



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter and Nine months
ended June 30, 2019
(Unaudited)**



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Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Shams Mohammad Haji Farouq Habib Rahimtoola Raeesul Hasan	<i>Chairman</i> <i>(Expired on June 10, 2019)</i>
Audit Committee	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	<i>Chief Executive</i> Chairman Member Member
Human Resource & Remuneration Committee	Shams Mohammad Haji Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member Member
Company Secretary	Khursheed Anwer Jamal	
Registered Office	3rd 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	Sugar & Distillery Division Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314 Textile Division D-140/B-1 Mangopir Road, S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118	
Bulk Storage	Terminal 60/1-B Oil Installation Area Kaemari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005	
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 United Bank Limited	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 Phones : (+92-21) 111-000-322 Fax : (+92-21) 34168271 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 our privilege to present to you the unaudited consolidated and unconsolidated condensed interim financial statements of the Company for the three quarters ended June 30, 2019.

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.1,000.67 million. The financial results for the three quarters are as follows :

	(Rupees in thousands)
Profit before taxation	1,000,665
Taxation	105,000
Profit after taxation	895,665
Unappropriated profit brought forward	5,781
Unappropriated profit carried forward	901,446
Earnings per share – Basic and diluted	Rs. 5.97

Performance Review

Sugar Division

The crushing season 2018-19 commenced on December 10, 2018 and the plant operated upto March 17, 2019 for 98 days as against 140 days in the preceeding season. Sugarcane crushed during the current season was 771,864 M. Tons with average sucrose recovery of 10.87 % and sugar production of 83,910 M.Tons as compared with crushing of 1,028,901 M. Tons with average sucrose recovery of 10.30 % and sugar production of 106,005 M. Tons during the preceding season.

The Government of Sindh on December 7, 2018 issued notification fixing the minimum support price of sugarcane for the crushing season 2018-19 at Rs.182 per 40 kgs. In addition, as per notification issued by government of Sindh, mills are also 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%.

In December 2018, after reviewing the sugar stock position in the country the Economic Co-ordination Committee (ECC) of the cabinet allowed export of 1.100 million tons of sugar without any financial support and inland freight subsidy. Due to continued depressed sugar prices in the international market export of sugar was not considered viable by the company.

The sugar division earned profit of Rs. 83.45 million as against profit of Rs.51.06 million during the corresponding period of the previous year. The increase in profit was due to better sugar prices in the domestic market in the later part of the nine months.



Distillery Division

During the period under review, the division operated for 225 days and produced 22,116 M. Tons of ethanol as against 243 days of operations and production of 24,823 M. Tons as compared with the corresponding period of the previous year. The division earned operating profit of Rs.673.77 million as compared with Rs.617.04 million during the corresponding period of previous year. The increase in profit is due to better foreign currency rates on account of devaluation of Pak rupee during the period as compared to the corresponding period of the previous year.

During the period under review, the liquidified carbon dioxide (CO₂) unit produced 5,870 M. Tons as compared with 6,699 M. Tons during the corresponding period of the previous year.

Textile Division

The division earned operating profit of Rs.26.98 million during the period under review, as against operating profit of Rs. 21.48 million during the corresponding period of the previous year. The increase in division's profit is on account of better exchange parity.

Trading Division

During the period under review the performance of the division remained satisfactory, the division earned operating profit of Rs. 4.05 million on account of trading of sugar.

Bagasse Based Co-Generation Project

The Bagasse Based project of the Company is on hold due to non-clarity on the part of the Government for bagasse based energy projects and pending litigation before the Islamabad High Court filed by the CPPA regarding tariff. The outcome of the above case is crucial for the future of these projects. The management is reviewing the situation and future course of action will be decided upon the favourable outcome of the pending case.

General

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

On behalf of the Board of Directors


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director

Karachi: July 16, 2019




Unconsolidated Condensed Interim Statement of Financial Position as at June 30, 2019 (Unaudited)

	Note	Unaudited June 30, 2019	Audited September 30, 2018
(Rupees in thousands)			
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,482,939	2,645,188
Long-term investments	5	2,785,285	2,948,619
Long-term loans		6,049	4,799
Long-term deposits		3,928	3,928
		<u>5,278,201</u>	<u>5,602,534</u>
Current Assets			
Stores and spare parts		171,284	162,734
Stock-in-trade	6	3,755,606	2,764,095
Trade debts		683,097	511,542
Loans and advances	7	529,736	390,470
Trade deposits and short-term prepayments		6,933	9,517
Profit accrued on bank deposits		13,366	2,741
Other receivables	8	24,858	128,283
Taxation - net		95,929	121,320
Cash and bank balances	9	2,213,134	766,875
		<u>7,493,943</u>	<u>4,857,577</u>
Total Assets		<u>12,772,144</u>	<u>10,460,111</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September, 2018: 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, 2018: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>7,614,044</u>	<u>7,353,970</u>
		<u>8,364,044</u>	<u>8,103,970</u>
Non-Current Liabilities			
Deferred taxation	10	86,000	86,000
Current Liabilities			
Trade and other payables	11	1,697,451	1,500,164
Advance from customers		1,220,614	702,369
Short-term borrowings	12	1,310,000	—
Unclaimed dividends		81,830	67,608
Accrued mark-up on short-term borrowings		12,205	—
		<u>4,322,100</u>	<u>2,270,141</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>12,772,144</u>	<u>10,460,111</u>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



**Unconsolidated Condensed Interim Statement of Profit or Loss
for the quarter and cumulative for three quarters ended June 30, 2019 (Unaudited)**

