

# **HUSEIN SUGAR MILLS LIMITED**



## **Un-Audited Condensed Interim Financial Information**

**For The Third Quarter Ended JUNE 30, 2014**



## **CONTENTS**

<b>COMPANY INFORMATION</b>	<b>2</b>
<b>DIRECTORS' REPORT</b>	<b>3</b>
<b>CONDENSED INTERIM BALANCE SHEET</b>	<b>4-5</b>
<b>CONDENSED INTERIM PROFIT AND LOSS ACCOUNT</b>	<b>6</b>
<b>CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME</b>	<b>7</b>
<b>CONDENSED INTERIM CASH FLOW STATEMENT</b>	<b>8</b>
<b>CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY</b>	<b>9</b>
<b>CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION</b>	<b>10-14</b>

---

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

Mst. Nusrat Shamim	CEO (Executive Director)
Mr. Ahmed Ali Tariq	Chairman (Non-Executive Director)
Mr. Mustafa Ali Tariq	Executive Director
Mian Shahzad Aslam	Non-Executive Director
Mian Aamir Naseem	Non-Executive Director
Mian M. Shams Amin	Non-Executive Director
Mr. Ejaz Ahmad	Independent Director

**AUDIT COMMITTEE**

Mr. Ejaz Ahmad	Chairman
Mr. Ahmed Ali Tariq	Member
Mian Aamir Naseem	Member

**HUMAN RESOURCE &  
REMUNERATION COMMITTEE**

Mr. Ahmed Ali Tariq	Chairman
Mr. Ejaz Ahmad	Member
Mr. Mustafa Ali Tariq	Member

**COMPANY SECRETARY**

Syed Arif Hussain

**CHIEF FINANCIAL OFFICER**

Mr. Farooq Ahmed

**LEGAL ADVISOR**

Manzoor Hussein Syed

**BANKERS**

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

**AUDITORS**

Riaz Ahmad & Company  
Chartered Accountants

**REGISTRAR**

M/s Hameed Majeed Associates (Pvt.) Ltd.  
1st Floor, H.M. House, 7-Bank Square Lahore.  
Ph: (042) 37235081-2  
Fax: (042) 37358817

**MILLS**

Lahore Road, Jaranwala.

**REGISTERED / HEAD OFFICE**

30-A E/I, Old FCC, Gulberg III, Lahore  
Ph: (042) 35762089 - 35762090  
Fax: (042) 35712680  
E-mail: [info@huseinsugarmills.com](mailto:info@huseinsugarmills.com)  
Website: [www.huseinsugarmills.com](http://www.huseinsugarmills.com)

**DIRECTORS' REPORT**

On behalf of the Board, I am pleased to present third quarterly interim condensed financial information of the Company for the third quarter ended on June 30, 2014.

Company's performance during period under consideration and its comparison with corresponding period of last year is as under:

		2014	2013
<b>OPERATIONAL</b>			
Crushing days		114	113
Sugarcane crushed	(M. Tons)	429,611	580,197
Sugar produced	(M. Tons)	40,415	55,368
Sugar recovery	(Percentage)	9.41	9.55

**Rupees****FINANCIAL**

Sales	2,609,372,810	1,853,444,965
Gross profit	154,197,859	76,574,333
Operating cost	112,836,398	101,174,727
Finance cost	73,990,808	89,989,705
Loss before taxation	25,452,116	91,152,160
Loss after taxation	48,142,781	100,465,280
Loss per share	2.83	5.91

Despite the cost cut measures and savings in financial costs, the persistent lower sugar prices even during the off season reduced the margins. However, the financial commitments are being fulfilled. Marginal improvement in sugar prices is expected in the following periods which may be insufficient to absorb the off season cost.

The sponsors are injecting their personal resources to bring the Company into sustainable position.

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.

  
Chief Executive

(By the order of the Board)

Lahore: July 22, 2014

**CONDENSED INTERIM BALANCE SHEET**

	NOTE	Un-Audited 30 June 2014 Rupees	Audited 30 September 2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 50,000,000 (30 September 2013: 50,000,000) shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital		170,000,000	170,000,000
Reserves		<u>(142,034,717)</u>	<u>(92,604,681)</u>
<b>Total equity</b>		<b>27,965,283</b>	<b>77,395,319</b>
 Share deposit money		 107,000,000	 2,500,000
Surplus on revaluation of land		645,489,218	492,684,029
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	-	49,966,664
Liabilities against assets subject to finance lease	7	9,266,068	17,574,113
Long term deposits		56,701,586	5,144,134
		<b>65,967,654</b>	<b>72,684,911</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		643,822,507	530,055,891
Accrued mark-up		18,528,920	26,878,506
Short term borrowings		570,728,297	907,317,840
Current portion of non-current liabilities		75,680,087	62,359,429
Provision for taxation		41,837,513	11,963,831
		<u>1,350,597,324</u>	<u>1,538,575,497</u>
<b>Total liabilities</b>		<b>1,416,564,978</b>	<b>1,611,260,408</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,197,019,479</b></u>	<u><b>2,183,839,756</b></u>

