing that impaired us so severely, that our recoveries could not average out even after crushing high recoveries in the latter part of the season.

Despite expectation of surplus sugar production in the local and international markets, the Government of the Punjab maintained the sugarcane minimum price for the crushing season -2017/18 at Rs. 180/- per mound, whereas the Sindh Government notified the price of cane Rs. 182/- per mound that was later reduced to Rs 160/- per mound consequent to sugar mills writ in the Honorable Sindh High Court. The discrepancy in sugarcane prices to different firms in the same market across the country have discriminated costs and therefore have given advantages to certain regional players in the industry. A sign of relief this year came in the form of export subsidy that was announced by the Federal Government in coordination with the provincial governments. However, even in this case, the millers of Sindh had a competitive advantage against the rest of the country as the Government of Sindh announced an extra subsidy (almost double) that was available to exporters in the rest of the country.

Given this challenging and discriminatory playing field, it has been extremely difficult to operate optimally this year. Against this backdrop, we have shown great resilience, strength, and character, outperforming the expectations of our stakeholders in an increasingly difficult industry and maintaining respectable profitability.

### OPERATING HIGHLIGHTS

Although financial results of the half-year are never truly representative of what the company will ultimately achieve, the directors are pleased to announce that:

The Company was able to crush 578,059 Tons of Sugarcane and produced 52,065.00 Tons of refined sugar at an average recovery of %9.13 during the first half ending March 2018, 31 as compared to last year's sugarcane crushing of 655,220.00 M. Tons and production of 63,670.00 Tons refined sugar at an average recovery of %9.85. Although our total crushing fell about %12 year on year (due to slightly less cultivation and yield per acre in our region), sugar produced decreased by a larger amount. As mentioned above, the primary reason for low production in the current season is due to dreadfully poor health of sugarcane in our area caused by devastating pathogens and poor climatic conditions this year.

Financially, our results have been dramatically different than last year. In the previous season, we pursued an aggressive selling strategy forecasting a fall in sugar prices. Given that all indicators demonstrate a rise in sugar prices, this year we are holding on to a bulk of our inventory. Thus, net sales was recorded at Rs 929.81million during the first half from 1st October2017- to 31st Mar2018- as compared to Rs. 2,234.33 million against the corresponding period of last year.

Due to the sharp decrease in sugar and molasses prices, the company earned pretax profit of Rs. 44.173 million during the period under review as compared to pretax profit of Rs. 254.14 million in the corresponding period of last year and after tax profit of Rs. 2.067 million against after tax profit of Rs. 240.36 million over the same period of last year.

Your company's ability to survive in the extremely challenging sugar market of 18-2017 has come from the timely decision to invest and embark on our Efficiency Improvement Project (EIP). All out efforts to increase the efficiency and profitability of the company by the installation of the latest technologies have reduced production costs via energy savings, increasing lines of revenue via bagasse savings,

and the development of good quality cane constantly, which ultimately will result in higher sucrose content in the sugarcane of our region resulting in benefits for both the company, and our most important stake holders, the sugarcane growers. If we stay on pace with our EIP, we are confident our costs will continue to reduce, our profitability will continue to increase, and our resolve to bear the often challenging environment of the sugar sector will only get stronger.

### FUTURE OUTLOOK

Sugar prices in the local market have generally followed the trends that have been observed in the international market. From a high in 2016, sugar prices have plunged to historically low levels throughout 2017 and into the first quarter of 2018. The reasons behind the sharp fall in prices were the dramatic year on year increase in production in countries like Thailand and India. However, in the last few weeks due to rising oil prices and depletion of inventories in sugar exporting countries, sugar prices have revived at the international level drastically. Furthermore post appeal in the World Trade Organization, India has announced its government is likely to retain and induct all bonus production of sugar in its strategic reserves rather than export. In fact, in the last few weeks alone London Sugar Futures are have gained at least %16 in prices and are forecast to continue to grow and cross 400\$ by the end of Q2 of FY 2018.

In the domestic market, sugar prices have remained remarkably low due to the carryover of inventory from high levels of production in the previous year followed by a similar level of crushing this year. However, as mentioned above, due to diseased and rotten sugar cane in many parts of the country, the expected recoveries throughout the greater part of Punjab and into Sindh are expected to be lower on average than last year. Given that sugar production is expected to decrease from last year and that at least 1.5 million tons of sugar will be exported by June 2018, out of which 1.3 million tons has already been booked, we are confident that the trend observed in sugar prices will see a reversal and follow the resurgence witnessed in the international market before the next crushing season. With the speed that inventories are depleting in the local market and the pace in the increase of price at which futures are being traded, it would not be surprising to see sugar break past its constrained price.

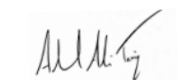
Compared to the last operational year, where selling aggressively optimized our profits, all the indicators suggest to hold onto inventories and sell at appreciated prices after the liquidation of mass inventories. Although, the financial and operational situation for sugar mills has been extremely challenging in the last ten months, we are confident that a resurgence of sugar prices Q2 FY 2018 onwards is bound to substantiate our holding strategy.

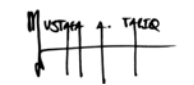
### ACKNOWLEDGEMENT

The Directors of your Company would like to thank the various governmental departments and its functionaries, our banking partners, others financial institutions, and insurance companies for their continued support and cooperation. The Directors would also like to express their gratitude and appreciation for the support provided by our valued customers and suppliers. We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company. Furthermore, the Directors place on record their appreciation for the continued support of our sugarcane growers whose hard work and loyalty with our company continue to be at the center of our company's growth and success. Lastly and above all, the Directors wish to acknowledge and place on record their appreciation for the devotion, loyalty, and hard work of all cadres of employees towards the growth and success of the company.