	Note	Three Quarter ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees in thousands)			
Segment operating results	14				
Net sales and services		6,485,170	6,086,845	3,366,741	2,650,870
Cost of sales		(5,331,741)	(5,118,739)	(2,853,400)	(2,172,098)
Gross profit		1,153,429	968,106	513,341	478,772
Selling and distribution expenses		(232,492)	(210,393)	(108,615)	(94,188)
Administrative expenses		(132,687)	(126,517)	(42,231)	(42,553)
Other operating expenses	15	(58,982)	(47,296)	(25,063)	(23,051)
Impairment on long-term investment - available for sale		(76,698)	-	(46,119)	-
Other income	16	293,720	167,560	135,915	39,571
		(207,139)	(216,646)	(86,113)	(120,221)
Operating profit		946,290	751,460	427,228	358,551
Finance income - net	17	54,375	37,166	8,984	1,123
Profit before taxation		1,000,665	788,626	436,212	359,674
Taxation	18	(105,000)	(41,500)	(55,000)	(30,500)
Profit after taxation		895,665	747,126	381,212	329,174
Earnings per share - Basic and diluted	Rs.	5.97	4.98	2.54	2.19

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Amir Bashir Ahmed
 Chief Financial Officer

Raeesul Hasan
 Chief Executive

Murtaza H. Habib
 Director




**Unconsolidated Condensed Interim Statement of Comprehensive Income
for the quarter and cumulative for three quarters ended June 30, 2019 (Unaudited)**

	Three quarter ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousands)			
Profit after taxation	895,665	747,126	381,212	329,174
Other comprehensive income :				
Items that may be reclassified subsequently to the statement of profit or loss :				
Net gain on investments - available for sale				
Unrealised gain on revaluation of investments for the period	(223,091)	456,434	(264,587)	(54,850)
Reclassification adjustments included in the statement of profit or loss for:				
(Gain) / loss on sale / redemption of investments - net of tax	-	(870)	-	62
	(223,091)	455,564	(264,587)	(54,788)
Total Comprehensive income for the period	672,574	1,202,690	116,625	274,386

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director




Unconsolidated Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2019 (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, 2017	750,000	34,000	3,878,500	559,895	1,760,940	6,983,335
Cash dividend for 2017 @ 35%	-	-	-	(262,500)	-	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-
Total comprehensive income for the period ended June 30, 2018	-	-	-	747,126	455,564	1,202,690
Balance as on June 30, 2018	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>749,521</u>	<u>2,216,504</u>	<u>7,923,525</u>
Balance as on October 1, 2018	750,000	34,000	4,173,500	903,281	2,243,189	8,103,970
Cash dividend for 2018 @ 55%	-	-	-	(412,500)	-	(412,500)
Transfer to general reserve	-	-	485,000	(485,000)	-	-
Total comprehensive income for the period ended June, 2019	-	-	-	895,665	(223,091)	672,574
Balance as on June 30, 2019	<u>750,000</u>	<u>34,000</u>	<u>4,658,500</u>	<u>901,446</u>	<u>2,020,098</u>	<u>8,364,044</u>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Unconsolidated Condensed Interim Statement of Cash Flows for the three quarters ended June 30, 2019 (Unaudited)

	Note	June 30, 2019 (Rupees in thousands)	June 30, 2018
Cash flows from operating activities			
Cash generated / (used) in operations	19	624,646	(536,261)
Finance income received - net		55,955	41,475
Income tax paid		(79,609)	(69,777)
Long-term loans		(1,250)	1,684
Long-term deposits		—	100
Net cash generated / (used) in operating activities		599,742	(562,779)
Cash flows from investing activities			
Fixed capital expenditure		(29,086)	(115,795)
Sale proceeds / redemption of investments		—	85,536
Dividend received		90,981	107,399
Purchase of investments		(136,455)	(193,172)
Sale proceeds of fixed assets		9,355	16,662
Net cash used in investing activities		(65,205)	(99,370)
Cash flows from financing activities			
Dividend paid		(398,278)	(252,002)
Net cash used in financing activities		(398,278)	(252,002)
Net Increase / (decrease) in cash and cash equivalents		136,259	(914,151)
Cash and cash equivalents at the beginning of the period		766,875	924,206
Cash and cash equivalents at the end of the period	20	903,134	10,055

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Notes to the Unconsolidated Condensed Interim Financial Statements for the three quarters ended June 30, 2019 (Unaudited)

1. The Company and its operations

Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. 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. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

These are separate unconsolidated financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest.

2. Statement of compliance

These unconsolidated condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) 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 Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.

These unconsolidated 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, 2018.

3. Significant accounting policies and disclosures

The accounting policies and methods of computations followed for the preparation of these unconsolidated 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, 2018 except for adoption of IFRS 15.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.

The Company is engaged in sale of goods and providing bulk storage facilities. The Company has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Company's transfer of goods takes place upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms. Performance obligation in contracts with customers for bulk storage facilities is discharge over the period of relationship with relevant customers.

Based on the above, the Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.



	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	2,482,939	2,605,198
Capital work-in-progress	—	39,990
	<u>2,482,939</u>	<u>2,645,188</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2019 were as follows:		
	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	19,790	2,769
Distillery	1,400	790
Furniture, fittings and office equipment	7,187	33
Vehicles	709	681
	<u>29,086</u>	<u>4,273</u>
	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
Note		
5. Long-term investments		
Investments in subsidiary company– at cost	50,000	50,000
Available for sale		
Investments in related parties – Quoted - at fair value	1,953,001	2,012,212
– Un-Quoted - at cost	160,800	120,500
Investments in other companies – Quoted - at fair value	621,484	765,907
5.2	<u>2,785,285</u>	<u>2,948,619</u>
5.1 Investments in subsidiary company, associated companies or undertakings have been made in accordance with the requirements of the Act.		
5.2 The aggregate cost of these investments, net of impairment is Rs.765.188 (September 30, 2018: Rs.705.43) million.		
	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
6. Stock-in-trade		
Raw materials	546,217	443,865
Work-in-process	39,403	45,989
Finished goods	3,115,696	2,249,788
Bagasse	50,341	20,332
Fertilizers	3,949	4,121
	<u>3,755,606</u>	<u>2,764,095</u>



