



Contents

Company Information	2
Vision and Mission Statement	3
Directors' Report	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Changes in Equity	9
Condensed Interim Cash Flow Statement	10
Notes to the Condensed Interim Financial Statements	11
ڈائریکٹرز کی رپورٹ	23



Company Information

Board of Directors	Asgar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Shams Mohammad Haji Imran A. Habib Raeesul Hasan	<i>Chairman</i>
Audit Committee	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	<i>Chairman</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Shams Mohammad Haji Amin Ali Abdul Hamid Raeesul Hasan	<i>Chairman</i> <i>Member</i> <i>Member</i>
Company Secretary	Amir Bashir Ahmed	
Registered Office	4th Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habib.com/sugar E-mail : sugar@habib.com	
Mills	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Statutory Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 111-000-322 Fax : (+92-21) 35655595 E-mail : secretariat@thk.com.pk info@thk.com.pk Website : www.thk.com.pk	



VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is my privilege to present to you the unaudited condensed interim financial statements of the Company for the three quarters ended June 30, 2016.

Financial Results

By the Grace of Allah, during the period under review, the operations of your Company resulted in a pre-tax profit of Rs.762.83 million. The financial results for the three quarters are as follows:

	(Rupees in thousands)
Profit before taxation	762,825
Taxation	<u>115,000</u>
Profit after taxation	647,825
Unappropriated profit brought forward	<u>2,933</u>
Unappropriated profit carried forward	<u><u>650,758</u></u>
Earnings per share – Basic and diluted	Rs. <u><u>4.32</u></u>

Performance Review

Sugar Division

The crushing season 2015-16 commenced on November 24, 2015 and the plant operated upto March 13, 2016 for 111 days as against 117 days in the preceding season. Sugarcane crushed during the current season was 821,801 M.Tons with average sucrose recovery of 10.74% and sugar production of 88,271 M.Tons, as compared with crushing of 854,231 M.Tons with average sucrose recovery of 10.40% and sugar production of 88,807 M.Tons during the preceding season. The quantum of sugarcane crushed and sugar production was lower as compared with the previous season due to reduced availability of sugarcane.

The Government of Sindh on January 4, 2016 issued notification fixing the minimum support price of sugarcane at Rs.172 per 40 kgs as compared with Rs.182 per 40 kgs for the crushing season 2014-15. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

During the current crushing season, the reduced availability of sugarcane resulted in unhealthy price competition among the mills. In view of the above, the growers were demanding much higher prices over the minimum support price and the company was forced to procure sugarcane at higher rates. This resulted in reduced quantum of sugarcane crushing and increased cost of production of sugar.



The Economic Co-ordination Committee (ECC) of the cabinet had allowed export of 500,000 M. Tons of Sugar by March 31, 2016 and approved cash subsidy of Rs. 13/kg on the export of sugar.

Sugar division earned profit of Rs.263.73 million as against profit of Rs.180.89 million in the corresponding period of the previous year. The profitability of the division for the period under review was higher due to increase in sale volume as compared with the corresponding period of the previous year.

Distillery Division

Production of ethanol during the three quarters ended June 30, 2016 was 24,005 M.Tons as compared with 22,390 M.Tons during the corresponding period of the previous year. The division earned profit of Rs.246.12 million during the period under review as against profit of Rs.223.97 million in the corresponding period of the previous year.

The liquidified carbon dioxide (CO₂) unit operated satisfactorily and produced 7,255 M.Tons as compared with 6,089 M. Tons during the corresponding period of the previous year.

Textile Division

The division earned profit of Rs. 9.63 million during the period year under review as against profit of Rs.11.46 million in the corresponding period of the previous year. The profitability of the division for the period under review was lower due to decrease in sale volume as compared with the corresponding period of the previous year.

Trading Division

During the period under review, the division made operating profit of Rs. 43.55 million on account of trading of sugar.

General

The Directors are pleased to place on record their appreciation for the devoted and dedicated services of the officers, staff and workers of the Company.

