



## CONDENSED INTERIM FINANCIAL STATEMENTS

For The Half Year Ended 31<sup>st</sup> March, 2019

📍 30-A/E1, Old FCC Gulberg III, Lahore

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# Company Information

## CHAIRMAN

Mian Ahmed Ali Tariq

## CHIEF EXECUTIVE OFFICER

Mian Mustafa Ali Tariq

## DIRECTORS

Mrs. Nusrat Shamim

Mrs. Maryam Habib

Mr. Taufiq Ahmed Khan

Mr. Muhammad Iftikhar

Mr. Muhammad Imran Khan

## CHIEF OPERATING AND FINANCIAL OFFICER

Mr. Wasim Saleem

## COMPANY SECRETARY

Mr. Khalid Mahmood

## HEAD OF INTERNAL AUDIT

Mr. Jalal-ud-din Khan

## AUDIT COMMITTEE

Mr. Taufiq Ahmad Khan

Chairman

Mian Ahmed Ali Tariq

Member

Mr. Muhammad Imran Khan

Member

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mian Ahmed Ali Tariq

Chairman

Mr. Taufiq Ahmad Khan

Member

Mian Mustafa Ali Tariq

Member

## LEGAL ADVISOR

Masud & Mirza Associates

K-29 Gulberg-III, Lahore

## BANKERS

Allied Bank Limited

Albarkah Bank  
Pakistan Limited

Bank Alfalah Limited

Dubai Islamic Bank  
Limited

Faysal Bank Limited

First credit and investment  
bank Ltd.

Habib Bank Limited

MCB Bank Limited

Meezan Bank  
Limited

National Bank of Pakistan

NIB Bank Limited

Summit Bank Limited

The Bank of Punjab

United Bank Limited

## SHARE REGISTRAR / TRANSFER AGENT

M/S Corptec Associates (Pvt)  
Limited

503 - E Johar Town, Lahore

Tel: 042- 35170336-7

Fax: 042-35170338

E-mail: info@corptec.com.pk

## EXTERNAL AUDITORS

Kreston Hyder Bhimjee & Co  
Chartered Accountants

Amin Building, Mall Road,  
Lahore

## MILLS

Lahore Road, Jaranwala

041-4563299-96

## REGISTERED & HEAD OFFICE

30-A E/1, Old FCC Gulberg III,  
Lahore

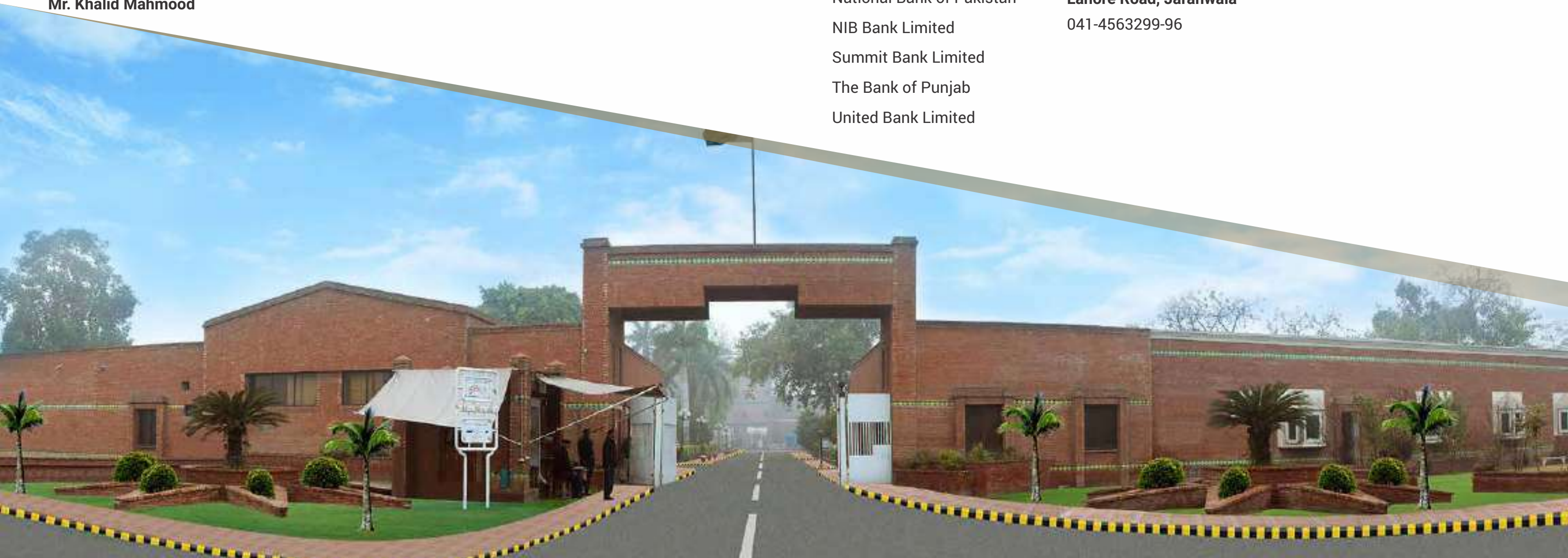
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## WEBSITE INFORMATION

www.husein.pk





# DIRECTORS' REPORT

The directors of your company are pleased to present the reviewed financial information of the Company for the half year that ended on 31 March 2019.

The highlights of the Company's performance for the first quarter and its comparison with the corresponding period of last year is given below:

	31-03-2019	31-03-2018
<b>Operational</b>		
Sugarcane crushed (Metric Tons)	491,277	600,772
Sugar produced (Metric Tons)	48,251	55,331
Sugar recovery (%)	9.82	9.21
	<b>Rupees</b>	
<b>Financial</b>		
Sales	1,815,026,957	929,818,095
Gross profit	155,842, 008	153,106,224
Operating and finance cost	195,696,458	143,260,022
Profit before taxation	5,959,025	44,173,087
Profit after taxation	4,838,640	2,067,698
Earnings per share	0.18	0.08

## INDUSTRY OVERVIEW

This year, due to various economic and agricultural reasons, the crushing season for sugarcane in Punjab and across the rest of Pakistan was pushed to mid December. Due to excess sugar stocks within the country and low prices of sugar, many mills were hesitant to begin crushing. However, regardless of the glut-like situation, the management of your company, understanding and sympathizing with the timeline of farmers in the region and in coordination with local government officials took the lead in Punjab province by initiating crushing before any other mill in the province. Starting on the 9th of December 2018, the company operated for a total of 98 days. Compared to the previous season, the company's crushing season was decreased by 34 days. This decision to start crushing has proven successful in many aspects. Certainly, our decision has been received well by the sugarcane growers of our area and we are confident that size of sugarcane crop in our mills operational area will increase as compared to last year.

Although sugar prices remained seriously depressed through 2018, beginning in early 2019, sugar prices increased dramatically when the industry realized short crop season. Within the last six months in fact, sugar prices have increased almost 30%.