	Note	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
7. Loans and advances			
Loans - secured			
Current maturity of long-term loans			
Executives		182	767
Other Employees		5,855	4,940
		6,037	5,707
Advances - unsecured			
Suppliers		523,699	384,763
		529,736	390,470
8. Other receivables - Considered good			
Duty drawback and research & development support claim		16,280	31,582
Cash freight support receivable		-	89,280
Dividend receivable		560	3,673
Others	8.1	8,018	3,748
		24,858	128,283
8.1	Includes Rs.7.80 (September 30, 2018: Rs.3.46) million from HSM Energy Limited - wholly owned subsidiary. Maximum aggregate amount due from the subsidiary company at the end of any month during the period was Rs.7.80 (2018: 50.70) million.		
9. Cash and bank balances			
Cash in hand		2,025	275
Balances with banks in:			
Current accounts		26,446	99,752
Treasury call accounts	9.1	194,663	126,848
Term Deposit Receipts	9.2	1,990,000	540,000
	9.3	2,211,109	766,600
		2,213,134	766,875
9.1	Profit rates on Treasury call accounts ranged between 6.50% to 10.75% (September 30, 2018: 3.75% to 6.40%) per annum.		
9.2	Profit rates on Term Deposit Receipts 6.80% to 11.25% (September 30, 2018: 5.80% to 6.80%) per annum. Maturity of these Term Deposit Receipts are one month.		
9.3	Includes Rs.2,162.04 (September 30, 2018: Rs.695.16) million kept with Bank AL Habib Limited - a related party.		
10. Deferred taxation			
Deferred Tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences:		210,000	210,000
Deferred tax asset on deductible temporary differences:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax depreciation allowance		(117,000)	(117,000)
		(124,000)	(124,000)
		86,000	86,000



	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
11. Trade and other payables		
Creditors	1,396,302	1,191,593
Accrued liabilities	200,979	219,560
Employees Gratuity Fund	—	390
Sales-tax / Federal excise duty	31,459	22,793
Workers' Profit Participation Fund (WPPF)	52,982	50,783
Workers' Welfare Fund	15,624	14,945
Income-tax deducted at source	105	100
	<u>1,697,451</u>	<u>1,500,164</u>

12. Short-term borrowings - secured	<u>1,310,000</u>	<u>—</u>
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The aggregate financing facility available from commercial banks amounted to Rs.8,212 (September 30, 2018: Rs. 8,212) 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 ranged between 2.20% to 11.12% (September 30, 2018: 2.20%) per annum.

13. Contingencies and commitments

13.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2018.

13.2 Commitments

The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.350 (September 30, 2018: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,708.65 (September 30, 2018: Rs.2,021.34) 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 stores and spares, stock-in-trade, assignment of trade debts and other receivables.

13.3 Commitments for capital expenditure amount to Rs.Nil (September 30, 2018: Rs.1.79) million.

	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
13.4 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	<u>45,467</u>	<u>42,573</u>



14. Segment operating results for the three quarters ended June 30, 2019 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net sales and services											
Sales	Local	3,520,600	2,228,741	310,245	316,968	4,015	4,706	35,663	271,510	3,870,523	2,821,925
	Export	—	1,074,222	2,179,658	1,786,640	433,131	403,742	—	—	2,612,789	3,264,604
		3,520,600	3,302,963	2,489,903	2,103,608	437,146	408,448	35,663	271,510	6,483,312	6,086,529
Services - Storage income - net		—	—	1,858	316	—	—	—	—	1,858	316
		3,520,600	3,302,963	2,491,761	2,103,924	437,146	408,448	35,663	271,510	6,485,170	6,086,845
Less: Cost of sales		(3,210,086)	(3,039,277)	(1,707,415)	(1,387,124)	(382,816)	(362,826)	(31,424)	(329,512)	(5,331,741)	(5,118,739)
Gross Profit / (Loss)		310,514	263,686	784,346	716,800	54,330	45,622	4,239	(58,002)	1,153,429	968,106
Less: Selling and distribution expenses		(106,999)	(98,016)	(102,178)	(91,706)	(23,315)	(20,460)	—	(211)	(232,492)	(210,393)
Administrative expenses		(120,064)	(114,615)	(8,397)	(8,050)	(4,037)	(3,679)	(189)	(173)	(132,687)	(126,517)
		(227,063)	(212,631)	(110,575)	(99,756)	(27,352)	(24,139)	(189)	(384)	(365,179)	(336,910)
Profit / (Loss) before other operating expenses and other income		83,451	51,055	673,771	617,044	26,978	21,483	4,050	(58,386)	788,250	631,196
Other operating expenses - note 15										(58,982)	(47,296)
Impairment on long-term investments - available for sale										(76,698)	—
Other income - note 16										293,720	167,560
Operating Profit										946,290	751,460



14a. Segment operating results for the quarter ended June 30, 2019 (Unaudited)

(Rupees in thousands)											
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net sales and services											
Sales	Local	2,219,512	869,260	123,906	114,278	103	1,427	25,111	1,436	2,368,632	986,401
	Export	–	871,344	861,623	672,334	135,851	120,533	–	–	997,474	1,664,211
		2,219,512	1,740,604	985,529	786,612	135,954	121,960	25,111	1,436	3,366,106	2,650,612
Services - Storage income - net		–	–	635	258	–	–	–	–	635	258
		2,219,512	1,740,604	986,164	786,870	135,954	121,960	25,111	1,436	3,366,741	2,650,870
Less: Cost of sales		(2,052,019)	(1,589,395)	(664,875)	(472,820)	(115,925)	(107,876)	(20,581)	(2,007)	(2,853,400)	(2,172,098)
Gross Profit / (Loss)		167,493	151,209	321,289	314,050	20,029	14,084	4,530	(571)	513,341	478,772
Less: Selling and distribution expenses		(61,037)	(57,572)	(40,006)	(29,731)	(7,572)	(6,857)	–	(28)	(108,615)	(94,188)
Administrative expenses		(40,151)	(40,093)	(673)	(1,195)	(1,341)	(1,212)	(66)	(53)	(42,231)	(42,553)
		(101,188)	(97,665)	(40,679)	(30,926)	(8,913)	(8,069)	(66)	(81)	(150,846)	(136,741)
Profit / (Loss) before other operating expenses and other income		66,305	53,544	280,610	283,124	11,116	6,015	4,464	(652)	362,495	342,031
Other operating expenses -note 15										(25,063)	(23,051)
Impairment on long-term investments - available for sale										(46,119)	–
Other income - note 16										135,915	39,571
Operating Profit										427,228	358,551



