



HUSEIN SUGAR MILLS LIMITED



**UN-AUDITED CONDENSED FINANCIAL INFORMATION
FOR THE FIRST QUARTER**

ENDED DECEMBER 31, 2011



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COMPANY INFORMATION

BOARD OF DIRECTORS	Mst. Nusrat Shamim Mr. Ahmed Ali Tariq Mian Shahzad Aslam Mian Aamir Naseem Mst. Ayesha Shahzad Mr. Muhammad Shams Amin Mr. Irfan Qamar Mr. M. Mudassar Ahsan	Chairperson & Chief Executive Executive Director
AUDIT COMMITTEE	Mian Shahzad Aslam Mst. Ayesha Shahzad Mr. Muhammad Mudassar Ahsan	Chairman Member Member
CHIEF FINANCIAL OFFICER	Irfan Qamar	
COMPANY SECRETARY	Syed Arif Hussain	
LEGAL ADVISOR	Manzoor Hussein Syed	
BANKERS	MCB Bank Limited Bank Alfalah Limited Habib Bank Limited National Bank of Pakistan Allied Bank Limited United Bank Limited The Bank of Punjab Meezan Bank Limited Faysal Bank Limited Bank Islami Pakistan Limited	
AUDITORS	Riaz Ahmad & Company Chartered Accountants	
REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd. 1st Floor, H.M. House, 7-Bank Square Lahore. Ph: (042) 37235081-2 Fax: (042) 37358817	
MILLS	Lahore Road, Jaranwala	
REGISTERED / HEAD OFFICE	30-A E/I, Old FCC, Gulberg III, Lahore. Ph: (042) 35762089 - 35762090 Fax: (042) 35712680 E-mail: info@huseinsugarmills.com Website: www.huseinsugarmills.com	


DIRECTORS' REPORT

On behalf of the Company, I am pleased to present unaudited condensed financial information of the Company for the first quarter ended on December 31, 2011:

		2011-12	2010-11
Crushing days till December 31	(Number)	44	33
Sugarcane crushed till December 31	(M. Ton)	222,485	132,147
Sugar recovery	(Percentage)	8.66	8.13
Sugar produced	(M. Ton)	18,683	10,285
		Rupees	Rupees
Sales		546,122,026	628,075,022
Gross profit		42,176,480	38,796,151
Operating and finance cost		36,295,323	25,838,429
Profit before taxation		9,776,461	16,509,777
Profit after taxation		2,186,356	10,483,556

The Company is crushing sugarcane continuously since start of its crushing season on November 18, 2011. The mill has crushed over 68% more sugarcane as compared to corresponding quarter of last year. It is envisaged that sugar recovery percentage for the current crushing season shall overtake last year's sugar recovery of 8.72%. High sugar recovery is attributable to better quality of sugarcane of improved varieties as well as new machinery installed under the Company's BMR plans.

The Company is procuring sugarcane at control price. However, sugar price is under severe pressure. The current situation is threatening the viability of domestic sugar industry and ultimately sugarcane crop/growers. Government is being approached to support sugar industry by purchasing surplus sugar from the mills and allowing sugar export.

Profit after taxation for the current quarter has declined as compared to last year's corresponding quarter, mainly due to depressed sales. It is expected to improve in the subsequent period.

The Company management place on record its appreciation for the Company's entire workforce for their dedication and loyalty and hope continuation of same zeal and devotion in the future, too.

Lahore:
January 27, 2012

(For and on behalf of the Board)

Mustafa Ali
Chairperson

**CONDENSED INTERIM BALANC SHEET**

	NOTE	Un-Audited 31 December 2011 Rupees	Audited 30 September 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		500,000,000	500,000,000
Issued, subscribed and paid up share capital		170,000,000	170,000,000
Reserves		78,463,598	76,727,817
Total Equity		248,463,598	246,727,817
Surplus on revaluation of fixed assets		492,684,029	492,684,029
NON-CURRENT LIABILITIES			
Long term financing	5	341,164,089	279,341,467
Liabilities against assets subject to finance lease	6	7,627,976	5,816,327
Deferred income on sale and lease back		201,131	288,692
		348,993,196	285,446,486
CURRENT LIABILITIES			
Trade and other payables		462,544,243	137,633,485
Accrued mark-up		15,895,201	9,982,059
Short term borrowings		417,127,422	178,010,632
Current portion of finance lease liabilities	6	8,736,867	11,505,783
Provision for taxation		40,864,041	35,402,820
		945,167,774	372,534,779
Total liabilities		1,294,160,970	657,981,265
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		2,035,308,597	1,397,393,111

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

Amant Ali
CHIEF EXECUTIVE



AS AT 31 DECEMBER 2011

	NOTE	Un-Audited 31 December 2011 Rupees	Audited 30 September 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	965,920,600	899,332,177
Long term investments	9	4,426,500	4,877,075
Long term deposits		29,547,129	7,635,429
Deferred income tax asset	10	97,052,269	99,181,153
		<u>1,096,946,498</u>	<u>1,011,025,834</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		106,499,197	77,092,854
Stock-in-trade		421,533,829	10,680,752
Trade debts		2,848,986	1,223,692
Current portion of long term deposits		5,620,600	5,620,600
Advances		63,922,568	23,473,764
Short term prepayments		2,157,808	1,302,690
Other receivables		61,492,983	61,336,403
Short term investment		204,315,068	200,786,301
Cash and bank balances		69,971,060	4,850,221
		938,362,099	386,367,277
TOTAL ASSETS		<u><u>2,035,308,597</u></u>	<u><u>1,397,393,111</u></u>

Abdul M. Iqbal
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2011**

	NOTE	QUARTER ENDED	
		31 December 2011 Rupees	31 December 2010 Rupees
SALES		546,122,026	628,075,022
COST OF SALES	11	<u>(503,945,546)</u>	<u>(589,278,871)</u>
GROSS PROFIT		42,176,480	38,796,151
DISTRIBUTION COST		<u>(2,071,792)</u>	<u>(1,580,273)</u>
ADMINISTRATIVE EXPENSES		<u>(24,206,634)</u>	<u>(19,722,195)</u>
OTHER OPERATING EXPENSES		<u>(20,000)</u>	<u>(57,035)</u>
		<u>(26,298,426)</u>	<u>(21,359,503)</u>
		15,878,054	17,436,648
OTHER OPERATING INCOME		<u>3,895,304</u>	<u>3,552,055</u>
PROFIT FROM OPERATIONS		19,773,358	20,988,703
FINANCE COST		<u>(9,996,897)</u>	<u>(4,478,926)</u>
PROFIT BEFORE TAXATION		9,776,461	16,509,777
PROVISION FOR TAXATION		7,590,105	6,026,221
PROFIT AFTER TAXATION		<u>2,186,356</u>	<u>10,483,556</u>
EARNING PER SHARE - BASIC AND DILUTED		<u>0.13</u>	<u>0.87</u>

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


CHIEF EXECUTIVE


DIRECTOR



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2011

	QUARTER ENDED	
	31 December 2011 Rupees	31 December 2010 Rupees
PROFIT AFTER TAXATION	2,186,356	10,483,556
OTHER COMPREHENSIVE INCOME / (LOSS) :		
Surplus / (deficit) on remeasurement of available for sale investments	(450,575)	1,837,200
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,735,781</u>	<u>12,320,756</u>

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


CHIEF EXECUTIVE


DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2011**

	QUARTER ENDED	
	31 December 2011	31 December 2010
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,776,461	16,509,777
Adjustments for non-cash charges and other items:		
Depreciation	10,530,137	6,731,528
Amortization of intangible asset	83,325	-
Finance cost	9,996,897	4,478,926
Amortization of deferred income on sale and lease back	(87,560)	(87,561)
Gain on disposal of operating fixed assets	(60,000)	(786,391)
CASH FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	30,239,260	26,846,279
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(29,406,343)	(17,792,679)
Stock-in-trade	(410,853,077)	(156,123,832)
Trade debts	(1,625,294)	(9,918,098)
Advances	(40,453,469)	(29,101,872)
Short term prepayments	(855,118)	816,635
Other receivables	1,669,956	2,982,696
(Decrease) / increase in current liabilities:		
Trade and other payables	322,558,183	172,932,125
	(158,965,162)	(36,205,025)
CASH USED IN OPERATIONS	(128,725,902)	(9,358,746)
Finance cost paid	(4,083,756)	(16,306,165)
Income tax paid	(2,998,066)	(6,406,322)
Dividend paid	-	(444)
Net (decrease) / increase in long term deposits	(21,911,700)	730,522
NET CASH USED IN OPERATING ACTIVITIES	(157,719,424)	(31,341,155)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	60,000	1,120,000
Property, plant and equipment - acquired	(73,260,580)	(2,833,583)
NET CASH USED IN INVESTING ACTIVITIES	(73,200,580)	(1,713,583)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(4,898,569)	(4,933,221)
Proceeds from long term financing	61,822,622	2,500,000
Short term borrowings-net	239,116,790	94,118,574
NET CASH FROM FINANCING ACTIVITIES	296,040,843	91,685,353
NET INCREASE IN CASH AND CASH EQUIVALENTS	65,120,839	58,630,615
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,850,221	8,116,560
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	69,971,060	66,747,175

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


CHIEF EXECUTIVE


DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2011****1. THE COMPANY AND ITS OPERATIONS**

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

2. BASIS OF PREPARATION

This condensed interim financial information of the company for the quarter ended 31 December 2011 is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with audited annual published financial statements of the company for the year ended 30 September 2011.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 September 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 September 2011.

Un-audited 31 December 2011 Rupees	Audited 30 September 2011 Rupees
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5. LONG TERM FINANCING**From Banking Companies - Secured**

Opening balance	279,341,467	-
Add: Obtained during the quarter / year	61,822,622	279,341,467
Less: Repaid during the quarter / year	-	-
Closing balance	341,164,089	279,341,467



	Un-audited 31 December 2011 Rupees	Audited 30 September 2011 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	18,307,231	18,884,481
Less: Un-amortized finance charge	1,942,388	1,562,371
Present value of future minimum lease payments	16,364,843	17,322,110
Less: Current portion shown under current liabilities	7,627,976	11,505,783
Non current portion	<u>8,736,867</u>	<u>5,816,327</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Guarantee of Rupees 42.80 million (30 September 2011: 42.80 million) is given by the bank of the company to Sui Northern Gas Pipelines Limited against gas connection.

7.2 Commitments

For capital expenditure	-	55,000,000
Letters of credit	<u>3,538,120</u>	<u>20,775,749</u>

8. FIXED ASSETS

Property, plant and equipment:

• Operating fixed assets (Note 8.1)	765,304,389	774,488,345
• Assets subject to finance lease (Note 8.2)	36,954,051	34,195,218
• Capital work-in-progress	163,078,785	89,981,914
Intangible asset (Note-8.3)	583,375	666,700
	<u>965,920,600</u>	<u>899,332,177</u>

8.1 OPERATING FIXED ASSETS

Opening net book value	774,488,345	777,302,599
Add: Cost of additions during the quarter / year (Note 8.1.1)	163,709	7,546,986
Book value of assets transferred from assets subject to finance lease during the quarter / year	-	25,612,776
	<u>774,652,054</u>	810,462,361
Less: Book value of vehicle disposed of during the quarter / year	-	333,609
	<u>774,652,054</u>	810,128,752
Less: Depreciation charged during the quarter / year	9,347,665	35,640,407
	<u>765,304,389</u>	<u>774,488,345</u>