Due to delayed start of the crushing season and reduced waiting time of harvested sugarcane sucrose recoveries across the country witnessed increasing trends. Along with all these positive indicators in the health of sugarcane, it is pertinent to mention that sugarcane yields per acre and acreages of sugarcane cultivation in general have decreased tremendously this year. Due to less-than-perfect payment terms of sugarcane last year due to the unfortunate market conditions of sugar and poor policies of the previous government, many farmers had chosen to plant alternative crops to sugarcane for this year. This decline in acreage of sugarcane planted has no doubt lead to a significant drop in sugar production across the country.

The Government of the Punjab maintained the sugarcane minimum price for the crushing season 2017-18 at Rs. 180/- per mound. Furthermore, fortunately identifying with the farmers of the province and realizing the glut due to the poor policies of the previous government, the Government of Punjab had announced a subsidy/rebate of 5.35 PKR/KG for quantities of sugar that are exported up to just over half a million tons. This subsidy although provided to sugar mills, is indirectly facilitating the sugarcane farmers as it permits the price floor of PKR 180/ per mound feasible. Without this subsidy, it is more difficult to promote the industry while keeping the price floor on sugarcane in place. The Government of Punjab had announced and delivered this subsidy for the current season, just last week, the Government has withdrawn the facility. This decision will cost the industry dearly as this subsidy was necessary to provide relief to the industry

### OPERATING HIGHLIGHTS

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

The Company was able to crush 491,277 Tons of Sugarcane and produced 48,251 Tons of refined sugar at an average recovery of 9.82% as compared to last year's sugarcane crushing of 600,772 M. Tons and production of 55,331 M.Tons refined sugar at an average recovery of 9.21%. Although we were able to crush only 81.7% of cane in terms of tons of sugarcane crushed as compared to last year, in terms of sugar produced we have produced 87.2% of sugar that we could produce last year. This year, the company has achieved a higher capacity utilization due to better plant utilization. As mentioned above, the primary reason for higher production per ton of sugarcane crushed was due to late start of crushing season coupled with arrival of fresh diseased free sugarcane. Overall, a lower quantity of sugar has been produced due to lower sugarcane plantation across the province and country. Although our production has only decreased 13% as compared to last year, the trend across the industry is significantly worse. On average, other mills in the region and province have produced 20-25% less sugar than last year.

Financially, our results have been dramatically different than last year. In the previous season, we pursued a very conservative selling strategy forecasting a dramatic increase in sugar prices once approval of surplus sugar export is granted and considering relatively small size of sugarcane crop in next year.. Given that all indicators demonstrated an increase in sugar prices, we held on to a significant portion of our inventory. By holding on to this stock, the company has performed much better as is made manifest by the company's financials. Net sales were recorded at Rs. 1,815 million during the first half from 1st October-2018 to 31st March-2019 as compared to Rs. 929 million against the corresponding period of last year.

For the half year, however, the company has earned gross profit of Rs.155.842 million as compared to gross profit of Rs 153.106 million of last year. This year, our profit after tax is Rs. 4.838 million during the period under review as compared to profit after tax of Rs. 2.067 million in the corresponding period of last year. This demonstrates an increase in PAT of 134%.

In Q2, the company has booked a loss of 147 Million PKR. This loss can be attributed to carrying of closing inventory of sugar stocks at production cost which is far below its net realizable value. Given the current prices of sugar and the conditions of the market, management predicts comfortable and profitable quarters ahead.

### FUTURE OUTLOOK

Due to availability of sugar export permission and export subsidy, about 475,000 tons of sugar has been exported so far. This has helped a lot in reducing glut in the market on one hand and earning precious foreign exchange on other hand. Furthermore, given the substantial devaluation of the Rupee against the US Dollar, Pakistani Sugar has become much more lucrative for export to international market. On Government to Government level China has agreed to buy yearly 300,000 tons of sugar from Pakistan. This arrangement will give much needed permanent support to sugar industry of Pakistan. Under this arrangement Pakistan for the first time exported about 180,000 tons of sugar to China.

In the domestic market, sugar prices have regained pace and are likely to continue to increase through the greater part of 2019. The carryover of inventory from last year has almost depleted and sugar production is forecasted to be of last year level. of last year.. This year, your company continues to hold a significant stock of sugar that we foresee to materialize lucrative profits with in the rest of the year.

### SIGNIFICANT DEVELOPMENTS

Furthermore, this year the company has completed a Rights share exercise. The company offered 10,032,900 shares at a par value of PKR 10 per share raising an amount of PKR 100,329,000. These shares were fully subscribed. The management is delighted by the continued confidence the shareholders of the company continue to display in the company and are confident the company will continue to deliver substantial profitability in the near future.

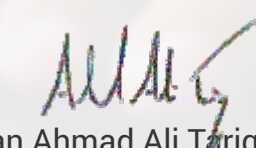
### ACKNOWLEDGEMENT

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

Lahore: 29 May 2019

  
Mian Mustafa Ali Tariq  
CHIEF EXECUTIVE OFFICER

For and On behalf of the Board,

  
Mian Ahmad Ali Tariq  
Chairman



کرشنگ سیزن کے آغاز میں تاخیر اور گنے کی بوائی کے انتظار کے کم وقت کی بدولت پورے ملک میں سکروس ریکوریز میں بڑھنے کے رجحانات دیکھے گئے ہیں۔ گنے کی صحت میں ان تمام مثبت اشاروں کے ساتھ ساتھ، یہ قابل ذکر بات ہے کہ گنے کی فی ایکڑ پیداوار اور عام طور پر گنے کی اوسط ایکڑ کاشت اس سال بہت کم ہوئی ہے۔ گنے کی مکمل ادائیگی شرائط سے کم ہونے کے باعث گنے کی مارکیٹ کے بدقسمت حالات اور گزشتہ حکومت کی کمزور پالیسیوں کی وجہ سے بہت سے کسانوں نے اس سال گنے کی کاشت کے متبادل فصلیں اُگانے کا انتخاب کیا ہے۔ گنے کی کاشت کردہ اوسط ایکڑ میں یہ کمی بلاشبہ پورے ملک میں چینی کی پیداوار میں نمایاں کمی لائے گی۔

حکومت پنجاب نے کرشنگ سیزن 2017-18 کے لئے گنے کی کم از کم قیمت -/180 فی من برقرار رکھی ہے۔ مزید برآں، خوش قسمتی سے صوبے کے کسانوں کی نشاندہی اور پچھلی حکومت کی کمزور پالیسیوں کا احساس کرتے ہوئے، پنجاب حکومت نے برآمدہ چینی کی مقدار پر 5.35 روپے فی کلوگرام سسڈی رعایت کا اعلان کیا جو صرف نصف ملین ٹن سے زیادہ تک برآمد کی گئی ہے۔ یہ سسڈی اگرچہ گنے کے کاشتکاروں کو بالواسطہ فائدہ پہنچانے کے لئے شوگر ملوں کو فراہم کی گئی کیونکہ یہ -/180 روپے فی من کی فلور پرائس کو معقول بنانے کی اجازت دیتی ہے۔ اس سسڈی کے بغیر، گنے پر فلور پرائس کو جاری رکھتے ہوئے انڈسٹری کو فروغ دینا بہت مشکل ہے۔ حکومت پنجاب نے موجودہ سیزن کے لئے یہ سسڈی دینے کا اعلان کیا اور پچھلے ہی ہفتے، حکومت نے یہ سہولت واپس لی۔ یہ فیصلہ صنعت پر گراں گزrے گا کیونکہ یہ سسڈی صنعت کو ریلیف مہیا کرنے کے لئے ضروری تھی۔