	Three quarters ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
15. Other operating expenses				
Workers' Profit Participation Fund	52,982	41,796	23,063	19,136
Workers' Welfare Fund	6,000	5,500	2,000	3,915
	<u>58,982</u>	<u>47,296</u>	<u>25,063</u>	<u>23,051</u>
16. Other income				
Profit on sale / redemption of investments	–	870	–	(62)
Cash Freight Subsidy	100,741	–	89,613	–
Dividend income	87,868	104,271	7,037	9,071
Scrap sales	11,103	5,107	1,589	483
Gain on disposal of fixed assets	5,082	4,605	1,433	2,418
Agriculture income	1,254	634	783	250
Exchange gain - net	64,881	26,122	35,460	26,213
Sale of Electricity	22,791	25,951	–	1,198
	<u>293,720</u>	<u>167,560</u>	<u>135,915</u>	<u>39,571</u>
17. Finance income / (cost) - net				
Profit on treasury call accounts	11,811	5,130	6,417	1,497
Profit on term deposit receipts	99,083	65,498	18,266	12,161
Interest on loan to employees	167	210	56	63
	111,061	70,838	24,739	13,721
Less:				
Mark-up / interest on:				
Short-term borrowings	(40,803)	(19,429)	(13,193)	(6,733)
Workers' Profit Participation Fund	(884)	(443)	–	–
Bank charges	(14,999)	(13,800)	(2,562)	(5,865)
	(56,686)	(33,672)	(15,755)	(12,598)
	<u>54,375</u>	<u>37,166</u>	<u>8,984</u>	<u>1,123</u>
18. Taxation				
Income tax - current	105,000	43,000	53,000	38,500
Deferred tax	–	(1,500)	2,000	(8,000)
	<u>105,000</u>	<u>41,500</u>	<u>55,000</u>	<u>30,500</u>



	(Unaudited)	
	June 30, 2019	June 30, 2018
	(Rupees in thousands)	
19. Cash generated from operations		
Profit before taxation	1,000,665	788,626
Adjustment for non-cash charges and other items		
Depreciation	187,062	191,078
Gain on disposal of fixed assets	(5,082)	(4,605)
Profit on sale / redemption of investments	–	(870)
Finance income - net	(54,375)	(37,166)
Impairment on long-term investment - available for sale	76,698	–
Dividend income	(87,868)	(104,271)
Working capital changes - note 19.1	(492,454)	(1,369,053)
	<u>624,646</u>	<u>(536,261)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(8,550)	(38,602)
Stock-in-trade	(991,511)	(2,024,007)
Trade debts	(171,555)	(298,083)
Loans and advances	(139,266)	564,225
Trade deposits and short-term prepayments	2,584	2,156
Other receivables	100,312	(233,857)
	<u>(1,207,986)</u>	<u>(2,028,168)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	197,287	269,147
Advance from customers	518,245	389,968
Net changes in working capital	<u>(492,454)</u>	<u>(1,369,053)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	2,213,134	1,237,555
Short-term borrowings	(1,310,000)	(1,227,500)
	<u>903,134</u>	<u>10,055</u>



21. Transactions with related parties

Related parties comprise of subsidiary, 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 unconsolidated condensed interim financial statements, are as follows:

	Three quarters ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
Transactions during the period				
Insurance premium paid	21,529	25,064	11,500	12,025
Insurance claim received	1,355	200	–	200
Profit on treasury call accounts / term deposits	109,855	70,396	24,461	13,545
Investment in shares / units of mutual fund	52,800	161,900	14,400	26,400
Dividend income	64,365	76,433	4,023	4,023
Dividend paid	40,964	41,588	–	–
Redemption of investments	–	50,209	–	–
Payment on behalf of the subsidiary	4,306	–	1,366	–
Bank charges	294	726	21	502
Compensation of Key management personnel	41,850	40,500	13,950	14,100
Contribution to retirement funds	11,131	11,068	3,698	3,628
			(Unaudited)	(Audited)
			June 30, 2019	Sept. 30, 2018
			(Rupees in thousands)	

Balances at the end of the period

Bank balances	2,162,039	695,158
Profit accrued on bank deposits	13,229	2,713

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

22. Date of authorisation for issue

These unconsolidated condensed interim financial statements were authorised for issue on July 16, 2019 by the Board of Directors of the Company.

23. General

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

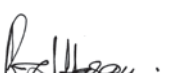


Consolidated Condensed Interim Statement of Financial Position as at June 30, 2019 (Unaudited)

	Note	Unaudited June 30, 2019 (Rupees in thousands)	Audited Sept. 30, 2018
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	2,529,370	2,691,676
Long-term investments	5	2,735,285	2,898,619
Long-term loans		6,049	4,799
Long-term deposits		3,928	3,928
		<u>5,274,632</u>	<u>5,599,022</u>
Current Assets			
Stores and spare parts		171,284	162,734
Stock-in-trade	6	3,755,606	2,764,095
Trade debts		683,097	511,542
Loans and advances	7	529,736	390,470
Trade deposits and short-term prepayments		6,933	9,517
Profit accrued on bank deposits		13,366	2,741
Other receivables	8	17,057	124,823
Taxation - net		95,855	121,243
Cash and bank balances	9	2,214,004	767,781
		<u>7,486,938</u>	<u>4,854,946</u>
Total Assets		<u>12,761,570</u>	<u>10,453,968</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September 2018: 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 2018: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>7,603,424</u>	<u>7,347,677</u>
		<u>8,353,424</u>	<u>8,097,677</u>
Non-Current Liabilities			
Deferred taxation	10	86,000	86,000
Current Liabilities			
Trade and other payables	11	1,697,497	1,500,314
Advance from customers		1,220,614	702,369
Short-term borrowings	12	1,310,000	—
Unclaimed dividends		81,830	67,608
Accrued mark-up on short-term borrowings		12,205	—
		<u>4,322,146</u>	<u>2,270,291</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>12,761,570</u>	<u>10,453,968</u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



**Consolidated Condensed Interim Statement of Profit or Loss
for the quarter and cumulative for three quarters ended June 30, 2019 (Unaudited)**

	Note	Three Quarter ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees in thousands)			
Segment operating results	14				
Net sales and services		6,485,170	6,086,845	3,366,741	2,650,870
Cost of sales		(5,331,741)	(5,118,739)	(2,853,400)	(2,172,098)
Gross profit		1,153,429	968,106	513,341	478,772
Selling and distribution expenses		(232,492)	(210,393)	(108,615)	(94,188)
Administrative expenses		(137,008)	(130,095)	(43,635)	(43,792)
Other operating expenses	15	(58,982)	(47,296)	(25,063)	(23,051)
Impairment on long-term investment - available for sale		(76,698)	-	(46,119)	-
Other income	16	293,719	167,560	135,914	39,571
		(211,461)	(220,224)	(87,518)	(121,460)
Operating profit		941,968	747,882	425,823	357,312
Finance income - net	17	54,370	37,121	8,984	1,122
Profit before taxation		996,338	785,003	434,807	358,434
Taxation	18	(105,000)	(41,500)	(55,000)	(30,500)
Profit after taxation		891,338	743,503	379,807	327,934
Earnings per share - Basic and diluted	Rs.	5.94	4.96	2.53	2.19

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Amir Bashir Ahmed
 Chief Financial Officer

Raeesul Hasan
 Chief Executive

Murtaza H. Habib
 Director




**Consolidated Condensed Interim Statement of Comprehensive Income
for the quarter and cumulative for three quarters ended June 30, 2019 (Unaudited)**

	Three quarter ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousands)			
Profit after taxation	891,338	743,503	391,738	327,934
Other comprehensive income :				
Items that may be reclassified subsequently to profit or loss :				
Net gain on investments - available for sale				
Unrealised gain on revaluation of investments for the period	(223,091)	456,434	(310,706)	(54,850)
Reclassification adjustments included in the statement of profit or loss for: (Gain) / loss on sale / redemption of investments - net of tax	-	(870)	-	62
	(223,091)	455,564	(310,706)	(54,788)
Total Comprehensive income for the period	668,247	1,199,067	81,032	273,146

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director

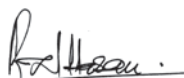


Consolidated Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2019 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves Unappropriated Profit	Unrealised gain / (loss) on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2017	750,000	34,000	3,878,500	559,797	1,760,940	6,233,237	6,983,237
Cash dividend for 2017 @ 35%	-	-	-	(262,500)	-	(262,500)	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-	-
Total comprehensive income for the period ended June 30, 2018	-	-	-	743,503	455,564	1,199,067	1,199,067
Balance as on June 30, 2018	<u>750,000</u>	<u>34,000</u>	<u>4,173,500</u>	<u>745,800</u>	<u>2,216,504</u>	<u>7,169,804</u>	<u>7,919,804</u>
Balance as on October 1, 2018	750,000	34,000	4,173,500	896,988	2,243,189	7,347,677	8,097,677
Cash dividend for 2018 @ 35%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	485,000	(485,000)	-	-	-
Total comprehensive income for the period ended June 30, 2019	-	-	-	891,338	(223,091)	668,247	668,247
Balance as on June 30, 2019	<u>750,000</u>	<u>34,000</u>	<u>4,658,500</u>	<u>890,826</u>	<u>2,020,098</u>	<u>7,603,424</u>	<u>8,353,424</u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director




Consolidated Condensed Interim Statement of Cash Flows for the three quarter ended June 30, 2019 (Unaudited)

	Note	June 30, 2019	June 30, 2018
(Rupees in thousands)			
Cash flows from operating activities			
Cash generated / (used) in operations	19	624,630	(553,504)
Finance income received - net		55,950	41,430
Income tax paid		(79,612)	(69,777)
Long-term loans		(1,250)	1,684
Long-term deposits		—	100
Net cash generated / (used) in operating activities		599,718	(580,067)
Cash flows from investing activities			
Fixed capital expenditure		(29,098)	(148,026)
Sale proceeds / redemption of investments		—	85,536
Dividend received		90,981	107,339
Purchase of investments		(136,455)	(143,272)
Sale proceeds of fixed assets		9,355	16,662
Net cash used in investing activities		(65,217)	(81,701)
Cash flows from financing activities			
Dividend paid		(398,278)	(252,002)
Net cash used in financing activities		(398,278)	(252,002)
Net decrease in cash and cash equivalents		136,223	(913,770)
Cash and cash equivalents at the beginning of the period		767,781	924,306
Cash and cash equivalents at the end of the period	20	904,004	10,536

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Consolidated Condensed Interim Financial Statements for the three quarters ended June 30, 2019 (Unaudited)

1. Group and its Operations

The Group consists of Habib Sugar Mills Limited (the Holding company) and HSM Energy Limited - a wholly owned Subsidiary Company (the Subsidiary Company). Brief profiles of Holding company and its subsidiary company are as follows :

1.1. Holding Company

The Holding Company is a public limited company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Holding 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. The registered office of the Holding Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

1.2. Subsidiary Company

HSM Energy Limited (the Company), a wholly owned subsidiary of Habib Sugar Mills Limited (the Parent Company) was incorporated in Pakistan as a public unlisted company on May 16, 2017. The Registered office of the Company is situated at 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Company is in start-up phase and in the process of setting up a 26.5 MW high pressure bagasse based Cogeneration power project. The Company has been granted Generation license and upfront Tariff for the period of 30 years by the National Electric Power Regulatory Authority (NEPRA).

2. Statement of compliance

These consolidated condensed interim financial statements are unaudited 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 Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.

These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated financial statements and should be read in conjunction with the Holding Company's consolidated annual financial statements for the year ended September 30, 2018.

3. Significant accounting policies and disclosures

The accounting policies and methods of computations followed for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Group for the year ended September 30, 2018 except for adoption of IFRS 15.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.



The Holding Company is engaged in sale of goods and providing bulk storage facilities. The Holding Company has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Holding Company's transfer of goods takes place upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms. Performance obligation in contracts with customers for bulk storage facilities is discharge over the period of relationship with relevant customers.

Based on the above, the Holding Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.