On behalf of the Board of Directors

Asghar D. Habib
Chairman

Karachi: July 19, 2016



Condensed Interim Balance Sheet as at June 30, 2016 (Unaudited)

	Note	(Unaudited) June 30, 2016	(Audited) September 30, 2015
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	1,783,338	1,542,980
Long-term investments	5	1,832,779	1,711,136
Long-term loans		3,729	3,997
Long-term deposits		2,978	2,978
		<u>3,622,824</u>	<u>3,261,091</u>
Current Assets			
Stores and spare parts		129,052	113,583
Stock-in-trade	6	1,744,099	719,141
Trade debts		244,480	391,479
Loans and advances	7	369,837	246,303
Trade deposits and short-term prepayments		5,367	7,615
Profit accrued on bank deposits		6,755	327
Other receivables	8	13,959	24,488
Short-term investments	9	—	2,809,686
Cash and bank balances		2,481,386	296,863
		<u>4,994,935</u>	<u>4,609,485</u>
Total Assets		<u><u>8,617,759</u></u>	<u><u>7,870,576</u></u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September 2015: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 (September 2015: 150,000,000)			
Ordinary shares of Rs. 5 each		750,000	750,000
Reserves		<u>5,422,091</u>	<u>5,110,222</u>
		<u>6,172,091</u>	<u>5,860,222</u>
Non-Current Liabilities			
Deferred taxation	10	107,000	102,000
Current Liabilities			
Trade and other payables	11	1,569,701	1,651,555
Advance from customers		764,393	247,057
Accrued mark-up on short-term borrowings		465	—
Taxation - net		4,109	9,742
		<u>2,338,668</u>	<u>1,908,354</u>
Contingencies and Commitments	12		
Total Equity and Liabilities		<u><u>8,617,759</u></u>	<u><u>7,870,576</u></u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Profit and Loss Account for the quarter and cumulative for three quarters ended June 30, 2016 (Unaudited)

	Note	Three quarters ended		Quarter ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
(Rupees in thousands)					
Segment operating results	13				
Net sales and services		6,575,821	5,948,076	3,646,814	2,109,802
Cost of sales		(5,756,735)	(5,267,438)	(3,251,818)	(1,846,124)
Gross profit		819,086	680,638	394,996	263,678
Selling and distribution expenses		(149,033)	(150,231)	(66,361)	(60,922)
Administrative expenses		(107,016)	(99,803)	(38,661)	(35,720)
Other operating expenses	14	(51,728)	(53,836)	(20,113)	(18,521)
Other income	15	241,750	343,253	19,959	199,886
		(66,027)	39,383	(105,176)	84,723
Operating profit		753,059	720,021	289,820	348,401
Finance income / (cost) - net	16	9,766	31,434	9,474	(22,343)
Profit before taxation		762,825	751,455	299,294	326,058
Taxation	17	(115,000)	(120,000)	(45,000)	(55,000)
Profit after taxation		647,825	631,455	254,294	271,058
Earnings per share - Basic and diluted	Rs.	4.32	4.21	1.70	1.81

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Condensed Interim Statement of Comprehensive Income for the quarter and cumulative for three quarters ended June 30, 2016 (Unaudited)

	Three quarters ended		Quarter ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees in thousands)			
Profit after taxation	647,825	631,455	254,294	271,058
Other comprehensive income :				
Items that will be reclassified subsequently to profit & loss:				
Net gain on investments - available for sale				
Increase in unrealised gain on revaluation of investments for the period - net of tax	83,730	287,031	121,194	174,381
Reclassification adjustments included in the profit and loss account for:				
Gain on sale / redemption of investments - net of tax	(44,686)	(252,322)	-	(191,666)
	39,044	34,709	121,194	(17,285)
Total Comprehensive income for the period	686,869	666,164	375,488	253,773