### آپریٹنگ جھلکیاں

اگرچہ ششماہی کے مالیاتی نتائج کبھی بھی اس حقیقت کے نمائندہ نہیں ہیں جو کمپنی بالآخر حاصل کرے گی، ڈائریکٹر بخوشی یہ اعلان کرتے ہیں کہ:

کمپنی نے موجودہ ششماہی کے دوران %9.82 کی اوسط ریکوری پر 491,277 ٹن گنے کی کرشنگ کی اور 48,251 ٹن سفید چینی بنائی جبکہ گزشتہ سال کی اسی مدت کے دوران %9.21 کی اوسط ریکوری پر 600,772 میٹرک ٹن گنے کی کرشنگ کی اور 55,331 ٹن سفید چینی بنائی۔ اگرچہ ہم گزشتہ سال کے مقابلے کرش گنے کے ٹن کے لحاظ سے صرف %81.7 گنا کرش کرنے کے قابل تھے، پیدا شدہ چینی جو ہم گزشتہ سال بنا سکے تھے کے لحاظ سے ہم نے %87.2 چینی بنائی۔ اس سال، کمپنی نے بہتر پلانٹ استعمالات کی بدولت اعلیٰ صلاحیتوں کو استعمال کیا ہے۔ جیسا کہ اوپر بیان کیا گیا ہے کہ گنے کے کرشنگ سیزن کی فی ٹن اعلیٰ پیداوار کی بنیادی وجہ کرشنگ سیزن کے آغاز میں تاخیر کے باعث بیماریوں سے پاک تازہ گنے کی پہنچ تھی۔ مجموعی طور پر، پورے صوبہ اور ملک میں گنے کی کم کاشت کی وجہ سے گنے کی کم مقدار پیدا ہوئی۔ اگرچہ ہماری پیداوار گزشتہ سال کے مقابلے صرف %13 کم ہوئی، پوری صنعت میں یہ رجحان قابل ذکر طور پر بدترین ہے۔ اوسطاً، علاقہ اور صوبے میں دیگر ملوں نے گزشتہ سال سے %20-25 کم چینی بنائی۔

مالی لحاظ سے، ہمارے نتائج گزشتہ سال سے ڈرامائی طور پر مختلف ہیں۔ گزشتہ سیزن میں، ہم نے اضافی چینی کی برآمد کی منظوری ملنے کی صورت میں چینی کی قیمتوں میں ڈرامائی اضافہ اور اگلے سال میں گنے کی فصل کے نسبتاً کم سائز کی پیش گوئی کے زیرِ نظر بہت قدامت پسند فروخت کی حکمت عملی کی پیروی کی ہے۔ یہ سمجھا گیا کہ تمام اشارے چینی کی قیمتوں میں اضافہ ظاہر کرتے ہیں، ہم نے اپنی انویسٹری کا ایک اہم حصہ روک لیا۔ اس اسٹاک کو روک کر، کمپنی نے بہت بہتر کارکردگی دکھائی جیسا کہ کمپنی کے مالیات سے ظاہر ہوتا ہے۔ گزشتہ سال کی اسی مدت میں 929 ملین روپے کے مقابلے پہلی ششماہی یکم اکتوبر 2018 سے 31 مارچ 2019 تک کے دوران 1,815 ملین روپے خالص فروخت درج کی گئی۔

ششماہی کے لئے، تاہم، کمپنی نے گزشتہ سال 153.106 ملین روپے مجموعی منافع کے مقابلے 155.842,008 ملین روپے مجموعی منافع کمایا۔ اس سال، کمپنی کا زیرِ جائزہ مدت کے دوران ٹیکس کے بعد منافع 4.838 ملین روپے جبکہ گزشتہ سال کی اسی مدت میں ٹیکس کے بعد منافع 2.067 روپے ہے۔ یہ %134 کا PAT میں اضافہ ظاہر کرتا ہے۔

دوسری سہ ماہی میں، کمپنی نے 147 ملین پاکستانی روپے کا نقصان بک کیا۔ یہ نقصان پیداواری لاگت پر چینی کے اسٹاکس کے انویسٹری کلوژنگ کے جاری رکھنے سے منسوب کیا جاسکتا ہے جو اسکی خالص قابل وصولی قیمت سے کہیں زیادہ نیچے ہے۔ چینی کی دی گئی موجودہ قیمتوں اور مارکیٹ شرائط کے پیش نظر انتظامیہ آئندہ سہ ماہیوں میں سکون اور منافع بخش ہونے کی پیش گوئی کرتی ہے۔

## مستقبل کا نقطہ نظر

چینی کی برآمد کی اجازت اور برآمد سسڈی کی دستیابی کی بدولت، تقریباً 475,000 ٹن چینی اب تک برآمد کی گئی ہے۔ اس نے ایک طرف مارکیٹ میں بہتات کو کم کرنے اور دوسری طرف غیر ملکی زرمبادلہ کمانے میں بہت مدد کی ہے۔ اس کے علاوہ، امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر میں کافی کمی ہوئی، پاکستانی چینی بین الاقوامی مارکیٹ کو برآمد کرنا مزید نفع بخش ہوگئی۔ گورنمنٹ سے گورنمنٹ سطح پر چائنا پاکستان سے 300,000 ٹن سالانہ چینی خریدنے پر راضی ہو گیا ہے۔ اس معاہدہ کے تحت پاکستان نے پہلی دفعہ چائنا کو تقریباً 180,000 ٹن چینی برآمد کی۔ مقامی مارکیٹ میں، چینی کی قیمتیں مستحکم ہوئی ہیں اور 2019 کے باقی عرصہ میں اضافہ ہونے کا امکان ہے۔ گزشتہ سال سے انویسٹری کا آگے آنا تقریباً ختم ہو گیا ہے چینی کی پیداوار گزشتہ سال کی سطح تک ہونے کی پیش گوئی کی گئی ہے۔ اس سال، آپ کی کمپنی نے چینی کے ایک نمایاں اسٹاک کو برقرار رکھا کہ ہم سال کے باقی عرصہ میں منافع کو مزید بہتر بنانے کی کوشش کریں۔