  
CHIEF EXECUTIVE



## AS AT 30 JUNE 2014 (Un-Audited)

	NOTE	Un-Audited 30 June 2014 Rupees	Audited 30 September 2013 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	1,133,455,318	999,194,004
Long term investments		18,141,000	19,428,255
Long term deposits		10,758,229	17,119,929
Deferred income tax asset		152,945,865	145,762,848
		<u>1,315,300,412</u>	<u>1,181,505,036</u>

**CURRENT ASSETS**

Stores, spare parts and loose tools	141,145,698	151,472,558
Stock-in-trade	359,900,013	666,453,039
Trade debts	52,936,269	19,416,713
Advances	75,454,517	46,875,869
Short term deposits and prepayments	22,654,401	17,547,294
Other receivables	151,599,105	87,178,780
Cash and bank balances	78,029,064	13,390,467
	<u>881,719,067</u>	<u>1,002,334,720</u>

**TOTAL ASSETS**

<u>2,197,019,479</u>	<u>2,183,839,756</u>
----------------------	----------------------

  
 CHAIRMAN / DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)  
FOR THE THIRD QUARTER ENDED 30 JUNE 2014**

NOTE	NINE MONTHS ENDED		QUARTER ENDED	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
----- Rupees -----				
SALES	2,609,372,810	1,853,444,965	319,392,804	792,050,236
COST OF SALES	<b>10</b> (2,455,174,951)	(1,776,870,632)	(324,045,062)	(752,261,300)
GROSS PROFIT	154,197,859	76,574,333	(4,652,258)	39,788,936
DISTRIBUTION COST	(7,319,936)	(8,055,534)	(1,279,651)	(2,502,279)
ADMINISTRATIVE EXPENSES	(105,172,579)	(93,119,193)	(32,601,335)	(29,225,872)
OTHER EXPENSES	(343,883)	-	5,610,583	-
	(112,836,398)	(101,174,727)	(28,270,403)	(31,728,151)
	41,361,461	(24,600,394)	(32,922,661)	8,060,785
OTHER INCOME	7,177,231	23,437,939	398,413	13,413,652
PROFIT/(LOSS) FROM OPERATIONS	48,538,692	(1,162,455)	(32,524,248)	21,474,437
FINANCE COST	(73,990,808)	(89,989,705)	(23,106,722)	(43,628,525)
LOSS BEFORE TAXATION	(25,452,116)	(91,152,160)	(55,630,970)	(22,154,088)
TAXATION	(22,690,665)	(9,313,120)	5,906,825	(3,822,446)
LOSS AFTER TAXATION	(48,142,781)	(100,465,280)	(49,724,145)	(25,976,534)
LOSS PER SHARE - BASIC AND DILUTED	(2.83)	(5.91)	(2.92)	(1.53)

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

  
CHIEF EXECUTIVE

  
CHAIRMAN / DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)  
FOR THE THIRD QUARTER ENDED 30 JUNE 2014**

NINE MONTHS ENDED		QUARTER ENDED	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

----- Rupees -----

**LOSS AFTER TAXATION** (48,142,781) (100,465,280) (49,724,144) (25,976,534)

**OTHER COMPREHENSIVE  
INCOME / (LOSS):**

Items that will not be reclassified to  
profit and loss account

-	-	-	-
(1,287,255)	13,501,000	(14,225,005)	563,250

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

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

**Other comprehensive income / (loss)  
for the period** (1,287,255) 13,501,000 (14,225,005) 563,250

**TOTAL COMPREHENSIVE  
LOSS FOR THE PERIOD**

(49,430,036)	(86,964,280)	(63,949,149)	(25,413,284)
--------------	--------------	--------------	--------------

