



# Husein Sugar Mills Limited



**UN-AUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED 31 MARCH 2016**



## **CONTENTS**

<b>COMPANY INFORMATION</b>	<b>02</b>
<b>DIRECTORS' REPORT - ENGLISH</b>	<b>03</b>
<b>DIRECTORS' REPORT - URDU</b>	<b>05</b>
<b>AUDITORS' REVIEW REPORT</b>	<b>06-07</b>
<b>CONDENSED INTERIM BALANCE SHEET</b>	<b>08-09</b>
<b>CONDENSED INTERIM PROFIT AND LOSS ACCOUNT</b>	<b>10</b>
<b>CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME</b>	<b>11</b>
<b>CONDENSED INTERIM CASH FLOW STATEMENT</b>	<b>12</b>
<b>CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY</b>	<b>13</b>
<b>NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION</b>	<b>14-18</b>

---

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

Mr. Ahmed Ali Tariq	Chairman
Mr. Mustafa Ali Tariq	CEO
Mst. Nusrat Shamim	
Mr. Taufig Ahmed Khan	
Mr. Ali Ashfaq	
Mr. Wasim Saleem	
Mr. Muhammad Iftikhar	

**AUDIT COMMITTEE**

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

**HUMAN RESOURCE &  
REMUNERATION COMMITTEE**

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

**CHIEF FINANCIAL OFFICER**

Mr. Wasim Saleem

**COMPANY SECRETARY**

Mr. Khalid Mahmood  
ACIS

**LEGAL ADVISOR**

Masud & Mirza Associates

**BANKERS**

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

**SHARE REGISTRAR**

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

**AUDITORS**

Kreston Hyder Bhimji & Co.  
Chartered Accountants

**MILLS**

Lahore Road, Jaranwala

**REGISTERED HEAD OFFICE**

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

**DIRECTORS' REPORT**

On behalf of the Board, I am pleased to present half yearly interim condensed financial information of the Company for the period ended on March 31, 2016.

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

	2016	2015
<b>OPERATIONAL</b>		
Crushing days	111	139
Sugarcane crushed (M. Tons)	499,396	447,091
Sugar produced (M. Tons)	46,861	41,103
Sugar recovery percentage	9.41	9.20
	<b>Rupees</b>	
<b>FINANCIAL</b>		
Sales	2,149,692,403	1,880,467,297
Gross profit / (loss)	237,960,605	(110,985,720)
Operating and finance cost	132,697,361	118,839,230
Profit/(loss) before taxation	137,214,746	(211,243,009)
Profit/(loss) after taxation	179,613,492	(211,243,009)
Earnings/(loss) per share	10.57	(12.43)

As indicated in our first quarter directors' report, the actual per acre yield of sugarcane crop was 15% lower than that of the last two-year average. This resulted in shorter sugarcane season (-20%) and we witnessed intense price war among mills for grabbing larger share of sugarcane crop. Despite liquidity crunch, we were able to purchase good quality sugarcane at competitive price which resulted in improved plant efficiency (40%), improved production (14%) and improved sucrose recovery (2.2%). Due to earlier mentioned factors and better retention sale prices, the Company is able to post reasonable profits in first six months of the financial year.

The disparity in sugarcane price in two major sugar producing provinces [Punjab: Rs. 180/40 kgs. Sindh: Rs. 172/40 kgs.] remained a cause of concern for sugar industry located in Central Punjab. Though the Government assured its support to exporters of sugar of those provinces which have announced support price of Rs.180/40 kgs. in the form of Rs.13/kg export subsidy, but delay in release of subsidy has created liquidity crunch for smaller mills like ours and caused disturbance in payment to the growers. We urge Punjab Government to take notice of this delay in release of subsidy to exporters of sugar in order to expedite growers payment and avoid growing trust gap.

In response to the observations on the issue of non-verification of stock in trade amounting to Rs. 321.669 million and creditors amounting to Rs. 264.704 million as at 30 September, 2015 given by the outgoing auditors of the company as well as Company's ability to continue as going concern, the directors' comments are as follows:

The existing auditors have confirmed that the stock in trade at the reporting date does not include the opening stock of Rs. 321.669 million due to its sale in the period under review as mentioned in our report on the financial statement of the Company for the year ended 30 September, 2015. The amount of Rs. 323.469 million (30 September, 2015 Rs. 264.704 Million) included in the creditors was disbursed to the company on different dates on behalf of various sugar cane growers for purchase of agricultural inputs by Bank Islami Pakistan Limited. The company is contingently liable to repay principal and accrued markup thereon in case of default by any individual grower of sugar cane to the extent of actual default only.