## اہم پیش رفتیں

مزید برآں، اس سال کمپنی نے رائٹس شیئر ایکسرسائز مکمل کی ہے۔ کمپنی نے 100,329,000 پاکستانی روپے کی رقم اکٹھی کرنے کے لئے -/10 روپے پاکستانی فی شیئر کی مساوی قیمت پر 10,032,900 شیئرز کی پیشکش کی۔ انتظامیہ کمپنی میں کمپنی کے حصص داران کی طرف سے مسلسل اعتماد کے اظہار سے خوش ہے اور یقین رکھتی ہے کہ کمپنی مستقبل قریب میں قابل ذکر منافع دینا جاری رکھے گی۔

### اظہار تشکر

آپ کی کمپنی کے ڈائریکٹرز مختلف سرکاری محکموں اور اس کے کارکنوں، بینکوں، دیگر مالیاتی اداروں، اور انشورنس کمپنیوں کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ڈائریکٹرز ہمارے قابل قدر گاہکوں اور سپلائرز کی طرف سے فراہم کی گئی حمایت کے شکر گزار اور تعریف کا بھی اظہار کرتے ہیں۔ ہم اپنے حصص داروں کا بھی شکریہ ادا کرتے ہیں، جنہوں نے کمپنی میں اپنے اعتماد اور یقین کو برقرار رکھا اور کمپنی میں ان کی سرمایہ کاری کے زیادہ سے زیادہ استعمال کو یقینی بنانے کے لئے ہماری بہترین کوششوں پر یقین رکھا ہے۔ بالآخر، ڈائریکٹرز کمپنی کی نمو اور کامیابی کے لئے ملازمین کے تمام گروہوں کی جان نثاری، وفاداری، اور سخت محنت پر ان کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محمد طارق

میاں احمد علی طارق

چیرمین

محمد طارق

میاں مصطفیٰ علی طارق

چیف ایگزیکٹو آفیسر

لاہور: 29 مئی 2019 ء

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی ششماہی کے لیے کمپنی کی نظر ثانی شدہ مالی معلومات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

پہلی سہ ماہی اور گزشتہ سال کی اسی مدت کے موازنہ کے لئے کمپنی کی کارکردگی کی جھلکیاں حسب ذیل ہیں:

آپریٹیشنز	31 مارچ 2019	31 مارچ 2018
گنے کی کرشنگ (میٹرک ٹن)	491,277	600,772
چینی کی پیداوار (میٹرک ٹن)	48,251	55,331
چینی کا حصول (فیصد)	9.82	9.21
مالیات	روپے	روپے
فروخت	1,815,026,957	929,818,095
مجموعی منافع	155,842,008	153,106,224
آپریٹنگ اور مالی لاگت	195,696,485	143,260,022
قبل از ٹیکس منافع	5,959,025	44,173,087
بعد از ٹیکس منافع	4,838,640	2,067,698
فی شیئر آمدنی (روپے)	0.18	0.08

#### انڈسٹری کا جائزہ

اس سال، مختلف اقتصادی اور زرعی وجوہات کے باعث، پنجاب اور باقی پورے پاکستان میں گنے کا کرشنگ سیزن وسط دسمبر تک چلا گیا۔ ملک کے اندر چینی کے وافر اسٹاکس اور چینی کی کم قیمتوں کی وجہ سے کئی ملیں کرشنگ شروع کرنے سے ہچکچا رہی تھیں۔ تاہم، آپ کی کمپنی کی انتظامیہ نے، کشیدہ حالات کے قطع نظر، علاقے کے کسانوں کی ٹائم لائن کو سمجھتے اور ہمدردی کرتے ہوئے اور مقامی حکومتی حکام کے ساتھ تعاون کے سلسلے میں صوبے میں کسی دوسری مل سے پہلے کرشنگ کا آغاز کر کے صوبہ میں قیادت کی۔ 9 دسمبر 2018 کو آغاز سے، کمپنی نے کل 98 دنوں تک کام کیا۔ گزشتہ سیزن کے مقابلے، کمپنی کے کرشنگ سیزن میں 34 دنوں کی کمی ہوئی۔ کرشنگ شروع کرنے کا یہ فیصلہ بہت سے پہلوؤں میں کامیاب ثابت ہوا۔ یقینی طور پر، ہمارے علاقے کے کسانوں کے ساتھ ہمدردی کرنے کے فیصلہ سے کمپنی کو زبردست پذیرائی حاصل ہوئی ہے اور ہم یقین رکھتے ہیں کہ ہماری ملز کے آپریشنل علاقہ میں گنے کی فصل کا سائز گزشتہ سال کے مقابلے بڑھ جائے گا۔

اگرچہ پورے 2018 میں چینی کی قیمتیں بہت دباؤ میں رہیں، 2019 کے آغاز سے ہی، چینی کی قیمتیں ڈرامائی طور پر بڑھ گئیں تب انڈسٹری کو مختصر فصل سیزن کا احساس ہوا۔ درحقیقت گزشتہ چھ ہفتوں کے اندر، چینی کی قیمتوں میں تقریباً 30 فیصد اضافہ ہوا۔

## ڈائریکٹرز رپورٹ



# To The Members Of Husein Sugar Mills Limited Report On Review Of Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of Messrs. Husein Sugar Mills Limited ("the Company") as at March 31, 2019, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting

standards as applicable in Pakistan for interim financial reporting.

## Emphasis of matter

We draw attention to note 1.2 in the financial statements, which indicates that the Company declared accumulated losses amounting to Rs. 437.331 million with adverse current ratio at the reporting date. As stated in note 1.2, these conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' report is Shabir Ahmad, FCA.

*Kreston Hyder Birmji & Co.*  
Kreston Hyder Birmji & Co  
Chartered Accountants

**Lahore:** 29 May 2019

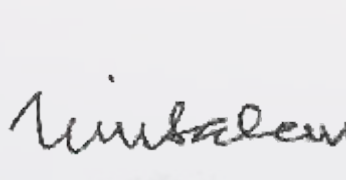


**HUSEIN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019 (UN-AUDITED)**

	Note	Un-Audited 31-March-2019 Rupees	Audited 30-September-2018
<b>EQUITY AND LIABILITIES</b>			
Authorized share capital	6	650,000,000	650,000,000
Share capital and reserves			
Issued, subscribed and paid-up share capital			
25 million (30 September 2018: 25 million) ordinary shares of Rupees 10 each		250,000,000	250,000,000
Right share subscription money		71,534,030	-
<b>Capital reserve</b>			
Share premium		141,093,550	141,093,550
Surplus on revaluation of property, plant and equipment		1,740,714,424	1,777,492,862
		1,881,807,974	1,918,586,412
<b>Revenue reserve</b>			
General reserves		169,450,000	169,450,000
Accumulated loss		(376,717,984)	(418,335,062)
		(207,267,984)	(248,885,062)
Directors' loan - related parties		462,166,833	529,551,753
		2,458,240,853	2,449,253,103
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		160,063,882	160,304,314
Long term finance	7	177,584,273	-
		337,648,155	160,304,314
<b>CURRENT LIABILITIES</b>			
Trade and other payables		798,309,364	792,001,110
Accrued mark-up on secured borrowings		63,371,191	64,934,674
Short term borrowings	8	2,019,076,756	1,561,752,772
Loan from related party		-	1,619,760
Current portion of long term finance	7	22,222,222	-
Unclaimed dividend		1,208,089	1,208,089
		2,904,187,622	2,421,516,405
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,700,076,630</b>	<b>5,031,073,822</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,227,289,742	3,124,382,528
Long term deposits		21,166,148	11,885,573
		3,248,455,890	3,136,268,101
<b>CURRENT ASSETS</b>			
Consumable stores and spares		160,366,402	205,818,645
Stock-in-trade		1,876,265,830	888,742,608
Trade and other receivables		167,673,786	682,485,510
Advances, deposits and prepayments		44,069,599	32,628,380
Tax refund due from Government - income tax		101,047,948	67,085,586
Cash and bank balances		102,197,175	18,044,992
		2,451,620,740	1,894,805,721
<b>TOTAL ASSETS</b>		<b>5,700,076,630</b>	<b>5,031,073,822</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial statements