For and On behalf of the Board,

Lahore:  
May 29, 2018

  
Mian Ahmed Ali Tariq  
Chairman

  
Mian Mustafa Ali Tariq  
Chief Executive Officer

## ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹر 31 مارچ 2018ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے غیر نظر ثانی شدہ کھاتے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### صنعت کا جائزہ

بدقسمتی سے، بارش کی کم سطح سمیت خراب موسمی حالات کی وجہ سے زراعت کی صنعت ڈرامائی طور پر متاثر ہوئی ہے۔ دراصل دیگر فصلوں کے مقابلے میں، گنے کی فصل نمایاں طور پر متاثر ہوئی ہے۔ انڈسٹری کی تمام کارکردگی کے اشارے جیسے کہ فی ایکڑ پیداوار، گنے میں سکروس کے اجزاء، اور فصل کے پختاؤ کی رفتار میں ڈرامائی طور پر کمی آئی ہے۔ کرشنک موسم کے آغاز میں، خاص طور پر، جلد تیار ہونے والی اقسام کے گنے کی ریکوریز غیر ضروری جلدی کٹائی کی وجہ سے تاریخی طور پر کم تھیں۔ کسانوں نے اپنی فصلوں کی کٹائی جلدی کی اور بڑی مقدار میں غیر روڈ گنے کو کئی دنوں تک کرشنک کا انتظار کرنا پڑا۔ کیونکہ سکروس ریکوریز کم ہو گئی، شوگر ملز نے کم ریکوریز کرشنک بک کی، جس نے ہمیں سختی سے روک دیا، کہ ہماری ریکوریز سیزن کے باقی حصے میں اعلیٰ ریکوری کے بعد بھی اوسط کے برابر نہیں ہو سکتی تھی۔

مقامی اور بین الاقوامی مارکیٹوں میں چینی کی سرپلس پیداوار کی توقع کے باوجود، حکومت پنجاب نے کرشنک سیزن 2017-18 کے لئے کم از کم قیمت کو 180 روپے فی من پر برقرار رکھا، جبکہ سندھ حکومت نے گنے کی قیمت 182 روپے فی من کا اعلان کیا، جسے بعد میں شوگر ملز کی طرف سے سندھ ہائی کورٹ میں رٹ کے نتیجے میں 160 روپے فی من کر دیا گیا تھا۔ ملک بھر میں ایک ہی مارکیٹ میں مختلف کمپنیوں میں گنے کی مختلف قیمتوں کی بدولت اخراجات میں بھی اختلافات ہیں اور اس وجہ سے اس صنعت میں بعض علاقائی حریفوں کو فوائد ملے ہیں۔ اس سال ریلیف کا ایک اشارہ برآمد سبسڈی کے طور پر آجاس کا وفاقی حکومت نے صوبائی حکومتوں کے تعاون سے اعلان کیا۔ تاہم، اس معاملے میں بھی، سندھ کی ملوں کو باقی ملک کے مقابلہ زیادہ فائدہ تھا کیونکہ سندھ حکومت نے اضافی سبسڈی (تقریباً ڈبل) کا اعلان کیا جو باقی ملک کے برآمد کنندگان کو دستیاب تھی۔

اس مشکل اور اختلافی کھیل کے میدان میں، اس سال بہتر طریقے سے کام کرنا بہت مشکل ہو گیا ہے۔ اس پس منظر کے خلاف، ہم نے تیزی سے مشکلات میں پڑتی صنعت میں اپنے اسٹیک ہولڈرز کی توقعات پر پورا اترنے اور قابل قدر منافع کو برقرار رکھنے میں بہت زیادہ چلک چوت اور کردار ادا کیا ہے۔

### آپریٹنگ جھلکیاں

اگرچہ ششماہی کے مالیاتی نتائج کبھی بھی حقیقی نمائندگی نہیں کرتے ہیں کہ کمپنی آخر کار کامیابی حاصل کرے گی، ڈائریکٹر یہ اعلان کرتے ہوئے خوش ہیں کہ: کمپنی نے گزشتہ سال % 9.85 اوسط ریکوری پر 655,220,000 میٹرک ٹن گنا کرشنک 63,670,000 ٹن سفید چینی بنانے کے مقابلے 31 مارچ 2018ء کو ختم ہونے والی پہلی ششماہی میں % 9.13 کی اوسط ریکوری پر 578,059 ٹن گنا کرشنک کرنے اور 52,065.00 ٹن سفید چینی بنانے کے قابل ہوئی۔ اگرچہ ہماری کل کرشنک سالانہ 12 فی صد (قدر سے کم کٹائی اور ہمارے علاقے میں فی ایکڑ پیداوار میں کمی کی وجہ سے) گر گئی، چینی کی پیداوار میں ایک بڑی مقدار میں کمی ہوئی۔ جیسا کہ اوپر بیان کیا گیا ہے، موجودہ موسم میں کم پیداوار کی بنیادی وجہ اس سال تاہن کچھ پختہ جن اور خراب موسمی حالات کی وجہ سے ہمارے علاقے میں گنے کی خوفناک ناقص صحت کی بدولت ہے۔

مالی طور پر، ہمارے نتائج گزشتہ سال سے ڈرامائی طور پر مختلف ہیں۔ گزشتہ موسم میں، ہم نے چینی کی قیمتوں میں کمی کی پیش گوئی کی ایک جارحانہ حکمت عملی کی پیروی کی ہے۔ اس بات کو تسلیم کیا گیا ہے کہ تمام اشارے چینی قیمتوں میں اضافہ ظاہر کرتے ہیں، اس سال ہم اپنی انویسٹری کی ایک بڑی مقدار تک پہنچ رہے ہیں۔ اس طرح گزشتہ سال کی اسی مدت میں 2,234,33 ملین روپے کے مقابلے میں اکتوبر 2017ء 31 مارچ 2018ء پہلی ششماہی کے دوران خالص فروخت 929.81 ملین روپے درج کی گئی۔

چینی اور مولاس کی قیمتوں میں تیزی سے کمی کی وجہ سے، کمپنی نے گزشتہ سال کی اسی مدت میں 254.14 ملین روپے قبل از ٹیکس منافع کے مقابلے میں گزشتہ مدت کے دوران 44.173 ملین روپے کا قبل از ٹیکس منافع کمایا اور گزشتہ سال کی اسی مدت میں 240.36 ملین روپے ٹیکس کے بعد منافع کے مقابلے میں 2.067 ملین روپے ٹیکس کے بعد منافع کمایا۔