The sponsoring directors have further invested Rs. 202.290 million in addition to Rs. 403.442 million until 30 September, 2015. The company has also earned a reasonable profitability in the period under review due to better sugar pricing and improvements in the operational efficiencies. The management is expecting this trend to be continued in future. As a result of this, the Company is currently on debt servicing and confidence of all stake holders including growers, banks, etc. is improving. We expect the sugar market to perform well in remaining period of the financial year as there appears to be overall less production of sugar in the other part of world this year. Accordingly, the company is very much going concern.

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 19, 2016

  
**Ahmed Ali Tariq**  
Chairman



## ڈائریکٹرز رپورٹ

یورڈ کی طرف سے، میں 31 مارچ 2016 کو مختصر مدت کیلئے کمپنی کی ششماہی عبوری تجدید مالی معلومات بخوشی پیش کرتا ہوں۔  
ششماہی میں کمپنی کی کارکردگی اور گزشتہ سال کی اسی مدت کے ساتھ اس کے موازنہ کی جھلکیاں مندرجہ ذیل ہیں:

آپریٹیشن	2016	2015
کرکٹنگ ایام	111	139
31 دسمبر تک گئے کی کرکٹنگ	499,396 (میٹرک ٹن)	447,091 (میٹرک ٹن)
چینی کی پیداوار	46,861 (میٹرک ٹن)	41,103 (میٹرک ٹن)
فیصد چینی کا حصول	9.41	9.20
مالیات	روپے	روپے
فروخت	2,149,692,403	1,880,467,297
مجموعی نفع / نقصان	237,960,605	(110,985,720)
آپ چنگ اور فنانس لاگت	132,697,361	118,839,230
ٹیکس سے قبل نفع / نقصان	137,214,746	(211,243,009)
ٹیکس کے بعد نفع / نقصان	179,613,492	(211,243,009)
آمدن / نقصان (فی شخص)	10.57	(12.43)

جبکہ ہمارے پہلی سہ ماہی کی ڈائریکٹرز رپورٹ میں مذکور ہے کہ گئے کی فصل کی اصل فی ایکڑ پیداوار گزشتہ دو سال کی اوسط پیداوار کے مقابلے میں 15 فیصد کم رہی۔ یہ گئے کے مختصر موسم (20 فیصد) کا نتیجہ ہے اور ہم نے گئے کی فصل کا زیادہ حصہ حاصل کرنے کے لئے لوں کے درمیان شدید جھتیوں کی جنگ کا مشاہدہ کیا ہے۔ لیکو پٹی بحران کے باوجود، ہم سابقہ جیت پر اچھے معیار کے گئے کی خریداری کرنے کے قابل ہوئے جس کے نتیجے میں پائٹ کی کارکردگی (40 فیصد) بہتر، پیداوار (14 فیصد) زیادہ اور سکروں وصولی (2.2 فیصد) بڑھ گئی۔ مذکورہ بالا احوال اور بہتر پرقرارہ جھتیوں کی وجہ سے کمپنی مالی سال کی پہلی ششماہی میں معقول منافع درج کرنے کے قابل ہوئی ہے۔

چینی تیار کرنے والے دو اہم صوبوں میں گئے کی جیت میں نقادانہ [بجائے: 180 روپے فی ٹن، سندھ: 172 روپے فی ٹن] وسطی پنجاب میں واقع چینی کی صنعت کے لئے توشیٹیشن کا باعث بنی رہی۔ اگرچہ حکومت نے ان صوبوں کے برآمد کنندگان کو حمایت کا یقین دلایا جس نے 13 روپے فی ٹن کو گرام برآمد سبسڈی کی صورت میں 180 روپے فی ٹن کی امدادی قیمت کا اعلان کیا۔ لیکن سبسڈی کی ریلیز میں تاخیر

نے ہمارے چینی چھٹیوں کے لئے لیکو پٹی بحران پیدا کر دیا اور کاشتکاروں کو ادائیگی میں رکاوٹ کی وجہ بنا۔ ہم حکومت پنجاب سے کاشتکاروں کو بروقت ادائیگیوں کو تیز کرنے اور بڑے پیمانے پر اثاثہ کے فرق سے بچنے کے لیے شوگر برآمد کنندگان کو سبسڈی کی ریلیز میں اس تاخیر کا کوشش لینے کی درخواست کرتے ہیں۔