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2016 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves		Unrealised Gain/(loss) on investments available for sale	Total Reserves	Total Equity
			General Reserve	Unappro- priated Profit			
(Rupees in thousands)							
Balance as on October 1, 2014	750,000	34,000	2,601,000	802,496	1,261,756	4,699,252	5,449,252
Cash dividend for 2014 @ 50%	-	-	-	(375,000)	-	(375,000)	(375,000)
Transfer to general reserve	-	-	425,000	(425,000)	-	-	-
Total comprehensive income for the period ended June 30, 2015	-	-	-	631,455	34,709	666,164	666,164
Balance as on June 30, 2015	<u>750,000</u>	<u>34,000</u>	<u>3,026,000</u>	<u>633,951</u>	<u>1,296,465</u>	<u>4,990,416</u>	<u>5,740,416</u>
Balance as on October 1, 2015	750,000	34,000	3,026,000	817,933	1,232,289	5,110,222	5,860,222
Cash dividend for 2015 @ 50%	-	-	-	(375,000)	-	(375,000)	(375,000)
Transfer to general reserve	-	-	440,000	(440,000)	-	-	-
Total comprehensive income for the period ended June 30, 2016	-	-	-	647,825	39,044	686,869	686,869
Balance as on June 30, 2016	<u>750,000</u>	<u>34,000</u>	<u>3,466,000</u>	<u>650,758</u>	<u>1,271,333</u>	<u>5,422,091</u>	<u>6,172,091</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Cash Flow Statement for the three quarters ended June 30, 2016 (Unaudited)

	Note	June 30, 2016	June 30, 2015
(Rupees in thousands)			
Cash flows from operating activities			
Cash generated from operations	18	49,435	91,090
Finance income received - net		3,803	46,656
Income tax paid		(100,633)	(100,106)
Long-term loans		268	1,524
Long-term deposits		-	(15)
Net cash (used in) / generated from operating activities		(47,127)	39,149
Cash flows from investing activities			
Fixed capital expenditure		(351,823)	(224,709)
Sale proceeds / redemption of investments		4,111,615	3,777,840
Dividend received		124,759	89,770
Purchase of investments		(1,287,913)	(3,605,678)
Sale proceeds of fixed assets		2,057	1,334
Net cash generated from investing activities		2,598,695	38,557
Cash flows from financing activities			
Dividend paid		(367,045)	(368,061)
Net cash used in financing activities		(367,045)	(368,061)
Net increase / (decrease) in cash and cash equivalents		2,184,523	(290,355)
Cash and cash equivalents at the beginning of the period		296,863	2,198,559
Cash and cash equivalents at the end of the period	19	2,481,386	1,908,204

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Notes to the Condensed Interim Financial Statements for the three quarters ended June 30, 2016 (Unaudited)

1. The Company and its operations

Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan with shares quoted on the Karachi and Lahore Stock Exchanges, effective from January 11, 2016, all the stock exchanges in Pakistan have been integrated to form Pakistan Stock Exchange. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities.

2. Statement of compliance

These condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan 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 and will be followed. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2015.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended September 30, 2015.

	(Unaudited) June 30, 2016	(Audited) September 30, 2015
	(Rupees in thousands)	
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	1,551,353	1,340,550
Capital work-in-progress	212,762	198,988
Major stores and spare parts	19,223	3,442
	<u>1,783,338</u>	<u>1,542,980</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2016 were as follows:		
	Additions	Deletions
	(Rupees in thousands)	
Plant and machinery		
Sugar	339,591	-
Distillery	6,610	-
Textile	964	-
Furniture, fittings and office equipment	4,432	2
Vehicles	226	22
	<u>351,823</u>	<u>24</u>



	(Unaudited) June 30, 2016 (Rupees in thousands)	(Audited) September 30, 2015
5. Long-term investments - available for sale		
Investments in related parties	1,141,269	1,106,811
Investments in other companies	691,510	604,325
	<u>1,832,779</u>	<u>1,711,136</u>
5.1 The aggregate cost of these investments, net of impairment is Rs.561.45 (September 30, 2015: Rs.523.53) million.		
	(Unaudited) June 30, 2016 (Rupees in thousands)	(Audited) September 30, 2015
6. Stock-in-trade		
Raw materials	564,716	230,373
Work-in-process	28,489	42,180
Finished goods	1,109,177	444,300
Fertilizers	2,289	2,288
Bagasse stock	39,428	-
	<u>1,744,099</u>	<u>719,141</u>
7. Loans and advances		
Loans - secured considered good		
Current maturity of long-term loans		
Executives	294	324
Employees	5,475	4,740
	<u>5,769</u>	<u>5,064</u>
Advances - unsecured considered good		
Suppliers	364,068	241,239
	<u>369,837</u>	<u>246,303</u>
8. Other Receivables		
Considered good		
Duty Drawback and research & development support claim	12,521	14,620
Dividend receivable	-	9,282
Others	1,438	586
	<u>13,959</u>	<u>24,488</u>
9. Short-term investments - available for sale		
	Mutual Fund Units	
	September 30, 2015	June 30, 2016
	Rs.	Fund's Name
Investments in other mutual fund		
18,784,006	50	MCB Pakistan Sovereign Fund
74,272,509	10	ABL - Government Securities Fund
9,277,024	100	UBL - Government Securities Fund
	<u>-</u>	<u>2,809,686</u>