  
 CHIEF EXECUTIVE OFFICER

  
 CHIEF FINANCIAL OFFICER

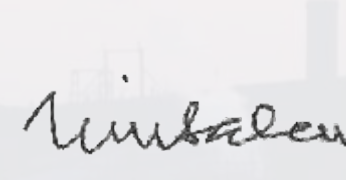
  
 DIRECTOR

**HUSEIN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 MARCH 2019**

		Half year ended March 31,		Quarter ended March 31,	
Note		2019	2018	2019	2018
		-----Rupees-----			
NET SALES	11	1,815,026,967	929,818,095	1,126,582,612	602,742,716
COST OF SALES	12	(1,659,184,959)	(776,711,871)	(1,205,867,195)	(503,243,855)
GROSS PROFIT / (LOSS)		155,842,008	153,106,224	(79,284,583)	99,498,861
OPERATING EXPENSES					
Administrative and general expenses		(66,798,143)	(81,335,767)	(28,026,174)	(5,801,743)
Selling and distribution cost		(10,823,605)	(9,282,420)	(8,636,523)	(44,331,724)
Other operating expenses		(405,088)	(3,945,985)	5,563,079	(2,705,024)
		(78,026,836)	(94,564,172)	(31,099,618)	(52,838,491)
PROFIT / (LOSS) FROM OPERATIONS		77,815,172	58,542,052	(110,384,201)	46,660,370
OTHER INCOME		45,813,475	34,326,885	45,059,587	28,431,147
FINANCE COST		(117,669,622)	(48,695,850)	(89,371,331)	(36,147,949)
PROFIT / (LOSS) BEFORE TAXATION		5,959,025	44,173,087	(154,695,945)	38,943,568
TAXATION		(1,120,385)	(42,105,389)	7,485,169	(38,016,947)
PROFIT / (LOSS) AFTER TAXATION		4,838,640	2,067,698	(147,210,776)	926,621
EARNINGS / (LOSS) PER SHARE OF RUPEES 10					
EACH - BASIC AND DILUTED	13	0.18	0.08	(5.68)	0.04

The annexed notes 1 to 21 form an integral part of this condensed interim financial statements

  
 CHIEF EXECUTIVE OFFICER

  
 CHIEF FINANCIAL OFFICER

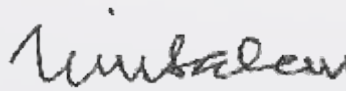
  
 DIRECTOR

HUSEIN SUGAR MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 MARCH 2019

	Half year ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	-----Rupees-----			
PROFIT / (LOSS) AFTER TAXATION	4,838,640	2,067,698	(147,210,776)	926,621
Other Comprehensive Income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>4,838,640</b>	<b>2,067,698</b>	<b>(147,210,776)</b>	<b>926,621</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial statements

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

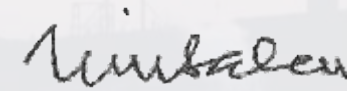
  
DIRECTOR

HUSEIN SUGAR MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 MARCH 2019

	Note	Half Year Ended 31-March-2019	Half Year Ended 31-March-2018
	Rupees		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		5,959,025	44,173,088
Adjustments for non-cash charges and other items:			
Depreciation		60,666,566	58,849,506
Profit on bank deposits		(38,078)	(22,531)
Gain on disposal of operating fixed assets		(599,444)	-
Bad debts written off		-	921,339
Old credit balances written back		-	(1,377,729)
Finance cost		117,669,622	48,695,850
Cash generated from operating activities before working capital changes		183,657,691	151,239,523
<b>Working capital changes</b>	18	<b>(466,296,856)</b>	<b>(1,470,565,319)</b>
<b>Cash used in operations</b>		<b>(282,639,165)</b>	<b>(1,319,325,796)</b>
Finance cost paid		(119,233,105)	(25,072,168)
Income tax paid		(35,323,179)	(18,561,007)
<b>Net cash used in operating activities</b>		<b>(437,195,449)</b>	<b>(1,362,958,971)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property, plant and equipment		(164,276,426)	(119,322,946)
Proceeds from disposal of operating fixed assets		1,302,090	-
Increase in long term deposits		(9,280,575)	(5,000)
Profit on bank deposits received		38,078	22,531
<b>Net cash used in investing activities</b>		<b>(172,216,833)</b>	<b>(119,305,415)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings obtained - net		457,323,984	1,460,787,365
Long term finance obtained		199,806,495	-
Right share subscription money received		71,534,030	-
Repayment of directors' loan - related party		(67,384,920)	(7,900,000)
Repayment of loan obtained from related party		(1,619,760)	(2,525,000)
<b>Net cash generated from financing activities</b>		<b>659,659,829</b>	<b>1,450,362,365</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>50,247,547</b>	<b>(31,902,021)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>18,044,992</b>	<b>60,098,130</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>68,292,539</b>	<b>28,196,109</b>
<b>The reconciliation in cash and cash equivalent is as follows:</b>			
Cash and bank balances		102,197,175	35,522,559
Temporary book overdrawn		(33,904,636)	(7,326,450)
		<b>68,292,539</b>	<b>28,196,109</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial statements