2017-18 کی انتہائی چیلنجنگ شوگر مارکیٹ میں زندہ رہنے کی کمپنی کی صلاحیت ہماری کارکردگی کو بہتر بنانے کے منصوبے (ای آئی پی) پر عمل درآمد اور سرمایہ کاری کرنے کے بروقت فیصلہ کرنے کی ہے۔ جدید ترین ٹیکنالوجیز کی تنصیب کے ذریعے کمپنی کی کارکردگی اور منافع کو بڑھانے کے لئے تمام تر کوششوں نے توانائی کی بچت کے ذریعہ پیداوار کے اخراجات کو کم کرنے، بیگاس کی بچت کے ذریعہ آمدنی کی لائنوں میں اضافہ، اور اچھے معیار کی مسلسل ترقی، جس کے نتیجے میں ہمارے علاقے کے گنے میں اعلیٰ سکروس اجزاء، کمپنی اور ہمارے سب سے زیادہ اہم اسٹیک ہولڈرز، گنے کے کاشتکاروں بھی کے لئے فائدہ مند ہوگا۔ اگر ہم اپنے ای آئی پی کے ساتھ رفتار پر رہیں، ہم یقین رکھتے ہیں کہ ہماری قیمتیں کم ہو جائیں گی، ہمارے منافع میں اضافہ ہو جائے گا، اور شوگر کے اکثر چیلنجنگ ماحول کو برداشت کرنے کا ہمارا مل مضبوط ہوگا۔

### مستقبل کا نقطہ نظر

مقامی بازار میں چینی کی قیمتوں میں عام طور پر بین الاقوامی مارکیٹ میں رجحانات کی پیروی کی جاتی ہے۔ 2016 میں زیادہ سے زیادہ، چینی کی قیمتیں 2017 میں اور 2018 کی پہلی سہ ماہی میں تاریخی کم سطحوں پر پہنچ گئیں۔ قیمتوں میں تیزی سے گرنے کی وجوہات میں سے تھائی لینڈ اور بھارت جیسے ممالک میں پیداوار میں سال بہ سال ڈرامائی اضافہ تھا۔ تاہم، گزشتہ چند ہفتوں میں بڑھتی ہوئی تیل کی قیمتوں اور چینی برآمد کرنے والے ممالک میں انویسٹریز کی کمی کی وجہ سے چینی کی قیمتیں بین الاقوامی سطح پر تیزی سے، بحال ہو گئی ہیں۔ اس کے علاوہ ورلڈ ٹریڈ آرگنائزیشن میں پوسٹ اپیل میں انڈیانسے اعلان کیا ہے کہ اس کی حکومت برآمد کرنے کی بجائے اپنے اسٹریٹجک ریزروز میں چینی کی تمام بونس پیداوار برقرار رکھنے کا امکان ظاہر کیا ہے۔ دراصل گزشتہ چند ہفتوں میں صرف لندن شوگر فیوچرز میں قیمتوں میں کم از کم 16 فی صد اضافہ حاصل کیا ہے اور مسلسل بڑھنے کی پیش گوئی کی جاتی ہے کہ مالی سال 2018 کی Q2 کے اختتام تک \$ 400 سے تجاوز کر سکتی ہیں۔

مقامی مارکیٹ میں، اس سال بھی گزشتہ سال کی طرح کرشنک کی سطح پر پیداوار کی اعلیٰ سطح سے انویسٹریز میں نمایاں طور پر کم رہی ہے۔ تاہم، جیسا کہ اوپر بیان کیا گیا ہے، ملک کے بہت سے حصوں میں تیار اور سڑے ہوئے گنے کی وجہ سے، پنجاب کے زیادہ سے زیادہ حصے اور سندھ میں متوقع ریکوریز گزشتہ سال کے مقابلے کم اوسط کی توقع ہے۔ بتایا گیا ہے کہ چینی کی پیداوار گزشتہ سال سے کم ہونے کی توقع کی جارہی ہے اور جون 2018 تک کم سے کم 1.5 ملین ٹن چینی برآمد کی جائے گی، جس میں سے 1.3 ملین ٹن پہلے سے ہی بک ہو چکی ہے، ہمیں یقین ہے کہ چینی کی قیمتوں میں دیکھا گیا رجحان دوبارہ ظاہر ہوگا اور اگلے کرشنک سیزن سے پہلے بین الاقوامی مارکیٹ میں دوبارہ بڑھے گا۔ اس رفتار کے ساتھ مقامی مارکیٹ میں انویسٹریز کی قیمتوں میں کمی اور قیمتوں میں اضافے کی رفتار بڑھ رہی ہے، جس میں مستقبل کی تجارت کی جارہی ہے۔

گزشتہ آپریٹنگ سال کے مقابلے میں، جہاں فروخت نے ہمارے منافع کو جارحانہ طور پر بہتر بنایا ہے، تمام اشارے انویسٹریز پر قابو رکھنے اور بڑے پیمانے پر انویسٹریز کی لیکویڈیشن کے بعد مقبول قیمتوں پر فروخت جاری رکھنے کی تجویز دیتے ہیں۔ اگرچہ، گزشتہ دس ماہ کے دوران شوگر ملز کے لئے مالی اور آپریٹنگ صورتحال انتہائی مشکل رہی ہے، ہمیں یقین ہے کہ چینی کی قیمتیں دوبارہ بڑھنے کے بعد Q2 FY 2018 سے ہماری ہولڈنگ حکمت عملی کو مستحکم کرنے کی پابند ہے۔

### اظہار تشکر

آپ کی کمپنی کے ڈائریکٹر مختلف سرکاری تنظیموں اور اس کے کارکنوں، ہمارے بینکوں کے شرکاء، اداروں، دیگر مالیاتی ادارے، اور انورسٹمنٹ کمپنیوں کی مسلسل حمایت اور تعاون کا شکریہ ادا کرتے ہیں۔ ڈائریکٹر ہمارے قابل قدر گاہکوں اور سپلائرز کی طرف سے فراہم کی گئی حمایت کے لئے بھی شکریہ ادا کرتے ہیں۔ ہم اپنے اسٹیک ہولڈرز کا بھی شکریہ ادا کرتے ہیں، جنہوں نے کمپنی میں اپنے اعتماد اور یقین کو برقرار رکھا اور کمپنی میں ان کی سرمایہ کاری کے زیادہ سے زیادہ استعمال کو یقینی بنانے کے لئے اپنی پوری کوششوں کو یقینی بنایا ہے۔ مزید برآں، ڈائریکٹر اپنے گنے کے کسانوں کے مسلسل تعاون کے لئے کوسراہتے ہیں جن کی سخت محنت اور کمپنی کے ساتھ وفاداری کمپنی کی ترقی اور کامیابی کے مرکز میں مسلسل جاری رہتی ہے۔ بالآخر ڈائریکٹر کمپنی کی ترقی اور کامیابی کی خاطر ملازمین کے تمام کیڈرز کی حوصلہ افزائی کے لئے ان کی جان نثاری، وفاداری، اور سخت محنت کو سراہتے ہیں۔

11/05/2018

میاں مصطفیٰ علی طارق  
چیف ایگزیکٹو آفیسر

منجانب بورڈ آف ڈائریکٹرز

لاہور:  
29 مئی 2018

11/05/2018

میاں احمد علی طارق  
چیئر مین



Amin Building,  
65-The Mall, Lahore.  
Phone: 042-37352661, 37321043  
Fax: 042-37248113  
Email: krestonhb@gmail.com

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

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **HUSEIN SUGAR MILLS LIMITED** as at 31 March 2018 and the related condensed interim statement of profit and loss, 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 (hereinafter 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.

### **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.

### **Conclusion**

Based on our review, 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 in the condensed interim financial information, which indicates that the company has earned gross profit amounting to Rs. 153.106 and profit after taxation amounting to Rs. 2.068 million during the period ended 31 March 2018 with positive equity of Rs. 1,873.584 million. However, at the balance sheet date, the Company's accumulated losses stood at Rs. 481.250 million with adverse current ratio. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### **Other matter**

The figures of the condensed interim statement of profit and loss and condensed interim statement of comprehensive income for the quarters ended 31 March 2018 and 31 March 2017 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 2018.

Lahore: **29 MAY 2018**

*Kreston Hyder Bhimji & Co.*  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner - Shabir Ahmad, FCA

Other Offices at: Karachi - Faisalabad - Islamabad  
Web site: [www.krestonhb.com](http://www.krestonhb.com)

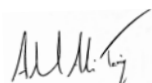
*K. D. S. W.*

## Financial Statments

## Condensed Interim Statement of Financial Position

as at 31, March 2018

	Note	(Un-Audited) 31 March 2018 (Rupees)	(Audited) 30 September 2017 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
50 Million (30 September 2017: 50 Million) ordinary shares of Rs. 10 each		500,000,000	500,000,000
<b>Preference share capital</b>			
15 Million (30 September 2017 : Nil) Preference shares of Rupees 10 each		150,000,000	-
		650,000,000	500,000,000
<b>Issued, subscribed and paid-up share capital</b>			
25 million (30 September 2017: 25 million) ordinary Shares of Rupees 10 each		250,000,000	250,000,000
<b>Capital reserve</b>			
Share premium		141,093,550	141,093,550
Surplus on revaluation of property, plant and equipment		1,794,289,651	1,822,091,754
		1,935,383,201	1,963,185,304
<b>Revenue reserve</b>			
General reserves		169,450,000	169,450,000
Accumulated loss		(481,249,650)	(511,119,452)
		(311,799,650)	(341,669,452)
		1,873,583,551	1,871,515,852
<b>Director's loan - related parties</b>			
		523,151,753	531,051,753
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		219,308,147	191,734,794
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,209,649,606	522,715,575
Accrued mark-up on secured borrowings		34,015,356	10,391,674
Short term borrowings	7	1,951,187,547	490,400,182
Loan from related party		3,349,760	5,874,760
Unclaimed dividend		1,208,089	1,208,089
		3,199,410,358	1,030,590,280
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,815,453,809</b>	<b>3,624,892,679</b>



Mian Ahmed Ali Tariq  
Chairman / Director

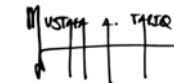
Lahore:

	Note	(Un-Audited) 31 March 2018 (Rupees)	(Audited) 30 September 2017 (Rupees)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	3,049,752,544	2,989,279,104
Long term deposits		9,251,940	9,246,940
		3,059,004,484	2,998,526,044
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		176,515,664	148,349,789
Stock-in-trade		2,361,303,709	233,027,645
Trade debts		11,337,435	7,592,188
Advances and prepayments		58,019,528	80,547,045
Export subsidy receivable from Federal Government		36,295,750	36,295,750
Other receivables		18,371,780	5,402,159
Tax refund due from Government - income tax		59,082,900	55,053,929
Cash and bank balances		35,522,559	60,098,130
		2,756,449,325	626,366,635
<b>TOTAL ASSETS</b>		<b>5,815,453,809</b>	<b>3,624,892,679</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Wasim Saleem  
Chief Financial Officer



Mian Mustafa Ali Tariq  
Chief Executive Officer

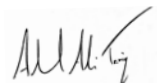
## Condensed Interim Statement of Profit and Loss Account (Un-Audited)

For the Half Year ended 31 March 2018

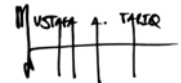
		Half year ended March 31,		Quarter ended March 31,	
		2018	2017	2018	2017
	Note	(Rupees)			
SALES - NET	10	929,818,095	2,234,335,035	602,742,716	1,384,172,376
COST OF SALES	11	(776,711,870)	(1,847,991,687)	(503,243,855)	(1,116,335,249)
GROSS PROFIT		153,106,225	386,343,348	99,498,861	267,837,127
OPERATING EXPENSES					
Selling and distribution expenses		(9,282,420)	(9,862,369)	(5,801,743)	(5,672,187)
Administrative and general expenses		(81,335,767)	(89,498,855)	(44,331,724)	(50,135,251)
Other operating expenses		(3,945,985)	(13,959,428)	(2,705,024)	(9,983,858)
		(94,564,172)	(113,320,652)	(52,838,491)	(65,791,296)
PROFIT FROM OPERATIONS		58,542,053	273,022,696	46,660,370	202,045,831
OTHER INCOME		34,326,885	27,357,553	28,431,147	7,734,559
FINANCE COST		(48,695,850)	(46,234,804)	(36,147,949)	(31,170,765)
PROFIT BEFORE TAXATION		44,173,088	254,145,445	38,943,568	178,609,625
TAXATION		(42,105,389)	(13,782,852)	(38,016,947)	(5,281,225)
PROFIT AFTER TAXATION		2,067,699	240,362,593	926,621	173,328,400
EARNINGS PER SHARE					
-BASIC AND DILUTED	12	0.08	11.65	0.04	8.40

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

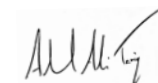
Lahore

  
Mian Ahmed Ali Tariq  
Chairman / Director

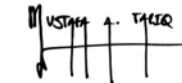
  
Wasim Saleem  
Chief Financial Officer

  
Mian Mustafa Ali Tariq  
Chief Executive Officer

Lahore

  
Mian Ahmed Ali Tariq  
Chairman / Director

  
Wasim Saleem  
Chief Financial Officer

  
Mian Mustafa Ali Tariq  
Chief Executive Officer

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year ended 31 March 2018

	Half year ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
(Rupees)				
PROFIT AFTER TAXATION	2,067,699	240,362,593	926,621	173,328,400
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,067,699	240,362,593	926,621	173,328,400

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



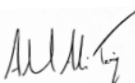
# Condensed Interim Cash Flow Statement (Un-Audited)

For the Half Year ended 31 March 2018

Note	Half Year Ended	
	31 March 2018	31 March 2017
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	44,173,088	254,145,445
Adjustments for non-cash charges and other items:		
Depreciation	58,849,506	57,476,273
Profit on bank deposits	(22,531)	(73,312)
Loss on disposal of operating fixed assets	-	583,352
Bad debts written off	921,339	-
Old credit balances written back	(1,377,729)	-
Finance cost	48,695,850	46,234,804
Cash generated from operating activities before working capital changes	151,239,523	358,366,562
<b>WORKING CAPITAL CHANGES</b>	16	(1,078,934,231)
<b>CASH USED IN OPERATIONS</b>	(1,319,325,796)	(720,567,669)
Finance cost paid	(25,072,168)	(20,552,994)
Income tax paid	(18,561,007)	(42,272,848)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(1,362,958,971)	(783,393,511)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(119,322,946)	(10,404,586)
Proceeds from disposal of operating fixed assets	-	3,813,846
Increase in long term deposits	(5,000)	(1,166,250)
Profit on bank deposits received	22,531	73,312
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(119,305,415)	(7,683,678)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings obtained - net	1,460,787,365	904,050,610
Repayment of directors' loan - related parties	(7,900,000)	-
Repayment of loan obtained from related party	(2,525,000)	(8,267,620)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	1,450,362,365	895,782,990
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(31,902,021)	104,705,801
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	60,098,130	16,206,146
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	28,196,109	120,911,947
<i>* The reconciliation in cash and cash equivalent is as follows:</i>		
Cash and bank balances	35,522,559	120,911,947
Temporary book overdrawn	(7,326,450)	-
	28,196,109	120,911,947

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Lahore

  
Mian Ahmed Ali Tariq  
Chairman / Director

  
Wasim Saleem  
Chief Financial Officer

  
Mian Mustafa Ali Tariq  
Chief Executive Officer

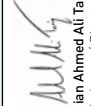
## Condensed Interim Statement of Changes In Equity (Un-Audited)

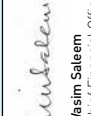
For the Half Year ended 31 March 2018

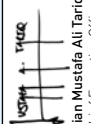
	Share capital	Reserves				Total	Total equity
		Premium on issue of right shares	Capital Surplus on revaluation of property, plant & equipment	Sub total	General	Revenue Accumulated loss	
Balance as at 30 September 2016 (audited)	170,000,000	21,093,550	1,453,548,580	1,474,642,130	169,450,000	(770,789,210)	873,302,920
Total comprehensive income for the half year ended 31 March 2017	-	-	-	-	-	240,362,593	240,362,593
Profit after taxation	-	-	-	-	-	240,362,593	240,362,593
Other comprehensive income	-	-	-	-	-	-	-
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(26,442,983)	(26,442,983)	-	26,442,983	-
Balance as at 31 March 2017 (Un-audited)	170,000,000	21,093,550	1,427,105,597	1,448,199,147	169,450,000	(503,983,634)	1,113,665,513
Transactions with owners of the Company - Contributions	80,000,000	120,000,000	-	120,000,000	-	-	200,000,000
Issuance of right shares	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 September 2017	-	-	-	-	-	(38,772,512)	(38,772,512)
Loss after taxation	-	-	-	-	-	(38,772,512)	(38,772,512)
Other comprehensive income	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	377,304,458	377,304,458	377,304,458	-	-	377,304,458
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(31,636,694)	(31,636,694)	-	31,636,694	-
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment (net of deferred tax)	-	-	49,318,393	49,318,393	-	-	49,318,393
Balance as at 30 September 2017 (Audited)	250,000,000	141,093,550	1,822,091,754	1,963,185,304	169,450,000	(511,119,452)	1,623,583,551
Total comprehensive income for the half year ended 31 March 2018	-	-	-	-	-	2,067,699	2,067,699
Profit after taxation	-	-	-	-	-	2,067,699	2,067,699
Other comprehensive income	-	-	-	-	-	-	-
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(27,802,103)	(27,802,103)	-	27,802,103	-
Balance as at 31 March 2018 (Un-Audited)	250,000,000	141,093,550	1,794,289,651	1,935,383,201	169,450,000	(481,249,650)	1,623,583,551

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Lahore

  
Mian Ahmed Ali Tariq  
Chairman / Director

  
Wasim Saleem  
Chief Financial Officer

  
Mian Mustafa Ali Tariq  
Chief Executive Officer

## Notes to the Condensed Interim Financial Information (Un-Audited)

For the Half Year ended 31 March 2018

### 1. THE COMPANY AND ITS OPERATIONS

- 1.1 Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Act, 1913. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and by products. Its registered office is situated at -30A E/1, Old FCC, Gulberg-III, Lahore.
- 1.2 The Company earned gross profit and profit after taxation of Rs. 153.106 million (March 31, 2017: Rs. 386.343 million) and Rs. 2.068 million (March 31, 2017: Rs. 240.363) million respectively and declared positive equity of Rs. 1,873.584 million (September 30, 2017: 1,871.516 million). On the other hand, the Company is carrying accumulated losses of Rs. 481.250 million (September 30, 2017: Rs. 511.119 million) with adverse current ratio at the terminal date. Continuing losses in the years 2013-15 had resulted in erosion of the Company's equity and depletion of working capital base. However, with continuous financial support of the sponsoring directors and financial institutions as well as better results of the Company in the subsequent years, the overall liquidity position of the Company has now improved tremendously.