The aggregate cost of the above investments is Rs. Nil (September 2015: Rs. 2,750 million).



	(Unaudited) June 30, 2016 (Rupees in thousands)	(Audited) September 30, 2015
10. Deferred taxation		
Deferred tax liability on accelerated income tax depreciation allowances on operating fixed assets	115,000	95,000
Deferred tax liability on unrealised gain on short-term investments	–	15,000
	<u>115,000</u>	<u>110,000</u>
Deferred tax asset on provision for obsolescence and slow moving stores & spare parts	(8,000)	(8,000)
	<u>107,000</u>	<u>102,000</u>

11. Trade and other payables

Creditors	1,199,974	1,264,945
Accrued liabilities	152,350	208,633
Sales-tax / Federal excise duty	79,811	47,991
Workers' Profit Participation Fund	40,728	51,846
Workers' Welfare Fund	45,676	34,676
Income-tax deducted at source	106	363
Unclaimed dividends	51,056	43,101
	<u>1,569,701</u>	<u>1,651,555</u>

12. Contingencies and commitments

12.1 Contingencies

12.1.1 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (September 2015: Rs. 250.00) million against agriculture finance facilities to growers and counter guarantees to other banks amounting to Rs.1171.33 (September 2015: 624.04) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables.

12.1.2 During 2009-10 the Company received a show cause notice from Competition Commission of Pakistan (CCP) under the Competition Ordinance, 2009 for alleged violation of certain provisions of the Ordinance. The Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh challenging the Ordinance. The Honourable High Court of Sindh, granted stay and restrained the Commission not to pass final order in respect of the show cause notice. The CCP filed an appeal before the Honourable Supreme Court of Pakistan which was disposed off by the Honourable Supreme Court based on the grounds that the matter was pending before the Honourable High Courts of Sindh and Lahore.

The Competition Ordinance of 2009 was repealed on March 25, 2010 and thereafter a new Ordinance, 2010 was promulgated which also stood repealed on August 15, 2010. The Parliament thereafter enacted the Competition Act, 2010 (ACT XIX of 2010). The Company filed amended application in view of the promulgation of the Competition Act 2010 which was accepted by the Honourable High Court of Sindh, with the consent of both the parties.



The petitions were last fixed for hearing on April 22, 2015, however, these were not taken up for hearing and adjourned to date in office. The Competition Commission of Pakistan has not imposed any fine / penalty against the alleged violation of any provisions of the Competition Act 2010.

- 12.1.3** During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal counsel, the Company is of the view that the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.

- 12.1.4** On May 22, 2015 the Government of Pakistan promulgated Gas Infrastructure Development (GID) Cess Act, 2015 and levied GID Cess on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GID Cess Act, 2015 was made applicable with immediate effect superseding the GID Cess Act, 2011 and GID Cess Ordinance, 2014.

The Company challenged the vires of GIDC Cess Act, 2015 before the Honourable High Court of Sindh. The matter came up for hearing on July 24, 2015 and the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015.

The Financial exposure of the Company upto June 30, 2016 Rs.17.40 (September 30, 2015 Rs.8.40) million. In view of the advice of legal counsel, the Company is confident of a favourable outcome and accordingly no provision has been made in these financial statements.

- 12.1.5** Appeals filed by the Tax authorities for the Tax years 1998, 2001 and 2002 against decisions of the Income Tax Appellate Tribunal (ITAT) in favour of the Company are pending before the Honourable High Court of Sindh. The tax exposure against these appeals in aggregate amounts to Rs.14.6 million. During the period, appeals were fixed for hearing on various dates and were adjourned to date in office. In view of the advice of legal counsel, the Company is confident of a favourable outcome and accordingly no provision has been made in these financial statements.