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER


  
DIRECTOR

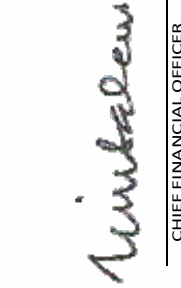


**HUSEIN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 MARCH 2019**

	SHARE CAPITAL	RIGHT SHARE SUBSCRIPTION MONEY	RESERVES					TOTAL	DIRECTORS' LOAN	TOTAL EQUITY	
			Capital		Revenue						
			Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General	Accumulated loss				Sub total
Rp,us\$											
Balance as at 30 September 2017 (Audited)	250,000,000	-	141,093,550	1,822,091,754	1,963,185,304	169,450,000	(511,119,452)	(341,669,452)	1,821,515,852	531,051,753	2,402,567,605
Total comprehensive income for the half year ended 31 March 2018											
Profit after taxation	-	-	-	-	-	-	2,067,698	2,067,698	2,067,698	-	2,067,698
Other comprehensive income	-	-	-	-	-	-	2,067,698	2,067,698	2,067,698	-	2,067,698
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	-	(27,802,103)	(27,802,103)	-	27,802,103	27,802,103	-	-	-
Balance as at 31 March 2018 (Un-audited)	250,000,000	-	141,093,550	1,794,289,651	1,935,383,201	169,450,000	(481,249,651)	(311,799,651)	1,823,583,550	531,051,753	2,404,635,303
Total comprehensive income for the half year ended 30 September 2018											
Profit after taxation	-	-	-	-	-	-	30,704,854	30,704,854	30,704,854	-	30,704,854
Other comprehensive income	-	-	-	-	-	-	30,704,854	30,704,854	30,704,854	-	30,704,854
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	-	(32,209,735)	(32,209,735)	-	32,209,735	32,209,735	-	-	-
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	-	15,412,946	15,412,946	-	-	-	15,412,946	-	15,412,946
Adjustment due to repayment	-	-	-	-	-	-	-	-	-	(1,500,000)	(1,500,000)
Balance as at 30 September 2018 (Audited)	250,000,000	-	141,093,550	1,777,492,862	1,918,586,412	169,450,000	(418,335,062)	(248,885,062)	1,669,701,350	529,551,753	2,449,253,103
Total comprehensive income for the half year ended 31 March 2019											
Profit after taxation	-	-	-	-	-	-	4,838,640	4,838,640	4,838,640	-	4,838,640
Other comprehensive income	-	-	-	-	-	-	4,838,640	4,838,640	4,838,640	-	4,838,640
Adjustment due to repayment	-	-	-	-	-	-	-	-	-	(67,384,920)	(67,384,920)
Right share subscription money	-	71,534,030	-	(36,778,438)	(36,778,438)	-	36,778,438	36,778,438	-	-	71,534,030
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019 (Un-Audited)	250,000,000	71,534,030	141,093,550	1,740,714,424	1,881,807,974	169,450,000	(376,717,984)	(207,267,984)	1,674,539,990	462,166,833	2,458,240,853

The annexed notes 1 to 21 form an integral part of this condensed interim financial statements

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**HUSEIN SUGAR MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 MARCH 2019**

**1 THE COMPANY AND ITS OPERATIONS**

- 1.1 Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and by products. Its registered office is situated at 30-A E/1, Old FCC, Gulberg-III, Lahore whereas its mill / plant is situated at Lahore Road, Jaranwala, district Faisalabad.
- 1.2 The Company earned gross profit and profit after taxation of Rs. 155.842 million (March 31, 2018: Rs. 153.106 million) and Rs. 4.839 million (March 31, 2018: Rs. 2.068 million) respectively and declared positive equity of Rs. 2,458,241 million (September 30, 2018: 2,449,253 million). On the other hand, the Company is carrying accumulated losses of Rs. 376.718 million (September 30, 2018: Rs. 418.335 million) with adverse current ratio at the terminal date. These conditions indicate the existence of material uncertainty regarding the future operations of the company which may cast significant doubt about the company's ability to continue as a going concern and, therefore, company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, with continuous financial support of the sponsoring directors and financial institutions as well as better results of the Company, the overall liquidity position of the Company has now been improving day by day.

The Company has been successfully able to negotiate with National Bank of Pakistan, Dubai Islamic Bank Limited, Askari Islamic Bank Limited and Bank Islami Pakistan Limited and got the renewal and extension of comprehensive working capital facilities for the current financial year 2018-19. The Company has fully utilized working capital facilities since their renewal. Further, the company has also been able to obtain new facilities from aforesaid banks.

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

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

**2 STATEMENT OF COMPLAINE**

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

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

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

These condensed interim financial statements are unaudited. However, the cumulative figures for the half year ended March 31, 2019 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**3 BASIS OF MEASUREMENT**

**3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention, except for freehold land, buildings on freehold land and plant and machinery which are carried at revalued amount.

**3.2 Functional and presentation currency**

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency.

### 3.3 Critical accounting estimates, judgments and assumptions

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to audited annual financial statements of the Company for the year ended September 30, 2018.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computations adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the company except 4.2 (a):

### 4.1 Taxation

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

### 4.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

#### (a) New standards, interpretations and amendments to published approved accounting and reporting standards which are effective during the half year ended March 31, 2019 and are relevant:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that a new standard (i.e. IFRS 15) has become applicable to the Company effective October 1, 2018. Because of this new standard certain changes to the Company's new accounting policies have been made as follows:

The Company uses the five-step model of revenue recognition as described in IFRS 15 'Revenue from Contract with Customers'. In particular, the Company has the following policies with respect to identification of performance obligation, allocation of the transaction price and recognition of revenue allocation to each performance obligation.

#### Identification of performance obligation

At the inception of each contract entered into with a customer, the Company identifies the goods promised in the contract.

#### Allocation of the transaction price

The Company determines the transaction price in accordance with the requirements of IFRS 15 and allocates it to each of the performance obligations identified in the contract based on the relative stand-alone selling prices of the goods (whether directly observable or estimable).

#### Recognition of revenue allocated to each of performance obligation

The Company recognises the revenue from each performance obligation over time based on the measure of progress towards complete satisfaction of the performance obligation. This is based on the Company's assessment that the customer simultaneously receives, and consumes the benefits embodies in the goods.

The Company's approach to assessment of measure of progress towards complete satisfaction of performance obligation depends on the lifting of sugar.

#### (b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are other new standards, amendments and interpretation that are mandatory for accounting periods beginning on or after October 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

#### (c) New standards and amendments to published approved accounting and reporting standards that are not yet been effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after October 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' – This standard is effective for the period beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leases item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

IFRS 9 'Financial Instruments' - This standard is effective for period beginning from or after July 01, 2019. This standard replaces the guidance in IAS - 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The management is in the process of assessing the impact of changes laid down by these standards on its condensed interim financial statements.

## 5 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, operating results are expected to fluctuate in the second half of the year. The crushing season starts from November and last till April each year. During the period, the Company has obtained and availed financing facilities from different banks for BMR and to meet working capital requirements (refer note 7 and 8).

	Un-audited 31-March-2019	Audited 30-September-2018
	Rupees	
<b>6 AUTHORIZED SHARE CAPITAL</b>		
<i>Ordinary share capital</i>	500,000,000	500,000,000
50 million (30 September 2018: 50 million) ordinary shares of Rupees 10 each		
<i>Preference share capital</i>	150,000,000	150,000,000
15 million (30 September 2018: 15 million) preference shares of Rupees 10 each		
	<b>650,000,000</b>	<b>650,000,000</b>
<b>7 LONG TERM FINANCE - secured</b>		
<i>From financial institution</i>		
National Bank of Pakistan		
<i>Demand finance</i>	7.1	199,806,495
Less: Current portion shown under current liabilities		(22,222,222)
		<b>177,584,273</b>

7.1 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million, to finance BMR (installation of equipment to improve the efficiency of mill). It carries mark-up at the rate of 3 months KIBOR + 2.5% per annum, payable quarterly. It is secured by way of first pari passu mortgage over present and future fixed assets (including land, building and machinery) of the company to the extent of Rs. 267 million with 25% margin registered with SECP and personal guarantees and Personal Net-worth Statement (PNWS) of the two directors' of the company. The tenor of this facility is five years including grace period of six months.