		(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
4. Fixed assets			
4.1 Property, plant and equipment			
Operating fixed assets		2,483,237	2,605,565
Capital work-in-progress		46,133	86,111
		<u>2,529,370</u>	<u>2,691,676</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2019 were as follows:			
	Additions (Rupees in thousands)		Deletions
Plant and machinery			
Sugar	19,802		2,769
Distillery	1,400		790
Furniture, fittings and office equipment	7,187		33
Vehicles	709		681
	<u>29,098</u>		<u>4,273</u>
	(Unaudited) June 30, 2019 (Rupees in thousands)		(Audited) Sept. 30, 2018
5. Long-term investments - available for sale			
Investments in related parties	– Quoted - at fair value	1,953,001	2,012,212
	– Un-Quoted - at cost	160,800	120,500
Investments in other companies	– Quoted - at fair value	621,484	765,907
		<u>2,735,285</u>	<u>2,898,619</u>
5.1	Investments in associated companies or undertakings included in related parties have been made in accordance with the requirements under the Act.		
5.2	The aggregate cost of these investments, net of impairment is Rs.715.188 (September 30, 2018: Rs.705.43) million.		



	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
6. Stock-in-trade		
Raw materials	546,217	443,865
Work-in-process	39,403	45,989
Finished goods	3,115,696	2,249,788
Bagasse	50,341	20,332
Fertilizers	3,949	4,121
	<u>3,755,606</u>	<u>2,764,095</u>
7. Loans and advances		
Loans - secured		
Current maturity of long-term loans		
Executives	182	767
Other Employees	5,855	4,940
	6,037	5,707
Advances - unsecured		
Suppliers	523,699	384,763
	<u>529,736</u>	<u>390,470</u>
8. Other receivables - Considered good		
Duty drawback and research & development support claim	16,280	31,582
Cash freight support receivable	—	89,280
Dividend receivable	560	3,673
Others	217	288
	<u>17,057</u>	<u>124,823</u>
9. Cash and bank balances		
Cash in hand	2,025	275
Balances with banks in:		
Current accounts	27,316	100,658
Treasury call accounts	9.1 194,663	126,848
Term Deposit Receipts	9.2 1,990,000	540,000
	9.3 2,211,979	767,506
	<u>2,214,004</u>	<u>767,781</u>



- 9.1** Profit rates on Treasury call accounts ranged between 6.50% to 10.75% (September 30, 2018: 3.75% to 6.40%) per annum.
- 9.2** Profit rates on Term Deposit Receipts 6.80% to 11.25% (September 30, 2018: 5.80% to 6.80%) per annum. Maturity of these Term Deposit Receipts are one month.
- 9.3** Includes Rs.2,162.04 (September 30, 2018: Rs.695.16) million kept with Bank AL Habib Limited - a related party.

	(Unaudited) June 30, 2019	(Audited) Sept. 30, 2018
(Rupees in thousands)		
10. Deferred taxation		
Deferred Tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences:	210,000	210,000
Deferred tax asset on deductible temporary differences:		
Provision for obsolescence and slow moving stores & spare parts	(7,000)	(7,000)
Unabsorbed tax depreciation allowance	(117,000)	(117,000)
	(124,000)	(124,000)
	86,000	86,000
11. Trade and other payables		
Creditors	1,396,302	1,191,593
Accrued liabilities	201,025	219,710
Employees Gratuity Fund	—	390
Sales Tax / Federal excise duty	31,459	22,793
Workers' Profit Participation Fund (WPPF)	52,982	50,783
Workers' Welfare Fund	15,624	14,945
Income-tax deducted at source	105	100
	1,697,497	1,500,314



	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
12. Short-term borrowings - secured	1,310,000	—
<p>The aggregate financing facility available from commercial banks amounted to Rs.8,212 (September 30, 2018: Rs. 8,212) 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 2.20% to 11.25% (September 30, 2018: 2.20%) per annum.</p>		
13. Contingencies and commitments		
13.1 Contingencies		
<p>There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2018.</p>		
13.2 Commitments		
<p>The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.350 (September 30, 2018: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,708.65 (September 30, 2018: Rs.2,021.34) million against guarantees issued by banks in favour of third parties on behalf of the Holding Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.</p>		
13.3 Commitments for capital expenditure amount to Rs.Nil (September 30, 2018: Rs.1.79) million.		
	(Unaudited) June 30, 2019 (Rupees in thousands)	(Audited) Sept. 30, 2018
13.4 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	45,467	42,573



14. Segment operating results for the three quarters ended June 30, 2019 (Unaudited)

		(Rupees in thousands)											
		Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net sales and service													
Sales	Local	3,520,600	2,228,741	310,245	316,968	4,015	4,706	35,663	271,510	–	–	3,870,523	2,821,925
	Export	–	1,074,222	2,179,658	1,786,640	433,131	403,742	–	–	–	–	2,612,789	3,264,604
Services - Storage income - net		3,520,600	3,302,963	2,489,903	2,103,608	437,146	408,448	35,663	271,510	–	–	6,483,312	6,086,529
		–	–	1,858	316	–	–	–	–	–	–	1,858	316
		3,520,600	3,302,963	2,491,761	2,103,924	437,146	408,448	35,663	271,510	–	–	6,485,170	6,086,845
Less: Cost of sales		(3,210,086)	(3,039,277)	(1,707,415)	(1,387,124)	(382,816)	(362,826)	(31,424)	(329,512)	–	–	(5,331,741)	(5,118,739)
Gross Profit / (Loss)		310,514	263,686	784,346	716,800	54,330	45,622	4,239	(58,002)	–	–	1,153,429	968,106
Less: Selling and distribution expenses		(106,999)	(98,016)	(102,178)	(91,706)	(23,315)	(20,460)	–	(211)	–	–	(232,492)	(210,393)
Administrative expenses		(120,064)	(114,615)	(8,397)	(8,050)	(4,037)	(3,679)	(189)	(173)	(4,321)	(3,578)	(137,008)	(130,095)
		(227,063)	(212,631)	(110,575)	(99,756)	(27,352)	(24,139)	(189)	(384)	(4,321)	(3,578)	(369,500)	(340,488)
Profit / (Loss) before other operating expenses and other income		83,451	51,055	673,771	617,044	26,978	21,483	4,050	(58,386)	(4,321)	(3,578)	783,929	627,618
Other operating expenses - Note 15												(58,982)	(47,296)
Impairment on long-term investments - available for sale												(76,698)	–
Other income - Note 16												293,719	167,560
Operating Profit												941,968	747,882



14a. Segment operating results for the quarter ended June 30, 2019 (Unaudited)

											(Rupees in thousands)		
		Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net sales and service													
Sales	Local Export	2,219,512 –	869,260 871,344	123,906 861,623	114,278 672,334	103 135,851	1,427 120,533	25,111 –	1,436 –	– –	– –	2,368,632 997,474	986,401 1,664,211
Services - Storage income - net		2,219,512 –	1,740,604 –	985,529 635	786,612 258	135,954 –	121,960 –	25,111 –	1,436 –	– –	– –	3,366,106 635	2,650,612 258
		2,219,512	1,740,604	986,164	786,870	135,954	121,960	25,111	1,436	–	–	3,366,741	2,650,870
Less: Cost of sales		(2,052,019)	(1,589,395)	(664,875)	(472,820)	(115,925)	(107,876)	(20,581)	(2,007)	–	–	(2,853,400)	(2,172,098)
Gross Profit / (Loss)		167,493	151,209	321,289	314,050	20,029	14,084	4,530	(571)	–	–	513,341	478,772
Less: Selling and distribution expenses		(61,037)	(57,572)	(40,006)	(29,731)	(7,572)	(6,857)	–	(28)	–	–	(108,615)	(94,188)
Administrative expenses		(40,151)	(40,093)	(673)	(1,195)	(1,341)	(1,212)	(66)	(53)	(1,404)	(1,239)	(43,635)	(43,792)
		(101,188)	(97,665)	(40,679)	(30,926)	(8,913)	(8,069)	(66)	(81)	(1,404)	(1,239)	(152,250)	(137,980)
Profit / (Loss) before other operating expenses and other income		66,305	53,544	280,610	283,124	11,116	6,015	4,464	(652)	(1,404)	(1,239)	361,091	340,792
Other operating expenses - Note 15												(28,133)	(23,051)
Impairment on long-term investments - available for sale												(46,119)	–
Other income - Note 16												135,915	39,571
Operating Profit												422,754	357,312



	Three quarters ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
15. Other operating expenses				
Workers' Profit Participation Fund	52,982	41,796	23,063	19,136
Workers' Welfare Fund	6,000	5,500	2,000	3,915
	<u>58,982</u>	<u>47,296</u>	<u>25,063</u>	<u>23,051</u>
16. Other income				
Profit on sale / redemption of investments	–	870	–	(62)
Cash Freight Subsidy	100,741	–	89,613	–
Dividend income	87,868	104,271	7,037	9,071
Scrap sales	11,103	5,107	1,589	483
Gain on disposal of fixed assets	5,082	4,605	1,433	2,418
Agriculture income	1,253	634	782	250
Exchange gain - net	64,881	26,122	35,460	26,213
Sale of Electricity	22,791	25,951	–	1,198
	<u>293,719</u>	<u>167,560</u>	<u>135,914</u>	<u>39,571</u>
17. Finance income / (cost) - net				
Profit on treasury call accounts	11,811	5,130	6,391	1,497
Profit on term deposit receipts	99,083	65,498	18,266	12,161
Interest on loan to employees	167	210	56	63
	111,061	70,838	24,713	13,721
Less:				
Mark-up / interest on:				
Short-term borrowings	(40,803)	(19,429)	(13,193)	(6,733)
Workers' Profit Participation Fund	(884)	(443)	–	–
Bank charges	(15,004)	(13,845)	(2,536)	(5,866)
	(56,691)	(33,717)	(15,729)	(12,599)
	<u>54,370</u>	<u>37,121</u>	<u>8,984</u>	<u>1,122</u>
18. Taxation				
Income tax - current	105,000	43,000	53,000	38,500
Deferred tax	–	(1,500)	2,000	(8,000)
	<u>105,000</u>	<u>41,500</u>	<u>55,000</u>	<u>30,500</u>



	(Unaudited)	
	June 30, 2019	June 30, 2018
	(Rupees in thousands)	
19. Cash generated from operations		
Profit before taxation	996,338	785,003
Adjustment for non-cash charges and other items		
Depreciation	187,131	191,133
Gain on disposal of fixed assets	(5,082)	(4,605)
Profit on sale / redemption of investments	—	(870)
Finance income - net	(54,370)	(37,121)
Impairment on long-term investment - available for sale	76,698	—
Dividend income	(87,868)	(104,271)
Working capital changes - note 19.1	(488,217)	(1,382,773)
	<u>624,630</u>	<u>(553,504)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(8,550)	(38,602)
Stock-in-trade	(991,511)	(2,024,007)
Trade debts	(171,555)	(298,083)
Loans and advances	(139,266)	564,225
Trade deposits and short-term prepayments	2,584	2,156
Other receivables	104,653	(247,565)
	<u>(1,203,645)</u>	<u>(2,041,876)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	197,183	269,135
Advance from customers	518,245	389,968
Net changes in working capital	<u>(488,217)</u>	<u>(1,382,773)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	2,214,004	1,238,036
Short-term borrowings	(1,310,000)	(1,227,500)
	<u>904,004</u>	<u>10,536</u>



21. Transactions with related parties

Related parties comprise of subsidiary, 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 consolidated condensed interim financial statements, are as follows:

	Three quarters ended		Quarter ended	
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
(Rupees in thousands)				
Transactions during the period				
Insurance premium paid	21,529	25,064	11,500	12,025
Insurance claim received	1,355	200	–	200
Profit on treasury call accounts / term deposits	109,855	70,396	24,461	13,545
Investment in shares / units of mutual fund	52,800	161,900	14,400	26,400
Dividend income	64,365	76,433	4,023	4,023
Dividend paid	40,964	41,588	–	–
Redemption of investments	–	50,209	–	–
Bank charges	294	726	21	502
Compensation of Key management personnel	41,450	40,500	17,550	14,100
Contribution to retirement funds	11,131	11,068	3,698	3,628
			(Unaudited)	(Audited)
			June 30, 2019	Sept. 30, 2018
			(Rupees in thousands)	

Balances at the end of the period

Bank balances	2,162,039	695,158
Profit accrued on bank deposits	13,229	2,713

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

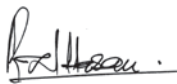
22. Date of authorisation for issue

These consolidated condensed interim financial statements were authorised for issue on July 16, 2019 by the Board of Directors of the Company.

23. General

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


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



شکر ڈویژن نے 83.45 ملین روپے کا منافع حاصل کیا جس کے مقابل گزشتہ سال اسی مدت کے دوران 51.06 ملین روپے کا منافع کیا تھا۔ منافع میں اضافہ کی وجہ ملک کی منڈیوں میں شکر کی بہتر قیمت فروخت تیسری سہ ماہی کے آخری حصے میں حاصل ہوئی۔

ڈسٹری ڈویژن:

زیر جائزہ مدت کے دوران اس ڈویژن کا پلانٹ 225 دن چلا اور 22,116 میٹرک ٹن میتھانول تیار ہوا اور گزشتہ سال اسی مدت کے دوران 243 دن میں 24,823 میٹرک ٹن پیداوار رہی تھی۔ ڈویژن نے 673.77 ملین روپے کا منافع حاصل کیا مقابل گزشتہ سال اسی مدت کے دوران 617.04 ملین روپے منافع حاصل کیا تھا۔ گزشتہ مدت کے مقابل موجودہ مدت کے دوران منافع میں اضافہ کی وجہ ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے ہوا۔

زیر جائزہ مدت کے دوران لیکویٹڈ کاربن ڈائی آکسائیڈ پونٹ میں 5,870 میٹرک ٹن کی پیداوار ہوئی مقابل گزشتہ سال اسی مدت کے دوران 6,699 میٹرک ٹن تھی۔

ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر مدت کے دوران 26.98 ملین روپے منافع حاصل کیا جس کے برعکس گزشتہ سال اسی مدت کے دوران 21.48 روپے کا منافع تھا۔ منافع میں اضافہ بین الاقوامی کرنسی کے قدر میں اضافہ سے ہوا۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران ڈویژن کی کارکردگی اطمینان بخش رہی اور ڈویژن نے چینی کی تجارت سے 4.05 ملین روپے منافع حاصل کیا۔


بگاس پرنٹی کو۔ جزیشن 26.5 میگا واٹ کا منصوبہ:

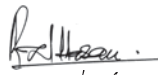
کمپنی کا بگاس پرنٹی منصوبہ گورنمنٹ کی جانب سے بگاس پرنٹی توانائی کے منصوبوں پر غیر واضح صورت حال کی وجہ سے رکا ہوا ہے۔ اسلام آباد ہائی کورٹ میں CPPA کی جانب سے ٹریف کے متعلق مقدمہ زیر التوا ہے اس کیس کے نتائج اس منصوبے کے مستقبل کیلئے اہم ہوں گے۔ انتظامیہ حالات کا جائزہ لے رہی ہے اور آئندہ کالانچ عمل فیصلہ آنے کے بعد کرے گی۔

عام امور:

ڈائریکٹر 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


مرتنسی ایچ جیب
ڈائریکٹر


رئیس احسن
چیف ایگزیکٹو

کراچی مورخہ 16 جولائی 2019



ڈائریکٹرز کی رپورٹ

محترم ممبران - السلام علیکم
بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2019 کو ختم ہونے والی تیسری سہ ماہی مدت کے کمپنی کی غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

مالیاتی نتائج:

اللہ کے فضل و کرم سے زبرد جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 1,000.67 ملین روپے رہا۔ اس تیسری سہ ماہی مدت کے مالیاتی نتائج درج ذیل ہیں۔

(روپے ہزاروں میں)

1000.665	منافع قبل از ٹیکس
105,000	ٹیکسیشن
895,665	منافع بعد از ٹیکسیشن
5,781	غیر منقسمہ منافع برائے فارورڈ
901,446	غیر منقسمہ منافع کیلئے فارورڈ
5.97	منافع فی شیئر - بنیادی اور معتدل - روپیہ

کارکردگی کا جائزہ:

شکر ڈویژن:

گنے کی کرشنگ کا سیزن 2018-2019 10 دسمبر 2018 کو شروع ہوا اور پلانٹ کو 17 مارچ 2019 تک 98 دن چلایا گیا، اس کے مقابلے میں گزشتہ سیزن میں 140 دن چلایا گیا۔ اس سیزن میں گنے کی کرشنگ 771,864 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.87 فیصد رہا اور شکر کی پیداوار 83,910 میٹرک ٹن ہوئی۔ مقابلہ گزشتہ سیزن میں گنے کی کرشنگ 1,028,901 میٹرک ٹن رہی تھی جبکہ شکر کی اوسط ریکوری 10.30 فیصد تھی اور شکر کی پیداوار 106,005 میٹرک ٹن تھی۔

حکومت سندھ نے 7 دسمبر 2018 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2018-2019 کے نوٹیفیکیشن کا اجراء کیا جس میں گنے کی قیمت -/182 روپے فی 40 کلوگرام مقرر کی گئی۔ علاوہ ازیں ملز کو اپنی پریئم شکر کی اوسط ریکوری کے بیچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 50 پیسے فی 40 کلوگرام ادا کرے گی۔

دسمبر 2018 میں ملک میں شکر کے ذخائر کا جائزہ لینے کے بعد آکٹاک کو آرڈینیشن کمیٹی آف کیبنٹ (ECC) نے 1,100,000 ٹن شکر کی برآمد کی اجازت بغیر کسی مالی معاوضت اور اندرون ملک کرائے کی مد میں سبسڈی کے دی۔ بین الاقوامی منڈیوں میں شکر کی مسلسل گرتی ہوئی قیمتوں کی وجہ سے شکر کی درآمد کمپنی کیلئے قابل عمل نہیں تھی۔