- 12.1.6** The Company has filed a petition before the Honourable High Court of Sindh challenging the increase in market committee fee from Rs.5/40kg to Rs.10/40kg on sugarcane purchased by the Company. The Honourable High Court of Sindh has granted status quo and no hearing took place during the period. As a matter of prudence, full provision has been made in these financial statements.

- 12.1.7** The tax authorities increased the rate of Special Excise Duty from 1% to 2.5% for the period from November 7, 2007 to June 30, 2011. The Company disputed the above increase as the levy was without jurisdiction, illegal and unconstitutional. The Company along with other petitioners filed a petition before the Honourable High Court of Sindh challenging the vires of Section 3A of the Federal Excise Act 2005 & SRO 655(1)/2007 with respect to the imposition and increase in rate of Special Excise Duty.



On February 22, 2013 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, the Government of Pakistan filed appeal which is pending before the Honourable Supreme Court of Pakistan for final adjudication.

12.1.8 The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 /litre for storage of rectified spirit in bonded warehouse at Terminal Kaemari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on March 20, 2015 and was not taken up for hearing. The financial exposure as at June 30, 2016 is Rs.27.7 (September 30, 2015: Rs. 18.6) million. In view of the advice of legal counsel, the company is confident of a favourable outcome of the case and accordingly no provision has been made in these financial statements.

12.1.9 Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED.

Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 17, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order was suspended by the Honourable Court vide its order dated April 23, 2014. The case was lastly fixed for hearing on December 04, 2014 and was adjourned to date in office. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision has been made in these financial statements.

	(Unaudited) June 30, 2016 (Rupees in thousands)	(Audited) September 30, 2015
12.2 Commitments		
12.2.1 Capital expenditure	<u>418,646</u>	<u>53,593</u>
12.2.2 Rentals payable over next four years under operating lease agreements with First Habib Modraba in respect of vehicles	<u>28,067</u>	<u>25,070</u>



13. Segment operating results for the three quarters ended June 30, 2016 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Three quarters ended June 30, 2016	June 30, 2015	Three quarters ended June 30, 2016	June 30, 2015	Three quarters ended June 30, 2016	June 30, 2015	Three quarters ended June 30, 2016	June 30, 2015	Three quarters ended June 30, 2016	June 30, 2015
Net sales and services											
Sales	Local	4,126,999	3,619,628	313,015	237,970	2,717	3,639	467,055	32,745	4,909,786	3,893,982
	Export	—	27,946	1,442,471	1,615,817	222,647	298,395	—	110,594	1,665,118	2,052,752
Services - Storage income - net		4,126,999	3,647,574	1,755,486	1,853,787	225,364	302,034	467,055	143,339	6,574,904	5,946,734
		—	—	917	1,342	—	—	—	—	917	1,342
Less: Cost of sales		4,126,999	3,647,574	1,756,403	1,855,129	225,364	302,034	467,055	143,339	6,575,821	5,948,076
		(3,736,455)	(3,351,155)	(1,397,116)	(1,520,984)	(199,822)	(267,085)	(423,342)	(128,214)	(5,756,735)	(5,267,438)
Gross Profit		390,544	296,419	359,287	334,145	25,542	34,949	43,713	15,125	819,086	680,638
Less: Selling and distribution expenses		(32,567)	(28,495)	(104,152)	(100,954)	(12,314)	(20,134)	—	(648)	(149,033)	(150,231)
Administrative expenses		(94,243)	(87,037)	(9,012)	(9,222)	(3,595)	(3,358)	(166)	(186)	(107,016)	(99,803)
Profit before other operating expenses and other income		(126,810)	(115,532)	(113,164)	(110,176)	(15,909)	(23,492)	(166)	(834)	(256,049)	(250,034)
Other operating expenses -note 14										(51,728)	(53,836)
Other income - note 15										241,750	343,253
Operating profit		263,734	180,887	246,123	223,969	9,633	11,457	43,547	14,291	753,059	720,021



13a. Segment operating results for the quarter ended June 30, 2016 (Unaudited)

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Quarter ended June 30, 2016	Quarter ended June 30, 2015
Net sales and services										
Sales										
Local	2,593,025	1,074,098	145,737	109,853	105	873	273,534	32,745	3,012,401	1,217,569
Export	–	27,946	572,328	781,324	61,799	82,030	–	–	634,127	891,300
Services - Storage income - net	2,593,025	1,102,044	718,065	891,177	61,904	82,903	273,534	32,745	3,646,528	2,108,869
	–	–	286	933	–	–	–	–	286	933
Less: Cost of sales	2,593,025	1,102,044	718,351	892,110	61,904	82,903	273,534	32,745	3,646,814	2,109,802
	(2,396,668)	(1,007,413)	(553,736)	(734,326)	(54,753)	(72,484)	(246,661)	(31,901)	(3,251,818)	(1,846,124)
Gross Profit	196,357	94,631	164,615	157,784	7,151	10,419	26,873	844	394,996	263,678
Less: Selling and distribution expenses	(8,630)	(4,357)	(53,731)	(51,310)	(4,000)	(5,255)	–	–	(66,361)	(60,922)
Administrative expenses	(34,085)	(31,749)	(3,227)	(2,808)	(1,294)	(1,090)	(55)	(73)	(38,661)	(35,720)
	(42,715)	(36,106)	(56,958)	(54,118)	(5,294)	(6,345)	(55)	(73)	(105,022)	(96,642)
Profit before other operating expenses and other income	153,642	58,525	107,657	103,666	1,857	4,074	26,818	771	289,974	167,036
Other operating expenses - note 14									(20,113)	(18,521)
Other income - note 15									19,959	199,886
Operating profit									289,820	348,401



	(Unaudited) Three quarters ended		(Unaudited) Quarter ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
(Rupees in thousands)				
14. Other operating expenses				
Workers' Profit Participation Fund	40,728	40,163	15,971	17,292
Workers' Welfare Fund	11,000	11,642	4,142	2,494
Exchange loss	-	2,031	-	(1,265)
	<u>51,728</u>	<u>53,836</u>	<u>20,113</u>	<u>18,521</u>
15. Other income				
Profit on sale / redemption of investments	111,615	252,322	-	191,666
Dividend income	115,477	85,466	15,233	6,289
Scrap sale	4,871	2,373	115	129
Gain on disposal of fixed assets	2,033	1,320	1,276	746
Agriculture income	6,320	1,772	2,818	1,056
Exchange gain	754	-	517	-
Sale of Electricity	680	-	-	-
	<u>241,750</u>	<u>343,253</u>	<u>19,959</u>	<u>199,886</u>
16. Finance income / (cost) - net				
Profit on treasury call accounts	16,942	16,172	8,642	2,622
Profit on term deposit receipts	53,050	96,012	24,215	12,404
Interest on loan to employees	48	55	11	12
	70,040	112,239	32,868	15,038
Less: Mark-up / interest on:				
Short-term borrowings	(46,170)	(71,855)	(18,148)	(34,838)
Workers' Profit Participation Fund	(1,132)	(1,150)	-	-
Bank charges	(12,972)	(7,800)	(5,246)	(2,543)
	<u>(60,274)</u>	<u>(80,805)</u>	<u>(23,394)</u>	<u>(37,381)</u>
	<u>9,766</u>	<u>31,434</u>	<u>9,474</u>	<u>(22,343)</u>

The aggregate financing facility available from commercial banks amounted to Rs.5,713 (September 2015: Rs.3,030) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 4.30% to 7.85% (September 2015: 4.30% to 11.68%) per annum.