8.1.1 COST OF ADDITIONS DURING THE QUARTER / YEAR

Freehold land		215,555
Plant and machinery	-	-
Factory equipment	-	344,190
Gas and electric installations	150,000	511,051
Furniture and fixtures	11,500	1,047,147
Office equipment	2,209	196,800
Computer equipment	-	810,007
Vehicles	-	4,422,236
	<u>163,709</u>	<u>7,546,986</u>



	Un-audited 31 December 2011 Rupees	Audited 30 September 2011 Rupees
8.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening net book value	34,195,218	55,693,910
Add: Cost of additions during the quarter / year	<u>3,941,305</u>	<u>7,990,110</u>
	38,136,523	63,684,020
Less: Book value of assets transferred to operating assets during the quarter / year	-	25,612,776
	<u>38,136,523</u>	<u>38,071,244</u>
Less: Depreciation charged during the quarter / year	<u>1,182,472</u>	<u>3,876,026</u>
	<u><u>36,954,051</u></u>	<u><u>34,195,218</u></u>
8.3 INTANGIBLE ASSET		
Computer Software:		
Opening net book value	666,700	-
Add: Cost of additions during the quarter / year	-	1,000,000
	<u>666,700</u>	<u>1,000,000</u>
Less: Amortisation	<u>83,325</u>	<u>333,300</u>
	<u><u>583,375</u></u>	<u><u>666,700</u></u>
9. LONG TERM INVESTMENTS		
AVAILABLE FOR SALE		
Associated Companies		
Quoted		
Shadab Textile Mills Limited		
375,000 (30 September 2011: 375,000) fully paid ordinary shares of Rupees 10 each	2,500,000	2,500,000
Sargodha Spinning Mills Limited		
500 (30 September 2011: 500) fully paid ordinary shares of Rupees 10 each	5,000	5,000
	<u>2,505,000</u>	<u>2,505,000</u>
Add: Fair value adjustment	<u>1,926,050</u>	<u>2,376,625</u>
Less: Impairment loss	<u>4,550</u>	<u>4,550</u>
	<u><u>4,426,500</u></u>	<u><u>4,877,075</u></u>
10. DEFERRED INCOME TAX ASSET		
The asset for deferred taxation originated due to timing differences relating to:		
Taxable temporary differences:		
Accelerated tax depreciation	53,453,127	55,482,223
Finance lease	<u>7,206,223</u>	<u>5,905,588</u>
	60,659,350	61,387,811
Deductible temporary differences:		
Available tax losses	<u>107,545,513</u>	<u>111,642,924</u>
Turnover tax available for carry forward	<u>50,166,106</u>	<u>48,926,040</u>
	<u>157,711,619</u>	<u>160,568,964</u>
Deferred income tax asset	<u><u>97,052,269</u></u>	<u><u>99,181,153</u></u>



11. COST OF SALES

Raw materials consumed:

UN-AUDITED		
	31 December 2011	31 December 2010
Rupees.....	
Sugarcane purchased	838,307,997	695,983,509
Sugarcane development cess	5,575,252	3,368,106
Market committee fee	1,115,051	673,541
	844,998,300	700,025,156

Salaries, wages and other benefits

Workers' welfare

Stores, spare parts and loose tools

Chemicals consumed

Packing material consumed

Fuel and power

Repair and maintenance

Insurance

Other factory overheads

Depreciation

Work-in-process:

Opening stock

Closing stock

Cost of goods manufactured

Finished goods:

Opening stock

Closing stock

12. TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited 31 December 2011 Rupees	Un-audited 31 December 2010 Rupees
Contributions to provident fund	1,004,378	889,269
Remuneration to key management personnel	7,911,329	5,609,919



13. 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 September 30, 2011.

14. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on January 27, 2012.

15. CORRESPONDING FIGURES

No significant reclassification / rearrangement of comparative figures has been made.

16. GENERAL

Figures have been rounded off to the nearest of Rupee.


CHIEF EXECUTIVE


DIRECTOR