	Un-audited 31-March-2019	Audited 30-September-2018
	Rupees	
<b>8 SHORT TERM BORROWINGS</b>		
<i>From banking companies - secured</i>		
National Bank of Pakistan		
<i>Cash finance (pledge)</i>	8.1	99,995,182
<i>Cash finance (pledge)</i>	8.2	499,675,000
Meezan Bank Limited		
<i>Istisna / tijarah</i>	8.3	469,856,574
Dubai Islamic Bank Pakistan Limited		
<i>Salam cum wakala</i>	8.4	250,000,000
<i>Salam cum wakala</i>	8.5	150,000,000
Bank Islami Pakistan Limited		
<i>Istisna finance</i>	8.6	250,000,000
Askari Bank Limited		
<i>Salam (Pledge)</i>	8.7	299,550,000
<i>Salam OTT (Pledge)</i>		-
		100,000,000
	<b>2,019,076,756</b>	<b>1,561,752,772</b>



- 8.1 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2018: Rs. 100 million), to meet working capital requirements of the company. It carries markup at the rate of 3 months KIBOR + 3% (2018: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future current assets of the company to the extent of Rs. 134 million (2018: Rs. 134 million), first pari passu charge over fixed assets of the company to the extent of Rs. 134 million measuring 77 acres - 14 marlas including land, building & machinery having market value of Rs. 2,109.060 million situated at Lahore Road, Jaranwala evaluated by Harvester Services (Pvt) Limited as on 22.06.2017 and personal guarantees along with Personal Net worth Statement (PNWS) of the two directors of the company.
- 8.2 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 500 million (2018: Rs. 500 million) to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries markup at the rate of 1 months KIBOR + 2.5% (2018: 1 months KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of exclusive charge of RS. 667.67 million with 25% margin against pledge facility of the company registered with SECP, pledge of refined sugar in standard bags of 50 kgs each in shared godowns, ranking charge of Rs. 400 million (2018: Rs. 400 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees and PNWS of two directors of the Company.
- 8.3 This istisna finance facility has been obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million (2018: Rs. 500 million) for purchase of raw materials / stores and spares and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over current and fixed assets of the company to the extent of Rs 667 million, pledge of charge on pledged assets of the company registered with SECP (white refined crystalline sugar) to the extent of Rs 715 million, personal guarantees of three directors of the company along with PNWS and subordination of director's loan amounting to Rs. 500 million.
- 8.4 This salam cum wakala facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 250 million to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market and subsequent sale. It carries profit at the rate of relevant KIBOR + 3.00% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs. 334 million over pledged stocks (inclusive of 25% margin), ranking charge of Rs. 334 million over all present and future current assets of the company with 25% margin, additionally covered through ranking charge of Rs. 334 million over all present and future fixed assets of the company including 25% margin and personal guarantees along with PNWS of the two directors of the company.
- 8.5 This salam cum wakala facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 150 million (2018: Rs. 150 million) to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market and subsequent sale. It carries profit at the rate of relevant KIBOR + 3.25% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs. 200 million over pledged stocks (inclusive of 25% margin), ranking charge of Rs. 200 million over all present and future fixed assets of the company with 25% margin, additionally covered through ranking charge of Rs. 334 million over all present and future fixed assets of the company and personal guarantees along with PNWS of the two directors of the company.
- 8.6 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 250 million (2018: Rs. 250 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2018: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of ownership of istisna goods, first pari passu charge over all future and present current assets of the Company to the extent of Rs. 234 million (2018: Rs. 234 million), first pari passu charge over all future and present fixed assets of the company to the extent of Rs. 334 million (2018: Rs. 334 million) and personal guarantee of all the directors of the company.
- 8.7 This salam facility has been obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 300 million (2018: nil) for production of white refined sugar from sugarcane. It carries profit at the rate of matching KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs. 400 million with 25% margin through constructive MOTD and plant & machinery (through letter of hypothecation), ranking charge over all present and future current assets of the company to the extent of Rs. 300 million with 25% margin, ranking charge over pledge stocks of white refined sugar of 2018-2019 season with 25% margin (inclusive of sales tax) stored at the company premises at shared godown duly stacked and segregated in countable position and insured under the supervision of the company approved muccadum and personal guarantee of two directors of the company.
- 8.8 The Company has total credit facilities from all the banks as mentioned in notes 8.1 to 8.7 above, amounting to Rs. 30.923 million (2018: Rs. 200.102 million) that remained unutilized at the terminal date.

## 9 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended September 30, 2018.

Note	Un-audited 31-March-2019	Audited 30-September-2018
	Rupees	
COMMITMENTS		
Company is committed to pay the following:		
<i>Ijarah Rentals</i>		
Due within one year	5,968,747	2,728,476
Due after one year but not later than five year	15,781,137	7,410,021
<i>Diminishing Musharika Rentals</i>		
Due within one year	3,633,240	3,633,240
Due after one year but not later than five year	8,477,560	12,413,570
	33,860,684	26,185,307
Commitments against CAPEX	19,561,469	19,561,469

## 10 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	10.1	2,823,954,315	2,827,601,031
Capital work in progress	10.2	403,335,427	296,781,497
		<b>3,227,289,742</b>	<b>3,124,382,528</b>

### 10.1 Operating fixed assets at cost / revalued amount

Opening balance - net book value		2,827,601,031	2,707,124,638
Additions during the period / year	10.1.1	57,722,496	240,436,350
Disposals during the period - net book value	10.1.1	702,646	509,464
Depreciation charged during the period / year		60,666,566	119,450,493
Closing balance - net book value		<b>2,823,954,315</b>	<b>2,827,601,031</b>

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

	Disposals Net Book Value (Rupees)	Additions Cost (Rupees)
Plant and machinery	-	37,300,548
Gas and electric installation	-	20,347,773
Vehicles	702,646	74,175
	<b>702,646</b>	<b>57,722,496</b>

### 10.2 Capital work in progress

Opening balance	296,781,497	282,154,466
Additions during the period / year:		
Civil Works - building	4,729,865	1,796,501
Plant & Machinery	55,749,250	69,849,975
Advance for capital expenditure	46,074,815	127,534,191
	106,553,930	199,180,667
Transfer to operating fixed assets	-	(184,553,636)
Closing balance	<b>403,335,427</b>	<b>296,781,497</b>

## 11 NET SALES

	HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Local sales - net of sales tax	1,061,221,784	849,765,930	372,777,429	523,486,997
Export sales	753,805,183	80,052,165	753,805,183	79,255,719
	<b>1,815,026,967</b>	<b>929,818,095</b>	<b>1,126,582,612</b>	<b>602,742,716</b>