(Unaudited) Three quarters ended		(Unaudited) Quarter ended	
June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015

(Rupees in thousands)

17. Taxation

Income tax - current	95,000	120,000	45,000	55,000
Deferred tax	20,000	-	-	-
	<u>115,000</u>	<u>120,000</u>	<u>45,000</u>	<u>55,000</u>

(Unaudited)
June 30, 2016 June 30, 2015
(Rupees in thousands)

18. Cash generated from operations

Profit before taxation	762,825	751,455
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Adjustment for non-cash charges and other items

Depreciation	111,441	85,042
Gain on disposal of fixed assets	(2,033)	(1,320)
Profit on sale / redemption of investments	(111,615)	(252,322)
Finance income - net	(9,766)	(31,434)
Dividend income	(115,477)	(85,466)
Working capital changes - note 18.1	(585,940)	(374,865)
	<u>49,435</u>	<u>91,090</u>

18.1 Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	(15,469)	(43,171)
Stock-in-trade	(1,024,958)	(1,573,447)
Trade debts	146,999	306,878
Loans and advances	(123,534)	221,274
Trade deposits and prepayments	2,248	1,573
Other receivables	1,247	379
	<u>(1,013,467)</u>	<u>(1,086,514)</u>

Increase / (decrease) in current liabilities

Trade and other payables	(89,809)	450,701
Advance from customers	517,336	260,948

Net changes in working capital

	<u>(585,940)</u>	<u>(374,865)</u>
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(Unaudited)
June 30, June 30,
2016 2015
(Rupees in thousands)

19. Cash and cash equivalents at the end of the period

These comprise of the following :

Cash and bank balances	2,481,386	2,093,504
Short-term borrowings	-	(185,300)
	<u>2,481,386</u>	<u>1,908,204</u>

20. Transactions with related parties

Related parties comprise of associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

(Unaudited)		(Unaudited)	
Three quarters ended		Quarter ended	
June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
(Rupees in thousands)			

Transactions during the period

Insurance premium paid	18,692	18,553	6,501	4,478
Insurance claim received	-	11,383	-	483
Profit on treasury call accounts / term deposits	62,172	110,553	29,190	14,566
Investment in shares / units of mutual fund	762,500	750,000	-	-
Dividend income	93,865	66,188	9,387	-
Dividend paid	59,582	60,710	-	-
Redemption of investments	753,648	779,846	-	779,846
Bank charges	70	222	16	85
Compensation of Key management personnel	37,551	31,311	12,642	10,618
Contribution to retirement funds	9,862	8,724	3,269	2,874

(Unaudited) (Unaudited)
June 30, June 30,
2016 2015
(Rupees in thousands)

Balances at the end of the period

Bank balances	2,038,717	2,045,400
Profit accrued on bank deposits	6,500	3,906

Transactions with related parties are carried out under normal commercial terms and conditions.



21. Date of Authorisation for issue

These condensed interim financial statements were authorised for issue on July 19, 2016 by the Board of Directors of the Company.

22. General

Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



موجودہ کرشنگ سیزن کے دوران گنے کی دستیابی میں کمی کی وجہ سے ملز کے درمیان گنے کی قیمت پر مسابقت کی فضا قائم رہی اور کاشت کار سپورٹ پرائس سے زیادہ کا تقاضہ کرتے رہے۔ لہذا کھیتی نے دباؤ میں رہتے ہوئے زیادہ قیمتوں پر گنے کی خریداری کی جسکے نتیجے میں کرشنگ کا حجم کم رہا اور شکر کی پیداواری لاگت میں اضافہ ہوا۔

کلیڈٹ کی اکنامک کوآرڈینیشن کمیٹی (ECC) نے 500,000 ٹن چینی کی 31 مارچ 2016ء تک ایکسپورٹ کرنے کی اجازت دی تھی اور چینی کی برآمد پر نقد سبسائیڈی 13 روپے فی کلوگرام کی منظوری دی گئی۔

شکر ڈویژن نے موجودہ تیسری سہ ماہی کی مدت میں 263.73 ملین روپے منافع حاصل کیا جبکہ گزشتہ سال اسی مدت کے دوران مبلغ 180.89 ملین روپے منافع کمایا تھا۔ شکر ڈویژن کے منافع میں اضافہ کی وجہ گزشتہ سال کے مقابلے میں اس مدت کے دوران فروخت کے حجم میں اضافہ ہے۔

ڈسٹری ڈویژن:

30 جون 2016 کو تیسری سہ ماہی کی مدت کے دوران اسٹھانول کی پیداوار 24,005 میٹرک ٹن تھی، جبکہ گزشتہ سال اسی مدت کے دوران 22,390 میٹرک ٹن رہی تھی۔ اس تیسری سہ ماہی مدت کے دوران ڈویژن نے 246.12 ملین روپے منافع کے مقابلے میں گزشتہ سال اسی مدت میں منافع مبلغ 223.97 ملین روپے حاصل کیا۔