30 ستمبر 2015 کو تجارت میں 321.669 ملین روپے اسٹاک اور 264.704 ملین روپے قرض کی عدم تہدید کے معاملے پر کمپنی کے سبکدوش ہونے والے ڈیفنڈ کے مشاہدے کے نتیجے میں اور کمپنی کی صلاحیت پر جاری توشیٹیشن کے طور پر ڈائریکٹرز کے تجربے مندرجہ ذیل ہیں:

موجودہ ڈیفنڈ نے اس بات کی تصدیق کی ہے کہ 30 ستمبر 2015 مختصر سال کیلئے کمپنی کی مالی تھیںات پر ہمارے رپورٹ میں مذکورہ ذریعہ جائزہ مدت میں اپنی فروخت کے باعث 321.669 ملین روپے کا اوپننگ اسٹاک مذکورہ تاریخ کو تجارت کے اسٹاک میں شامل نہیں ہے۔ 323.469 ملین روپے کی رقم (30 ستمبر 2015، 264.704 ملین روپے) قرض سمیت بینک اسلامی پاکستان لیمٹڈ کی طرف سے زرعی ان پیف کی خریداری کے لئے گئے کے کئی کاشتکاروں کی جانب سے مختلف تاریخوں پر کمپنی کو زرعی قرضوں کے طور پر دی گئی تھی۔ کمپنی صرف اوائل نادر ہندہ کی حد تک کسی انفرادی گئے کے کاشتکار کے نادر ہندہ ہونے کی صورت میں اصل اور واجب الادا واپس اپد ادا کرنے کی عارضی ذمہ دار ہے۔

سپانسرنگ ڈائریکٹرز نے 30 ستمبر 2015 تک 403.442 ملین روپے کے علاوہ 202.290 ملین روپے مزید سرمایہ کاری کی ہے۔ کمپنی نے چینی کی بہتر جھتیوں کے یقین اور آپریشنل استعداد کار میں بہتری کی وجہ سے ذریعہ جائزہ مدت میں ایک معقول منافع بھی کمایا ہے۔ انتظامیہ اس رجحان کے مستقبل میں جاری رہنے کی امید کر رہی ہے۔ نتیجتاً، کمپنی قرض کی ادائیگی کر رہی ہے اور کاشتکاروں، بینکاروں وغیرہ سمیت تمام اسٹیک ہولڈرز کا اعتماد تیزی سے بحال ہو رہا ہے۔ ہم مالی سال کے بقیہ عرصہ میں چینی کی مارکیٹ سے اچھی کارکردگی کے مظاہرہ کی امید رکھتے ہیں جیسا کہ اس سال دنیا کے دیگر حصوں میں مجموعی طور پر چینی کی پیداوار کم ہوئی ہے۔ اس لحاظ سے کمپنی کو بہتر زیادہ توشیٹیشن ہے۔

یورڈ تمام اسٹیک ہولڈرز، بینکاروں، مالیاتی اداروں اور کاشتکاروں کے شکر ہے کہ ساتھ وسیع مسلسل حمایت اور تعاون کو تسلیم کرتا ہے۔

یورڈ کمپنی کے لئے ملازمت میں کی ریکارڈ چانٹاری اور سخت محنت پر ان کی تحریف کرتا ہے۔

محمد امجد علی طارق  
چیرمین





**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 2016 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 2016 and 31 March 2015 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 2016.

**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 outgoing auditors of the company have expressed qualified opinion on the financial statements of the company for the year ended September 30, 2015 on the following issues:

- i. That they did not observe the counting of physical quantities of stock in trade as at 30 September, 2015 which was stated at Rs. 321.669 million due to mill premises of the company was sealed on the order of the Honourable Lahore High Court, Lahore; and they were also unable to satisfy themselves by alternative means concerning the quantities of stock in trade.
- ii. That the balances included in creditors presented under the head of trade and other payable amounting to Rs. 264.704 million for which they were unable to obtain sufficient and appropriate audit evidence.

**Lahore Office:**

Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: info-lhr@krestonhb.com, krestonhb@gmail.com

**Karachi Office:**

Suit No. 1601, Kashif Centre, Main Shahr-e-Faisal, Karachi. Phone: 92-21-35640050-1-2 Fax: 92-21-35640053 E-mail: bhimji@cyber.net.pk, info-khr@krestonhb.com

**Faisalabad Office:**

206-1st Floor, Business Centre, New Civil Line, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimji@d@gmail.com, info-fsd@krestonhb.com

A member of Kreston International - a global network of independent accounting firms.



Since our review being substantially less in scope than an audit, we could not verify and confirm these reservations at March 31, 2016, other than the facts that the said stock has so far been sold out and does not include in the stock in trade as at March 31, 2016 and no detail / information as regard to the above said creditors amounting to Rs. 323.469 million (30 September 2015: Rs. 264.704 million) were provided to us.

#### **Qualified Conclusion**

Based on our review, except for the matters 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 of the members toward note 1.2 of this condensed interim financial information which indicates that although sponsoring directors have further invested Rs. 202.290 million in addition to Rs. 403.442 million until 30 September, 2015 and the company has earned reasonable profitability in the period under review, yet it has incurred losses in the previous financial years and as a result of these the equity of the company stands at a negative balance of Rs. 368.874 million at the balance sheet date, where the company's current liabilities also exceed its current assets by Rs. 467.966 million. These conditions indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern. This condensed interim financial information 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 this matter.

#### **Other Matter**

The condensed interim financial information of the company for the half year ended 31 March 2015 and the annual financial statements for the year ended 30 September 2015 were reviewed and audited, respectively, by the outgoing auditors Messrs Riaz Ahmad and Co., Chartered Accountants, Lahore, whose review report dated 27 May 2015 expressed an unmodified conclusion with an emphasis of matter paragraph and their audit report dated 29 December, 2015 expressed qualified opinion with an emphasis of matter paragraph.

Lahore: 19 MAY 2016

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

#### **Lahore Office:**

Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: info-lhr@krestonhb.com, krestonhb@gmail.com

#### **Karachi Office:**

Suit No. 1601, Kashif Centre, Main Shakra-e-Faisal, Karachi. Phone: 92-21-35640050-1-2 Fax: 92-21-35640053 E-mail: bhimji@cyber.net.pk, info-khi@krestonhb.com

#### **Faisalabad Office:**

206-1st Floor, Business Centre, New Civil Line, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com, info-fsd@krestonhb.com

A member of Kreston International, a global network of independent accounting firms.



**CONDENSED INTERIM BALANCE SHEET**

	NOTE	Un-Audited 31-March-2016	Audited 30-September-2015
		Rupees	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
50 million (30 September 2015: 50 million) ordinary shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>			
17 million (30 September 2015: 17 million) ordinary shares of Rupees 10 each		170,000,000	170,000,000
Reserves		<u>(538,874,280)</u>	<u>(743,752,314)</u>
<b>Total equity</b>		<b>(368,874,280)</b>	<b>(573,752,314)</b>
<b>Advance for purchase of shares</b>		<b>605,731,833</b>	<b>403,441,833</b>
<b>Surplus on revaluation of property, plant and equipment</b>		<b>1,466,953,397</b>	<b>1,494,724,734</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	6	-	-
Liabilities against assets subject to finance lease	7	-	-
Long term deposits		201,759,348	6,830,743
Deferred taxation		<u>217,212,986</u>	<u>282,326,962</u>
		<b>418,972,334</b>	<b>289,157,705</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,089,261,509	1,273,462,838
Accrued markup on secured borrowings		12,733,736	13,874,902
Short term borrowings - secured		916,109,299	417,404,411
Current portion of non-current liabilities		-	19,468,541
Provision for taxation		<u>22,715,230</u>	<u>-</u>
		<u>2,040,819,774</u>	<u>1,724,210,692</u>
<b>Total liabilities</b>		<b>2,459,792,108</b>	<b>2,013,368,397</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,163,603,058</b></u>	<u><b>3,337,782,650</b></u>


  
CHIEF EXECUTIVE



## AS AT 31 MARCH 2016 (UN-AUDITED)

		Un-Audited	Audited
	NOTE	31-March-2016	30-September-2015
		Rupees	
<hr/>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,571,748,858	2,614,021,184
Investments	10	18,305,500	20,812,295
Long term deposits		694,840	779,440
		2,590,749,198	2,635,612,919

**CURRENT ASSETS**

Stores, spare parts and loose tools	142,801,217	139,864,011
Stock-in-trade	1,030,098,362	321,669,362
Trade debts	16,095	41,531
Advances	97,244,034	22,088,824
Short term deposits and prepayments	5,378,763	11,127,476
Other receivables	243,741,547	104,672,028
Cash and bank balances	53,573,842	102,706,499
	1,572,853,860	702,169,731

<b>TOTAL ASSETS</b>	<b>4,163,603,058</b>	<b>3,337,782,650</b>
---------------------	----------------------	----------------------

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
CHAIRMAN / DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 MARCH 2016**

		Half year ended March		2nd Quarter ended March	
	Note	2016	2015	2016	2015
		-----Rupees-----			
SALES	11	2,149,692,403	1,880,467,297	1,462,673,158	1,268,827,663
COST OF SALES	12	(1,911,731,798)	(1,991,453,017)	(1,297,300,720)	(1,377,437,191)
GROSS PROFIT/(LOSS)		237,960,605	(110,985,720)	165,372,438	(108,609,528)
DISTRIBUTION COST		(9,206,629)	(9,693,141)	(7,385,788)	(7,200,901)
ADMINISTRATIVE EXPENSES		(81,264,977)	(75,413,442)	(42,957,437)	(38,098,237)
OTHER OPERATING EXPENSES		(7,241,475)	(1,168,893)	(6,118,720)	(1,168,893)
		(97,713,081)	(86,275,476)	(56,461,945)	(46,468,031)
		140,247,524	(197,261,196)	108,910,493	(155,077,559)
OTHER INCOME		31,951,502	18,581,941	29,723,929	(704,311)
PROFIT FROM OPERATIONS		172,199,026	(178,679,255)	138,634,422	(155,781,870)
FINANCE COST		(34,984,280)	(32,563,754)	(21,960,991)	(17,795,361)
PROFIT /(LOSS) BEFORE TAXATION		137,214,746	(211,243,009)	116,673,431	(173,577,231)
TAXATION		42,398,746	-	49,268,938	-
PROFIT / (LOSS) AFTER TAXATION		179,613,492	(211,243,009)	165,942,369	(173,577,231)
EARNINGS PER SHARE - BASIC AND DILUTED		10.57	(12.43)	9.76	(10.21)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHAIRMAN / DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 MARCH 2016**

Half year ended March		2nd Quarter ended March	
2016	2015	2016	2015

-----Rupees-----

PROFIT AFTER TAXATION **179,613,492** (211,243,009) **165,942,369** (173,577,231)

OTHER COMPREHENSIVE INCOME / (LOSS):

Items that will not be reclassified to  
profit and loss account

-	-	-	-
---	---	---	---

Items that may be reclassified  
subsequently to profit and loss account:

Surplus / (deficit) on remeasurement of available  
for sale investments

<b>(2,506,795)</b>	(1,726,325)	<b>(5,241,545)</b>	1,008,425
<b>(2,506,795)</b>	(1,726,325)	<b>(5,241,545)</b>	1,008,425

TOTAL COMPREHENSIVE INCOME /(LOSS)  
FOR THE PERIOD

<b><u>177,106,697</u></b>	<u>(212,969,334)</u>	<b><u>160,700,824</u></b>	<u>(172,568,806)</u>
---------------------------	----------------------	---------------------------	----------------------

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN / DIRECTOR**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 MARCH 2016**

	Half year ended	
	31-March-2016	31-March-2015
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	137,214,746	(211,243,009)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	59,375,970	60,595,361
Profit on bank deposits	(148,921)	(139,024)
Dividend income	(1,275,000)	(375,000)
(Loss) / gain on disposal of operating fixed assets	(1,378,891)	90,959
Finance cost	34,984,280	32,563,754
<b>Cash generated from / (used in) operating activities before working capital changes</b>	<b>228,772,184</b>	<b>(118,506,959)</b>
<b>WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(2,937,206)	(650,023)
Stock in trade	(708,429,000)	(296,525,898)
Trade debts	25,436	(26,096,344)
Advances	(75,155,210)	15,781,729
Short term prepayments	5,748,713	6,267,695
Other receivables	(124,852,307)	(35,734,915)
<b>Increase in current liabilities:</b>		
Trade and other payables	(184,201,329)	399,995,614
	<b>(1,089,800,903)</b>	<b>63,037,858</b>
<b>Cash used in operations</b>	<b>(861,028,719)</b>	<b>(55,469,101)</b>
Finance cost paid	(36,125,446)	(28,730,374)
Income tax paid	(14,217,212)	(12,667,281)
Long term deposits	84,600	1,147,500
<b>Net cash used in operating activities</b>	<b>(911,286,777)</b>	<b>(95,719,256)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of operating fixed assets	4,455,221	20,437,640
Addition in property, plant & equipment	(20,179,974)	(88,680,018)
Dividend received	1,275,000	375,000
Profit on bank deposits received	148,921	136,123
<b>Net cash used in investing activities</b>	<b>(14,300,832)</b>	<b>(67,731,255)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	(7,976,878)	(4,674,525)
Repayment of long term financing	(11,491,663)	(24,983,338)
Change in long term deposits	194,928,605	108,258
Advance for purchase of shares	202,290,000	-
Change in short term borrowings	498,704,888	94,661,539
<b>Net cash flows from financing activities</b>	<b>876,454,952</b>	<b>65,111,934</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(49,132,657)</b>	<b>(98,338,577)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>102,706,499</b>	<b>106,465,698</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>53,573,842</b>	<b>8,127,121</b>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN / DIRECTOR**

# CHIEF EXECUTIVE

  
CHAIRMAN / DIRECTOR

	SHARE CAPITAL	RESERVES						TOTAL	TOTAL EQUITY	
		Capital		Revenue						
		Premium on issue of right shares	Fair value reserve	Sub total	General	Accumulated loss	Sub total			
..... Rupees.....										
Balance as at 30 September 2014 (Audited)	170,000,000	21,093,550	13,443,800	34,537,350	169,450,000	(594,721,521)	(425,271,521)	(390,734,171)	(220,734,171)	
Loss for the half year ended 31 March 2015	-	-	-	-	-	(211,243,009)	(211,243,009)	(211,243,009)	(211,243,009)	
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of tax	-	-	-	-	-	-	-	29,257,004	29,257,004	
Other comprehensive loss for the half year	-	-	(1,726,325)	(1,726,325)	-	-	-	(1,726,325)	(1,726,325)	
Total comprehensive loss for the half year	-	-	(1,726,325)	(1,726,325)	-	(181,986,005)	(181,986,005)	(183,712,330)	(183,712,330)	
Balance as at 31 March 2015 (Un-audited)	170,000,000	21,093,550	11,717,475	32,811,025	169,450,000	(776,670,526)	(607,257,526)	(574,446,501)	(404,446,501)	
Loss for the half year ended 30 September 2015	-	-	-	-	-	(207,098,512)	(207,098,512)	(207,098,512)	(207,098,512)	
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of tax	-	-	6,594,370	6,594,370	-	31,198,329	31,198,329	31,198,329	31,198,329	
Other comprehensive income for the half year	-	-	6,594,370	6,594,370	-	-	-	6,594,370	6,594,370	
Total comprehensive loss for the half year	-	-	6,594,370	6,594,370	-	(175,900,183)	(175,900,183)	(169,305,813)	(169,305,813)	
Balance as at 30 September 2015 (Audited)	170,000,000	21,093,550	18,311,845	39,405,395	169,450,000	(952,607,709)	(783,157,709)	(743,752,314)	(573,752,314)	
Profit for the half year ended 31 March 2016	-	-	-	-	-	179,613,492	179,613,492	179,613,492	179,613,492	
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of tax	-	-	(2,506,795)	(2,506,795)	-	27,771,337	27,771,337	27,771,337	27,771,337	
Other comprehensive loss for the half year	-	-	(2,506,795)	(2,506,795)	-	-	-	(2,506,795)	(2,506,795)	
Total comprehensive profit for the half year	-	-	(2,506,795)	(2,506,795)	-	207,384,829	207,384,829	204,878,034	204,878,034	
Balance as at 31 March 2016 (Un-audited)	170,000,000	21,093,550	15,805,050	36,898,600	169,450,000	(745,222,880)	(575,772,880)	(538,874,280)	(368,874,280)	



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 MARCH 2016****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 Lahore and Karachi Stock Exchanges. Its registered office is situated at 30-A-E/1, Old F.C.C., Gulberg-III, Lahore. The Company is principally engaged in the business of production and sale of sugar and by products.

**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. 368.874 million, depletion of working capital base, created financial crunch and adverse financial ratios. To overcome these situations, the sponsoring directors have invested a substantial amount towards the purchase of shares which amounted to Rs. 605.732 million as at 31 March 2016. 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 also planning to increase its cane crushing capacity from the existing capacity of 6,500 M.Tons per day to 9,000 M.Tons per day and up to 15,000 M.Tons per day in phases in the next three years, as the company has got an opportunity to have continued and 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 500,000 M. Tons of sugar with incentive to give subsidy to exporters. 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 30,000 M. Tons of sugar, mainly with customers in Afghanistan and Central Asian States in its wake to earn the maximum export subsidy.

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 2016 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 2015.



### 3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

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 2015.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2015.

### 5. SEASONALITY OF OPERATIONS

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 2016	Audited 30-September 2015
	Rupees	
<b>6 LONG TERM FINANCE</b>		
<b>From banking companies - Secured</b>		
Opening balance	11,491,663	11,491,663
Repayments during the period	(11,491,663)	-
Closing balance	-	11,491,663
Less: Current portion shown under current liabilities	-	(11,491,663)
	<u>-</u>	<u>-</u>
<b>7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future minimum lease payments	7,976,878	7,980,429
Less: Repayments / Un-amortized finance charge	(7,976,878)	3,551
Present value of future minimum lease payments	-	7,976,878
Less: Current portion shown under current liabilities	-	(7,976,878)
	<u>-</u>	<u>-</u>

### 8. CONTINGENCIES AND COMMITMENTS

**8.1** There is no material change in contingencies and commitments from the preceding audited financial statements of the Company for the year ended 30 September 2015 except for the counter guarantee amounting to Rs. 820 million ( 30 September 2015 : Rs. 354 million) and ranking charge over the current assets of the Company given as security against Murabah facility obtained from Bank Islami Pakistan Limited on account of agricultural loan to growers of sugarcane.



	Un-audited 31-March-2016	Audited 30-September-2015
	Rupees	
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets		
Owned (Note 9.1)	2,450,368,770	2,498,300,698
Leased (Note 9.2)	8,825,803	18,098,591
Capital work in progress	112,554,285	97,621,895
	<u>2,571,748,858</u>	<u>2,614,021,184</u>
<b>9.1 Owned</b>		
Opening balance - net book value	2,498,300,698	2,440,054,016
Additions during the period	5,247,584	174,943,144
Transferred from leased assets	8,258,058	7,373,029
Disposals during the period - net book value	(3,076,330)	(2,005,848)
Depreciation charged during the period	(58,361,240)	(122,063,643)
Closing balance - net book value	<u>2,450,368,770</u>	<u>2,498,300,698</u>
<b>9.2 Leased</b>		
Opening balance - net book value	18,098,591	28,785,225
Transferred to owned assets	(8,258,058)	(7,373,029)
Depreciation charged during the period	(1,014,730)	(3,313,605)
Closing balance - net book value	<u>8,825,803</u>	<u>18,098,591</u>
<b>10 INVESTMENTS</b>		
Available for sale		
Shadab Textile Mills Limited - Quoted		
375,000 (30 September 2015: 375,000) fully paid ordinary shares of Rupees 10 each	2,500,000	2,500,000
Sargodha Spinning Mills Limited - Quoted		
500 (30 September 2015: 500) fully paid ordinary shares of Rupees 10 each	5,000	5,000
	<u>2,505,000</u>	<u>2,505,000</u>
Add: Fair value adjustment	15,805,050	18,311,845
Less: Impairment loss	4,550	4,550
	<u>18,305,500</u>	<u>20,812,295</u>



(Un-audited)

HALF YEAR ENDED		QUARTER ENDED	
31 March 2016	31 March 2015	31 March 2016	31 March 2015

-----Rupees-----

**11 SALES - NET**

Local sales - net of GST and FED	1,662,089,672	1,638,474,118	975,070,427	1,026,834,484
Export sales	382,211,731	198,513,179	382,211,731	198,513,179
Subsidy	105,391,000	43,480,000	105,391,000	43,480,000
	<b>2,149,692,403</b>	<b>1,880,467,297</b>	<b>1,462,673,158</b>	<b>1,268,827,663</b>

**12 COST OF SALES**
*Raw materials consumed:*

Sugarcane purchased	2,377,259,180	2,033,277,757	1,594,288,810	1,090,077,410
Sugarcane development cess	18,727,534	16,771,801	12,206,411	8,912,969
Market committee fee	2,497,030	2,236,240	1,627,536	1,428,343
	<b>2,398,483,744</b>	<b>2,052,285,798</b>	<b>1,608,122,757</b>	<b>1,100,418,722</b>

Salaries, wages and other benefits	78,008,373	78,202,226	48,632,901	40,642,264
Workers' welfare	5,561,404	1,060,465	3,712,870	535,360
Stores, spare parts and loose tools	7,745,000	10,428,073	4,232,008	3,468,794
Chemicals consumed	21,132,336	26,202,933	14,829,998	14,230,408
Packing material consumed	19,428,208	22,193,674	12,779,303	12,805,523
Fuel and power	11,190,839	13,435,333	5,420,130	4,659,776
Repair and maintenance	20,768,191	24,145,436	7,958,596	14,854,502
Insurance	2,589,287	1,758,009	1,907,151	830,142
Other factory overheads	3,834,067	4,960,446	2,283,191	1,191,668
Depreciation	51,419,346	53,306,523	25,598,403	24,998,155
	<b>221,677,051</b>	<b>235,693,118</b>	<b>127,354,551</b>	<b>118,216,592</b>
	<b>2,620,160,795</b>	<b>2,287,978,916</b>	<b>1,735,477,308</b>	<b>1,218,635,314</b>

*Work-in-process:*

Opening stock	2,519,008	1,659,576	68,263,560	19,374,911
Closing stock	(8,702,395)	(2,299,865)	(8,702,395)	(2,299,865)
	<b>(6,183,387)</b>	<b>(640,289)</b>	<b>59,561,165</b>	<b>17,075,046</b>
Cost of goods manufactured	<b>2,613,977,408</b>	<b>2,287,338,627</b>	<b>1,795,038,473</b>	<b>1,235,710,360</b>

*Finished goods:*

Opening stock	319,150,357	104,882,044	523,658,214	542,494,485
Closing stock	(1,021,395,967)	(400,767,654)	(1,021,395,967)	(400,767,654)
	<b>(702,245,610)</b>	<b>(295,885,610)</b>	<b>(497,737,753)</b>	<b>141,726,831</b>
	<b>1,911,731,798</b>	<b>1,991,453,017</b>	<b>1,297,300,720</b>	<b>1,377,437,191</b>

**13. TRANSACTIONS WITH RELATED PARTIES**

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

	Un-audited 31 March 2016 Rupees	Un-audited 31 March 2015 Rupees
Contributions to provident fund	2,611,536	2,350,822
Remuneration to key management personnel	28,462,354	25,469,156
Dividend received from associated company	1,275,000	375,000



#### 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. 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:

	As at March 31, 2016			As at September 30, 2015		
	Un-Audited			Audited		
	Rupees			Rupees		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Long term finance	-	-	-	11,491,663	-	11,491,663
Liabilities against assets subject to finance lease	-	-	-	-	7,976,878	7,976,878
Accrued markup on secured borrowings	1,194,705	11,539,031	12,733,736	7,511,718	6,363,184	13,874,902
Short term borrowings - secured	474,659,137	441,450,162	916,109,299	175,000,000	242,404,411	417,404,411
Investments	18,300,000	5,500	18,305,500	20,805,000	7,295	20,812,295
Cash and bank balances	(243,796)	(53,169,385)	(53,413,181)	(3,697,713)	(99,007,201)	(102,704,914)
	<b>493,910,046</b>	<b>399,825,308</b>	<b>893,735,354</b>	<b>211,110,668</b>	<b>157,744,567</b>	<b>368,855,235</b>
<b>Half year ended March 31, 2016</b>						
<b>Un-Audited</b>						
<b>Rupees</b>						
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Finance cost	13,278,704	21,705,576	34,984,280	1,846,809	30,716,945	32,563,754
Loss on remeasurement of available for sale investments	2,505,000	1,795	2,506,795	1,725,000	1,325	1,726,325
Dividend	(1,275,000)	-	(1,275,000)	(375,000)	-	(375,000)
Income from PLS bank account	(66,408)	(82,513)	(148,921)	(27,292)	(111,732)	(139,024)
	<b>14,442,296</b>	<b>21,624,858</b>	<b>36,067,154</b>	<b>3,169,517</b>	<b>30,606,538</b>	<b>33,776,055</b>

#### 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 2015.

#### 16. SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment. Sales of sugar represents 87.41% (30 September 2015: 89.91%) of the total sales of the Company. 81.30% (30 September 2015: 89.19%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 100% of those sales are made to customers in Afghanistan. All non-current assets of the Company as at 31 March 2016 were located in Pakistan. 37.52% (30 September 2015: 72.74%) of the total sales of the Company are made to a Single customer in Pakistan.

#### 17. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 19 May 2016.

#### 18. GENERAL

The figures have been rounded off to the nearest rupee.

  
CHIEF EXECUTIVE

  
CHAIRMAN / DIRECTOR