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

  
CHIEF EXECUTIVE

  
CHAIRMAN / DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)  
FOR THE THIRD QUARTER ENDED 30 JUNE 2014**

	<b>NINE MONTHS ENDED</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(25,452,116)	(91,152,159)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	49,749,153	41,744,118
Amortization	-	249,975
Profit on bank deposits	(164,132)	(277,141)
Gain on disposal of operating fixed asset	(1,508,600)	(7,608,783)
Finance cost	73,990,808	89,989,705
<b>Cash generated from operating activities before working capital changes</b>	<b>96,615,113</b>	<b>32,945,715</b>
<b>WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	10,326,860	26,948,607
Stock-in-trade	306,553,026	(1,000,699,519)
Trade debts	(33,519,556)	(20,859,790)
Advances	(28,578,648)	(29,940,973)
Short term deposits and prepayments	(7,431,808)	(8,499,907)
Other receivables	(17,108,006)	(17,108,006)
<b>Increase in current liabilities:</b>		
Trade and other payables	115,102,873	225,456,403
	<b>345,344,741</b>	<b>(824,703,185)</b>
<b>Cash generated from / (used in) operations</b>	<b>441,959,854</b>	<b>(791,757,470)</b>
Finance cost paid	(82,340,394)	(63,282,755)
Income tax paid	(45,774,903)	(28,737,690)
Net decrease in long term deposits	(9,154,951)	(65,200)
<b>Net cash generated from / (used in) operating activities</b>	<b>304,689,606</b>	<b>(883,843,115)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of operating fixed assets	1,910,000	11,392,400
Property, plant and equipment - acquired	(31,606,679)	(47,219,074)
Dividend received	-	-
Profit on bank deposits received	173,708	319,687
<b>Net cash used in investing activities</b>	<b>(29,522,971)</b>	<b>(35,506,987)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	7,479,054	(6,690,662)
Repayments of long term financing	(37,475,001)	(37,475,000)
Short term borrowings - net	(336,589,543)	964,847,802
Share deposit money received	104,500,000	-
Long term deposits - net	51,557,452	(528,817)
<b>Net cash flows from financing activities</b>	<b>(210,528,038)</b>	<b>920,153,323</b>
<b>Net increase in cash and cash equivalents</b>	<b>64,638,597</b>	<b>803,221</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>13,390,467</b>	<b>10,758,368</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>78,029,064</b>	<b>11,561,589</b>

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

**CHIEF EXECUTIVE****CHAIRMAN / DIRECTOR**

**HUSEIN SUGAR MILLS LIMITED**



**CHAIRMAN / DIRECTOR**

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

Paul H.

**CHIEF EXECUTIVE**

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)  
FOR THE THIRD QUARTER ENDED 30 JUNE 2014****1. THE COMPANY AND ITS OPERATIONS**

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

**2. BASIS OF PREPARATION**

This condensed interim financial information is un-audited 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 period ended 30 June 2014 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 2013.

**3. ACCOUNTING POLICIES**

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 September 2013.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 September 2013.

**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 30 June 2014 Rupees	Audited 30 September 2013 Rupees
<b>6. LONG TERM FINANCING</b>		
<b>From banking companies – secured</b>		
Opening balance	99,933,332	149,900,000
Add: Obtained during the period / year	-	-
Less: Repayment during the period / year	37,475,001	49,966,668
Closing balance	62,458,331	99,933,332
Less: Current portion shown under current liabilities	62,458,331	49,966,668
	-	49,966,664
<b>7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future minimum lease payments	23,498,276	32,245,992
Less: Un-amortized finance charge	1,010,456	2,279,118
Present value of future minimum lease payments	22,487,820	29,966,874
Less: Current portion shown under current liabilities	13,221,752	12,392,761
	9,266,068	17,574,113
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
Guarantees of Rupees 42.800 million (30 Septmber 2013: Rupees 42.800 million), Rupees 43.800 million and Rupees 12.989 million (30 September 2013: Rupees 29.297 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connection, Engro Fertilizers Limited against supply of fertilizer and Trading Corporation of Pakistan against sale of sugar respectively.		
<b>8.2 Commitments</b>	NIL	NIL
<b>9. FIXED ASSETS</b>		
Property, plant and equipment		
Operating fixed assets		
- Owned (Note 9.1)	1,103,878,037	964,239,884
- Leased (Note 9.2)	29,577,281	34,954,120
	1,133,455,318	999,194,004
Intangible asset (Note 9.3)	-	-
	1,133,455,318	999,194,004
<b>9.1 OPERATING FIXED ASSETS – OWNED</b>		
Opening book value	964,239,884	930,522,346
Add: Cost of additions during the period / year (Note 9.1.1)	31,606,679	84,448,164
Add: Surplus on revaluation of land	152,805,189	-
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 9.2)	-	6,728,651
	1,148,651,752	1,021,699,161
Less: Book value of fixed assets disposed of during the period / year (Not 9.1.2)	401,401	3,783,617
	1,148,250,351	1,017,915,544
Less: Depreciation charged during the period / year	44,372,314	53,675,660
Closing book value	1,103,878,037	964,239,884



Un-audited 30 June 2014 Rupees	Audited 30 September 2013 Rupees
---	---

**9.1.1 COST OF ADDITIONS DURING THE PERIOD / YEAR**

Land	308,084	1,360,370
Building on freehold land	-	5,291,097
Plant and machinery	21,707,670	75,249,306
Factory equipment	33,700	-
Standby equipments	-	1,768,429
Gas and electric installations	3,458,682	113,378
Furniture and fixtures	35,400	119,117
Office equipment	1,495,729	116,515
Computer equipment	121,660	364,808
Vehicles	4,445,754	65,144
	<u>31,606,679</u>	<u>84,448,164</u>

**9.1.2 BOOK VALUE OF DELETIONS DURING THE PERIOD / YEAR****Cost**

Plant and machinery	-	7,626,492
Vehicles	5,687,776	10,147,500
Standby equipment	492,475	-
	<u>6,180,251</u>	<u>17,773,992</u>
Less: Accumulated depreciation	<u>5,778,850</u>	<u>13,990,375</u>
	<u>401,401</u>	<u>3,783,617</u>

**9.2 OPERATING FIXED ASSETS – LEASED**

Opening book value	34,954,120	42,792,272
Add: Cost of additions during the period / year	-	5,731,865
	34,954,120	48,524,137
Less: Book value of assets transferred to operating fixed assets during the period / year(Not 9.1)	-	6,728,651
	<u>34,954,120</u>	<u>41,795,486</u>
Less: Depreciation charged during the period / year	<u>5,376,839</u>	<u>6,841,366</u>
Closing book value	<u>29,577,281</u>	<u>34,954,120</u>

**9.3 INTANGIBLE ASSET**

This represent fully amortised computer software having cost of Rupees 1,000,000.This is still in the use of Company.



(Un-audited)

NINE MONTHS ENDED		QUARTER ENDED	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

----- Rupees -----

**10 COST OF SALES**

Raw materials consumed:				
Sugarcane purchased	1,887,436,789	2,476,314,870	-	-
Sugarcane development cess	10,738,704	14,508,579	-	-
Market committee fee	2,147,741	2,901,715	-	-
	<u>1,900,323,234</u>	<u>2,493,725,164</u>	<u>-</u>	<u>-</u>
Salaries, wages and other benefits	93,744,889	80,242,450	26,088,470	16,777,550
Workers' welfare	3,732,338	3,815,509	1,654,691	349,338
Stores, spare parts and loose tools	8,657,821	10,493,026	262,637	773,532
Chemicals consumed	28,977,427	22,434,449	51,387	1,222,164
Packing material consumed	21,069,540	24,731,798	22,485	22,508
Fuel and power	15,424,750	12,758,609	6,066,297	4,263,214
Repair and maintenance	22,668,860	80,876,403	(19,653,787)	22,089,133
Insurance	3,738,268	3,948,935	1,178,705	1,208,644
Other factory overheads	8,410,382	7,787,781	529,053	1,269,186
Depreciation	41,874,416	36,756,026	16,431,827	12,298,830
	<u>248,298,691</u>	<u>283,844,986</u>	<u>32,631,765</u>	<u>60,274,099</u>
	2,148,621,925	2,777,570,150	32,631,765	60,274,099
Work-in-process:				
Opening stock	1,272,242	370,926	1,723,251	1,212,416
Closing stock	(1,739,770)	(1,272,711)	(1,739,770)	(1,272,711)
	<u>(467,528)</u>	<u>(901,785)</u>	<u>(16,519)</u>	<u>(60,295)</u>
Cost of goods manufactured	2,148,154,397	2,776,668,365	32,615,246	60,213,804
Finished goods:				
Opening stock	665,180,797	43,223,248	649,590,059	1,735,068,477
Closing stock	(358,160,243)	(1,043,020,981)	(358,160,243)	(1,043,020,981)
	<u>307,020,554</u>	<u>(999,797,733)</u>	<u>291,429,816</u>	<u>692,047,496</u>
	<u>2,455,174,951</u>	<u>1,776,870,632</u>	<u>324,045,062</u>	<u>752,261,300</u>

**11 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated companies, 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 30 June 2014 Rupees	Un-audited 30 June 2013 Rupees
Contributions to provident fund	3,500,464	6,960,170
Remuneration to key management personnel	28,026,342	27,197,496
Dividend received from associated company	562,500	375,000



## **12. FINANCIAL RISK MANAGEMENT**

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

## **13. DATE OF AUTHORIZATION**

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 22 July 2014.

## **14. GENERAL**

Figures have been rounded off to the nearest of Rupee.

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN / DIRECTOR**