لیکویڈ فائڈ کاربن ڈائی آکسائیڈ (CO2) پونٹ کا آپریشن بھی اطمینان بخش رہا اور لیکویڈ فائڈ کاربن ڈائی آکسائیڈ (CO2) کی پیداوار 7,255 میٹرک ٹن تھی جبکہ گزشتہ سال اسی مدت کے دوران 6,089 میٹرک ٹن رہی تھی۔

ٹیکسٹائل ڈویژن:


اس ڈویژن نے موجودہ تیسری سہ ماہی کی مدت میں 9.63 ملین روپے منافع حاصل کیا جبکہ گزشتہ سال اسی مدت کے دوران مبلغ 11.46 ملین روپے منافع کمایا تھا۔ منافع میں کمی کی وجہ گزشتہ سال کے مقابلے میں اس مدت کے دوران فروخت کے حجم میں کمی ہے۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران چینی کی تجارت سے اس ڈویژن نے مبلغ 43.55 ملین روپے منافع حاصل کیا۔

عام امور:

ڈائریکٹرز اس امر پر اپنی خوشی کا اظہار کرتے ہوئے کمپنی کے افسران، اسٹاف اور ورکرز کی بہترین کارکردگی پر خراج تحسین پیش کرتے ہیں۔
از طرف بورڈ آف ڈائریکٹرز


اصغر ڈی۔ حبیب
چیئرمین

کراچی مورخہ 19 جولائی 2016ء



ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے میں 30 جون 2016ء کو ختم ہونے والے تیسری سہ ماہی مدت کیلئے کمپنی کی غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہا ہوں۔

مالیاتی نتائج:

اللہ کے فضل و کرم سے زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 762.83 بلین روپے رہی۔ تیسری سہ ماہی کے مالیاتی نتائج درج ذیل ہیں:-

(روپے ہزاروں میں)

762,825

منافع قبل از ٹیکس

115,000

ٹیکس

647,825

منافع بعد از ٹیکس

2,933

غیر منقسمہ منافع B/F

650,758

غیر منقسمہ C/F

4.32

آمدنی فی شیئر۔ بیسک اور ڈائی لیوٹیڈ۔ روپے

کارکردگی کا جائزہ:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2015-2016 24 نومبر 2015 کو شروع ہوا اور 13 مارچ 2016 تک 111 دن پلانٹ کو چلایا گیا۔ اس کے مقابلہ میں گزشتہ سیزن 117 دن چلا تھا۔ موجودہ سیزن کے دوران گنے کی کرشنگ 821,801 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.74 فیصد رہا اور شکر کی پیداوار 88,271 میٹرک ٹن ہوئی۔ مقابلہ گزشتہ سیزن گنے کی کرشنگ 854,231 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 10.40 فیصد تھی اور شکر کی پیداوار 88,807 میٹرک ٹن تھی۔ گنے کی کرشنگ کا حجم اور شکر کی پیداوار گزشتہ سیزن کے مقابلے میں گنے کی عدم دستیابی کی وجہ سے کم رہی۔

حکومت سندھ نے 4 جنوری 2016 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2015-2016 کے نوٹیفکیشن کا اجرا کیا جس میں گنے کی قیمت 172 روپے فی 40 کلوگرام مقرر کی گئی اس کے مقابلے میں گزشتہ سیزن 2014-2015 میں 182 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کو الٹی پریسینم شکر کی اوسط ریکوری کے شیڈ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرے گی۔ حالانکہ نوٹیفکیشن کے مطابق یہ معاملہ معزز سپریم کورٹ آف پاکستان میں زیر سماعت ہے اور وفاقی حکومت کی اسٹیٹنگ کمیٹی کے فیصلہ کے مطابق کو الٹی پریسینم کا معاملہ سپریم کورٹ کے فیصلے تک معطل رہے گا یا وفاقی حکومت کوئی متفقہائحہ عمل طے نہ کرے۔