The Company has been successfully able to negotiate with National Bank of Pakistan, Dubai Islamic Bank Limited, Askari Islamic Bank Limited and Bank Islami Pakistan Limited (Islamic Banking) and got the renewal and extension of comprehensive working capital facilities for the current financial year 2017-18. The Company has fully utilized working capital facilities since their renewal.

The Company at present is not in default with any bank or financial institution and there are no adverse remarks against the Company in the eCIB data being maintained by State Bank of Pakistan. Further, there are no fixed terms borrowings approaching maturity and the Company is not relying on short term borrowings to finance long term assets, as well as, there are no loan agreements which the Company is not able to comply with.

Furthermore, the Company enjoys very good reputation with suppliers of raw material, spare parts and machinery manufacturers. Similarly the end products of the Company are preferred by the buyers and fetches premium owing to better/consistent quality.

The management is confident that all the above stated steps will bring the Company out of the past adverse situation and thus the Company is very much a going concern. This condensed interim financial information, therefore, does not include any adjustment relating to realization of its assets and liquidation any liabilities that might be necessary should the Company be unable to continue as a going concern.

### 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

This condensed interim financial information do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2017. The figures included in the condensed interim statement of profit and loss for the quarters ended March 31, 2018 and 2017 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended March 31, 2018 and 2017.

### 3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the company except as follows:

#### TAXATION

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

### 4. CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

#### a) Amendments to published approved accounting standards which are effective during the half year ended March 31, 2018

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began after July 1, 2017. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial information.

**b) Standards and amendments to published approved accounting standards that are not yet effective**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. During the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

**c) New Companies Act, 2017 effective during the half year ended March 31, 2018**

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such surplus to an account called 'Surplus on revaluation of property plant and equipment' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity and also there is change in treatment of loss on revaluation. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017; however, there is no significant change in the reported amounts so no restatement is required with respect to amount, the only change required is reclassification of revaluation surplus as part of equity. In respect of additional disclosures required by the Act will be made in the annual financial statements of the Company.

**5. 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 applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2017.

**6. SEASONALITY OF OPERATIONS**

Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane and costs incurred/accrued up to the reporting date have been accounted for. Accordingly, the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

		(Un-Audited) 31 March 2018	(Audited) 30 September 2017
	Note	(Rupees)	
<b>7. SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
<b>National Bank of Pakistan</b>			
Cash finance (hypothecation)	7.1	99,995,182	24,995,182
Cash finance (pledge)	7.2	499,903,125	98,900,000
<b>Meezan Bank Limited</b>			
Istisna / tijarah	7.3	499,194,240	-
<b>Dubai Islamic Bank Pakistan Limited</b>			
Salam cum wakala	7.4	250,000,000	-
Letter of credit	7.5	101,700,000	-
<b>The Bank of Punjab</b>			
Agricultural finance]	7.6	-	116,505,000
<b>Bank Islami Pakistan Limited</b>			
Istisna finance	7.7	245,500,000	250,000,000
<b>Askari Bank Limited - Islamic banking</b>			
Salam (Pledge)	7.8	199,895,000	-
Salam OTT (Pledge)	7.9	55,000,000	-
		<b>1,951,187,547</b>	<b>490,400,182</b>

7.1 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2017: Rs. 50 million), to meet working capital requirements of the company. It carries markup at the rate of 3 months KIBOR + 3% (2017: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future current assets of the company to the extent of Rs. 134 million (2017: Rs. 134 million), first pari passu charge over fixed assets of the company to the extent of Rs. 134 million measuring 77 acres - 14 maralas including land, building & machinery having market value of Rs. 2,109.06 million situated at Lahore road,

## Notes to the Condensed Interim Financial Information (Un-Audited)

For the Half Year ended 31 March 2018

Jaranwala evaluated by Harvester Services (Pvt) Limited as on 22.06.2017 and personal guarantees along with PNWS of the two directors of the company.

- 7.2 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 500 million (2017: Rs. 200 million) to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries markup at the rate of 1 months KIBOR + 2.5% (2017: 1 months KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of exclusive charge of RS. 667.67 million with 25% margin against pledge facility of the company to be registered with SECP, pledge of refined sugar in standard bags of 50 kgs each in shared godowns, ranking charge of Rs. 400 million (2017: Rs. 400 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees and PNWS of two directors of the Company.
- 7.3 This istisna finance facility has been obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million for purchase of raw materials / stores and spares / and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future assets (both current and fixed) of the company to the extent of Rs 667 million duly insured, pledge charge on pledge assets of the company (white refined crystalline sugar) to the extent of Rs 715 million, personal guarantees of three directors of the company along with PNWS and cross corporate guarantee of Style and Trend (Private) Limited.
- 7.4 This salam cum wakala facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 250 million to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market and subsequent sale. It carries profit at the rate of relevant KIBOR + 3.0% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs 312.50 million over pledged stocks (inclusive of 25% margin), ranking charge of Rs. 400.0 million over all present and future assets of the company with 25% margin, first pari passu charge of Rs 252.3 million over all present and future fixed assets of the company, inclusive of 20% margin and personal guarantees along with PNWS of the two directors of the company.
- 7.5 This letter of credit facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 200 million to import 05 compact gears. It carries commission at 0.20% per quarter and 0.10% at retirement. It is secured by way of lien over title of import documents, first pari passu charge of Rs 252.3 million over all present and future fixed assets of the company, inclusive of 20% margin and personal guarantees along with PNWS of the two directors of the company.
- 7.6 This agricultural finance facility has been obtained from Bank of Punjab, out of the total sanctioned limit of Rs. 140.155 million (2017: Rs. 140.155 million), for adjustment purposes only. It carries markup at the rate of 3 months KIBOR + 3% (2017: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge

over all present and future fixed assets of the Company to the extent of Rs. 180 million (2017: Rs. 180 million), corporate guarantee of the company and personal guarantees of two directors of the Company.

- 7.7 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 250 million (2017: Rs. 250 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2017: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of ownership of istisna goods, first pari passu charge over all future and present current assets of the Company to the extent of Rs. 234 million (2017: Rs. 234 million), first pari passu charge over all future and present fixed assets of the company to the extent of Rs. 334 million (2017: Rs. 334 million) and personal guarantee of all the directors of the company.
- 7.8 This salam facility has been obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 200 million for production of white refined sugar from sugarcane. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs 400 million with 25% margin through constructive MOTD and plant & machinery (through letter of hypothecation), ranking charge over all present and future current assets of the company to the extent of Rs 400 million with 25% margin, ranking charge over pledge stocks of white refined sugar of 2017-2018 season to the extent of Rs 400 million with 25% margin (inclusive of sales tax) stored at the company premises at shared godown duly stacked and segregated in countable position and insured under the supervision of the company approved muccadam and personal guarantee of two directors of the company.
- 7.9 This Salam - OTT facility has been obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 100 million for production of white refined sugar from sugarcane. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs 400 million with 25% margin through constructive MOTD and plant & machinery (through letter of hypothecation), ranking charge over all present and future current assets of the company to the extent of Rs 400 million with 25% margin, ranking charge over pledge stocks of white refined sugar of 2017-2018 season to the extent of Rs 400 million with 25% margin (inclusive of sales tax) stored at the company premises at shared godown duly stacked and segregated in countable position and insured under the supervision of the company approved muccadam and personal guarantee of two directors of the company.
- 7.10 The Company has total credit facilities from all the banks as mentioned in notes 7.1 to 7.9 above, amounting to Rs. 265 million (2017: Rs. 140 million) that remained unutilized at the terminal date. The overall charge on the current and fixed assets of the Company is in the sum of Rs. 8.311 billion (2017: Rs. 7.875 billion) at the terminal date.



## Notes to the Condensed Interim Financial Information (Un-Audited)

For the Half Year ended 31 March 2018

### 8. CONTINGENCIES AND COMMITMENTS 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, 2017.

	(Un-Audited) 31 March 2018	(Audited) 30 September 2017
	(Rupees)	
<b>COMMITMENTS</b>		
Company is committed to pay the following:		
<b>Ijarah Rentals</b>		
Due within one year	2,728,476	2,728,476
Due after one year but not later than five year	7,410,021	8,860,947
<b>Diminishing Musharika Rentals</b>		
Due within one year	3,633,240	3,633,240
Due after one year but not later than five year	12,413,570	14,230,190
	26,185,307	29,452,853
Commitments against CAPEX	19,561,469	22,034,605

Commitments against supply of plant and machinery under letters of credit are amounting to Rs. Nil (2017: 63.983 million) at the terminal date, secured against ranking charge of Rs. 49.031 million after deduction of 25% margin on the amount of Performa Invoice.

### 9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1	2,691,833,991	2,707,124,638
Capital work in progress	9.2	357,918,553	282,154,466
		3,049,752,544	2,989,279,104

#### 9.1 OPERATING FIXED ASSETS

Opening balance - net book value		2,707,124,638	2,388,975,515
Additions during the period / year	9.1.1	43,558,859	47,839,980
Disposals during the period - net book value		-	22,726,919
Revaluation surplus arose during the period / year		-	411,091,167
Depreciation charged during the period / year		58,849,506	118,055,105
Closing balance - net book value		2,691,833,991	2,707,124,638

#### 9.1.1 The following additions were made during the period in operating fixed assets:

	Additions Cost (Rupees)
Plant and machinery	35,425,189
Gas and electric installation	7,882,870
Office equipment	184,000
Computer equipment's	66,800
	43,558,859

	(Un-Audited) 31 March 2018	(Audited) 30 September 2017
	(Rupees)	

#### 9.2 Capital work in progress

Opening balance	282,154,466	176,197,590
Additions during the period / year:		
Civil Works - building	120,992	2,396,911
Plant & Machinery	66,916,974	23,942,929
Advance for capital expenditure	8,726,121	79,617,036
	75,764,087	105,956,876
Closing balance	357,918,553	282,154,466

HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
31 March 2018	31 March 2017	31 March 2018	31 March 2017

(Rupees)

#### 10. SALES - NET

Local sales - net of sales tax and federal excise duty	849,765,930	2,007,426,975	523,486,997	1,157,264,316
Export sales	80,052,165	226,908,060	79,255,719	226,908,060
	929,818,095	2,234,335,035	602,742,716	1,384,172,376

	HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees)			
<b>11. COST OF SALES</b>				
Raw materials consumed:				
Sugarcane purchased	2,613,432,972	2,959,777,373	1,865,484,715	1,828,520,277
Sugarcane development cess	21,684,304	24,570,473	15,099,308	15,142,564
Market committee fee	5,795,761	3,276,093	4,026,538	2,019,033
	2,640,913,037	2,987,623,939	1,884,610,561	1,845,681,874
Salaries, wages and other benefits	91,419,816	91,290,955	61,491,146	56,146,766
Workers' welfare	8,034,118	9,794,856	5,885,493	6,354,660
Stores, spares and loose tools consumed	11,532,865	9,907,345	5,884,224	5,774,521
Chemicals consumed	26,479,217	27,507,937	23,490,061	16,824,380
Packing material consumed	22,058,760	23,229,383	16,539,352	14,836,645
Fuel and power	15,423,273	5,720,382	6,136,273	2,099,331
Repair and maintenance	26,488,676	33,479,507	361,209	10,656,260
Insurance	2,822,531	2,815,948	1,537,603	1,606,636
Other factory overheads	8,102,283	6,113,260	4,464,432	3,108,716
Depreciation	51,713,358	49,309,099	26,242,554	21,202,142
	264,074,897	259,168,672	152,032,347	138,610,057
	2,904,987,934	3,246,792,611	2,036,642,908	1,984,291,931
<b>WORK-IN-PROCESS:</b>				
Opening stock	7,264,038	8,250,909	49,613,568	34,177,985
Closing stock	(30,288,367)	(32,847,621)	(30,288,367)	(32,847,621)
	(23,024,329)	(24,596,712)	19,325,201	1,330,364
Cost of goods manufactured	2,881,963,605	3,222,195,899	2,055,968,109	1,985,622,295
<b>FINISHED GOODS:</b>				
Opening stock	225,763,607	172,262,473	778,291,088	677,179,639
Closing stock	(2,331,015,341)	(1,546,466,685)	(2,331,015,341)	(1,546,466,685)
	(2,105,251,734)	(1,374,204,212)	(1,552,724,253)	(869,287,046)
	776,711,870	1,847,991,687	503,243,855	1,116,335,249

## 12. EARNINGS PER SHARE - BASIC AND DILUTED

		Half year ended - (Un-audited)		Quarter ended - (Un-audited)	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
Profit attributable to ordinary shareholders	Rupees	2,067,699	240,362,593	926,621	173,328,400
Weighted average number of ordinary shares outstanding during the period	Numbers	25,000,000	20,624,858	25,000,000	20,624,858
Earnings per share - basic and diluted	Rupees	0.08	11.65	0.04	8.40

## 13. 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 period other than those which have been disclosed elsewhere in these financial statements are stated below:

## 13.1 Related party transactions during the period:

Particulars	Note	Relationship	Name	31 March 2018	31 March 2017
Company's contributions to fund		-Post retirement benefits	HSML Employees' Provident Fund Trust	3,645,096	2,857,908
Repayment of directors' loans		- Chairman of the Board/ - Non - Executive Director	Mian Ahmed Ali Tariq	7,900,000	-
		- Director/ Chief Executive Officer	Mian Mustafa Ali Tariq	2,525,000	8,267,620
Building on rental basis		-Close family relative	Mrs. Rukhsana Javed	1,559,250	1,350,000
Remuneration and benefits of key management personnel		- Chief Operating Officer	Mr. Wasim Saleem	2,513,628	-
Directors' remuneration benefits 13.1.1		- Director - Mr. Wasim Saleem		-	2,369,994
		- Director/ Chief Executive Officer	Mian Mustafa Ali Tariq	5,779,856	5,805,366
		- Executive Director	Mrs. Maryam Habib	1,999,994	-

13.1.1 Remuneration and benefits of executive directors include remuneration and benefits paid to one director who remained executive director of the Company only for the period ended March 31, 2017, therefore, remuneration and benefits of key management personnel for the period ended March 31, 2017 were nil.

## 13.2 Closing balances with related parties during the period / year:

Particulars	Note	Relationship	Name	31 March 2018	31 March 2017
Company's contributions to fund		-Post retirement benefits	HSML Employees' Provident Fund Trust	13,772,984	22,801,879
Prepaid rent - Building on rental basis		-Close family relative	Mrs. Rukhsana Javed	347,550	641,500
Key management personnel's remuneration and benefits		-Chief Operating Officer	Mr. Wasim Saleem	323,166	-
Directors' remuneration	13.1.1	-Chief Executive Officer	Mian Mustafa Ali Tariq	-	700,000
		- Executive Director	Mrs. Maryam Habib	168,987	169,187

#### 14. 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. The details and segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below:

	March 31, 2018 - (Un-audited)			September 30, 2017 - (Audited)		
	Rupees			Rupees		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Accrued markup on secured borrowings	20,751,433	13,263,923	34,015,356	1,489,873	8,901,801	10,391,674
Shortterm borrowings	1,351,289,240	599,898,307	1,951,187,547	250,000,000	240,400,182	490,400,182
Bank balances	(16,466,458)	(17,203,265)	(33,669,723)	(49,716,623)	(10,133,253)	(59,849,876)
	1,355,574,215	595,958,965	1,951,533,180	201,773,250	239,168,730	440,941,980
	Half Year ended 31 March 2018 - (Un-audited)			Half Year ended 31 March 2017 - (Un-audited)		
	Rupees			Rupees		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Ijarah rentals	3,510,424	-	3,510,424	623,448	-	623,448
Finance cost	46,323,704	2,372,145	48,695,849	30,109,090	16,125,714	46,234,804
Income from PLS bank account	(6,017)	(16,514)	(22,531)	(23,460)	(49,852)	(73,312)
	49,828,111	2,355,631	52,183,742	30,709,078	16,075,862	46,784,940

#### 15. 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 2017.

Half Year Ended    Half Year Ended  
31 March 2018    31 March 2017  
(Rupees)

#### 16. WORKING CAPITAL CHANGES

##### Working capital changes

##### (Increase) / decrease in current assets:

Stores, spare parts and loose tools	(28,165,875)	9,364,089
Stock in trade	(2,128,276,064)	(1,398,800,924)
Trade debts	(3,745,247)	(23,013,386)
Advances and prepayments	22,527,517	(16,579,335)
Short term deposits and prepayments	-	(9,681,750)
Other receivables	(13,890,960)	32,188,783
<b>Increase in current liabilities:</b>		
Trade and other payables	680,985,310	327,588,292
	(1,470,565,319)	(1,078,934,231)

#### 17. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on May 29, 2018.

#### 18. SUBSEQUENT EVENT

The Company has filed a petition under sections 279 to 283 of the Companies Act, 2017 on March 30, 2018 with Honourable Lahore High Court, Lahore for merger of Messrs Styles & Trends (Private) Limited an associated undertaking with and into Messrs Husein Sugar Mills Limited. The Honourable Lahore High Court, Lahore has ordered the Companies to issue notice pursuant to Court Order dated April 03, 2018 of the Honourable Lahore High Court, Lahore passed in petition no.189820/2018, (filed under Sections 279 to 283 of the Companies Act, 2017 seeking the complete merger /amalgamation of Messrs Styles and Trends (Private) Limited into Messrs Husein Sugar Mills Limited), to call an Extraordinary General Meeting of the members of Messrs Husein Sugar Mills Limited and Messrs Styles & Trends (Private) Limited. The notice was issued on May 04, 2018 and meetings were held on Saturday, May 26, 2018 at 10.00 AM at 30-A/E-1, Old F.C.C. Gulberg III, Lahore to consider and approve / adopt the Scheme of Arrangement for the merger and amalgamation of Messrs Styles and Trends (Private) Limited into Messrs Husein Sugar Mills Limited. Mr. Moiz Tariq, Advocate, High Court Lahore, has been appointed by the Honourable Court to act as Chairman of the meeting and to report the results thereof to the Honourable Court. After the approval of the Honourable Lahore High Court, Lahore the process of merger will be complete.

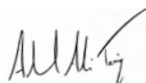
#### 19. GENERAL

19.1 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.

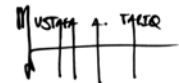
19.2 Allocation to the Worker's Profit Participation Fund, Workers' Welfare Fund and figures of taxation are provisional. Final liabilities thereof would be determined on the basis of annual results.

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

Lahore

  
Mian Ahmed Ali Tariq  
Chairman / Director

  
Wasim Saleem  
Chief Financial Officer

  
Mian Mustafa Ali Tariq  
Chief Executive Officer

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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