## 12 COST OF SALES

Raw materials consumed:  
Sugarcane purchased  
Sugarcane development cess  
Market committee fee

	QUARTER ENDED - (Un-audited)			
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	-----Rupees-----			
	2,347,672,270	2,613,432,972	1,730,552,161	1,865,484,715
	18,426,877	21,684,304	13,288,964	15,099,308
	4,913,877	5,795,761	3,543,750	4,026,538
	2,371,013,024	2,640,913,037	1,747,384,875	1,884,610,561
Salaries, wages and other benefits	105,337,800	91,419,816	75,457,506	61,491,146
Workers' welfare	5,971,195	8,034,118	4,583,805	5,885,493
Stores, spare parts and loose tools consumed	8,139,334	11,532,865	5,164,120	5,884,224
Chemicals consumed	23,781,488	26,479,217	17,552,820	23,490,061
Packing material consumed	26,049,573	22,058,760	20,433,604	16,539,352
Fuel and power	7,902,098	15,423,273	3,582,959	6,136,273
Repair and maintenance	33,325,072	26,488,676	-	361,209
Insurance	2,819,118	2,822,531	1,409,559	1,537,603
Other factory overheads	8,059,067	8,102,283	7,643,737	4,464,432
Depreciation	54,310,412	51,713,358	25,312,303	26,242,554
	275,695,157	264,074,897	161,140,413	152,032,347
	2,646,708,181	2,904,987,934	1,908,525,288	2,036,642,908
<b>Work-in-process:</b>				
Opening stock	7,428,720	7,264,038	55,355,295	49,613,568
Closing stock	(6,833,823)	(30,288,367)	(6,833,823)	(30,288,367)
	594,897	(23,024,329)	48,521,472	19,325,201
Cost of goods manufactured	2,647,303,078	2,881,963,605	1,957,046,760	2,055,968,109
<b>Finished goods:</b>				
Opening stock	881,313,888	225,763,607	1,118,252,442	778,291,088
Closing stock	(1,869,432,007)	(2,331,015,341)	(1,869,432,007)	(2,331,015,341)
	(988,118,119)	(2,105,251,734)	(751,179,565)	(1,552,724,253)
	1,659,184,959	776,711,871	1,205,867,195	503,243,855

## 13 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

		HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Profit / (loss) attributable to ordinary shareholders	Rupees	4,838,640	2,067,698	(147,210,776)	926,621
Weighted average number of ordinary shares outstanding during the period	Numbers	26,982,046	26,111,684	25,914,926	26,111,684
Earnings / (loss) per share - basic and diluted	Rupees	0.18	0.08	(5.68)	0.04

The comparative figures of weighted average number of ordinary shares outstanding during the period were restated due to issuance of right shares subsequent to reporting date in line with the requirements of IAS - 33 "Earning per Share". Further, there is no effect on diluted earning per share.

## 14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Details of transactions with related parties during the period other than those which have been disclosed elsewhere in these financial statements are stated below:

### 14.1 Related party transactions during the period:

Particulars	Relationship	Names	Un-audited #REF!	Un-audited 31-March-2018
			Rupees	
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	3,725,726	3,645,096
Repayment of directors' loans	- Chairman of the Board / Non - Executive Director	Mr. Ahmed Ali Tariq	67,384,920	7,900,000
	- Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	1,619,760	2,525,000
Building on rental basis	Close family relative	Mrs. Rukhsana Javed	1,467,140	1,559,250
Remuneration and benefits of key management	Chief Operating Officer	Mr. Wasim Saleem	1,730,245	2,513,628
Directors' remuneration and benefits	- Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	3,500,000	5,779,856
	- Executive Director	Mrs. Maryam Habib	913,710	1,999,994

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

Particulars	Relationship	Name	Un-audited 31-Mar-19	Audited 30-Sep-18
			Rupees	
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	18,842,543	24,666,637
Rent payable - Building on rental basis	Close family relative	Mrs. Rukhsana Javed	2,298,720	700,900
Key management personnel's remuneration and benefits	Chief Operating Officer	Mr. Wasim Saleem	346,049	-
Directors' loans	Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	299,995,833	329,405,833
	Director / Chairman of the Board	Mr. Ahmad Ali Tariq	162,171,000	200,145,920
Directors' remuneration	Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	700,000	700,000
	Executive Director	Mrs. Maryam Habib	182,742	169,187

## 15 RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL BANKS / FINANCIAL INSTITUTIONS

The Company in the normal course of business deals with sole Islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. The details and segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below:

	March 31, 2019 - (Un-audited)			September 30, 2018 - (Audited)		
	Rupees			Rupees		
	Islamic banks	Conventional banks	Total	Islamic banks	Conventional banks	Total
Accrued markup on secured borrowings	41,952,106	21,419,085	63,371,191	49,624,565	15,310,109	64,934,674
Short term borrowings	1,419,406,574	599,670,182	2,019,076,756	599,898,307	961,854,465	1,561,752,772
Long term borrowings	-	199,806,495	199,806,495	-	-	-
Bank balances	79,690,779	20,320,010	100,010,788	1,896,441	14,536,408	16,432,849
Ijarah rentals	4,478,551	-	4,478,551	6,949,166	-	6,949,166
Finance cost	69,939,244	46,796,822	116,736,066	81,447,744	51,301,442	132,749,186
Income from PLS bank account	4,927	33,151	38,078	333	146,186	146,519

## 16 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 September 2018.



17 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

Company measures fair values using following three level fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices).

Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of all financial assets and financial liabilities as well as certain property, plant and equipment (level 2) reflected in these condensed interim financial statements approximate their fair values.

	Half Year Ended 31-March-2019	Half Year Ended 31-March-2018
	Rupees	
18 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Consumers stores and spare	45,452,243	(28,165,875)
Stock in trade	(987,523,222)	(2,128,276,064)
Trade and other receivables	514,811,724	(17,636,207)
Advances and prepayments	(11,441,219)	22,527,517
Increase in current liabilities:		
Trade and other payables	(27,596,382)	680,985,310
	(466,296,856)	(1,470,565,319)

19 DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 29 May 2019

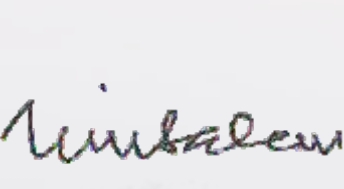
20 SUBSEQUENT EVENTS

Subsequent to reporting date, Company issued 10,032,900 right ordinary shares @ Rs. 10 each against share subscription money. Further, the Company also issued 967,100 number of ordinary shares of Rs. 10 each under the scheme of arrangement for merger of Styles & Trends (Pvt.) Limited with and into the Company approved by Honourable Lahore High Court, Lahore.

21 GENERAL

- 21.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However, no major reclassifications were made in the corresponding figures during the period.
- 21.2 Allocation to the Worker's Profit Participation Fund, Workers' Welfare Fund and figures of taxation are provisional. Final liabilities thereof would be determined on the basis of annual results.
- 21.3 The figures have been rounded off to the nearest rupee.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR