



HUSEIN SUGAR MILLS LIMITED



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

DECEMBER 31, 2012



CONTENTS

COMPANY INFORMATION	2
DIRECTORS' REPORT	3
CONDENSED INTERIM BALANCE SHEET	4-5
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	6
CONDENSED INTERIM CASH FLOW STATEMENT	7
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	8
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	9-12



COMPANY INFORMATION

BOARD OF DIRECTORS	Mst. Nusrat Shamim Mian Ahmad Ali Tariq Mian Mustafa Ali Tariq Mian Shahzad Aslam Mian Aamir Naseem Mrs. Ayesha Shahzad Mian M. Shams Amin Mr. Irfan Qamar	Chairperson & Chief Executive Executive Director
AUDIT COMMITTEE	Mian Shahzad Aslam Mrs. Ayesha Shahzad Mian M. Shams Amin	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian M. Shams Amin Mst. Nusrat Shamim Mrs. Ayesha Shahzad	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 Al Baraka Bank (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 Board, I am pleased to present unaudited interim condensed financial information of the Company for the first quarter ended on December 31, 2012.

Highlights of the Company's performance for the first quarter and its comparison with corresponding period of last year is as under:

Crushing days till December 31	(Number)	32	44
Sugarcane crushed till December 31	(M. Ton)	176,677	222,485
Sugar produced	(M. Ton)	15,235	18,683
Sugar recovery	(Percentage)	8.91	8.66
		Rupees	Rupees
Sales		219,674,766	546,122,026
Gross profit/(loss)		(51,085,769)	42,176,480
Operating and finance cost		40,932,585	36,295,523
Profit/(loss) before taxation		(86,994,660)	9,776,461
Profit/(loss) after taxation		(56,120,484)	2,186,356
Total comprehensive income/(loss)		(43,182,734)	1,735,781
Earnings/(loss) per share		(3.30)	0.13

Company's first phase of its BMR has been completed successfully as evident from the Company's operational results. The Company shall embark upon next phase of BMR after easing of current financial position.

Despite current financial stress, the Company has given seed loan of promising high yielding sucrose-content sugarcane varieties among its progressive and loyal farmers. It shall not only increase sugar production of the mills of the area but shall also be equally rewarding for the sugarcane farmers.

Sugar price has been under severe stress for last year and this trend is continuously prevailing till release of this report. This trend of sugar prices coupled with ever increasing cost of inputs, especially sugarcane, are the main reasons for current financial results of the Company.

Government's current announcement to allow export of sugar and procurement of sugar by TCP are positive and supporting measure for the industry. It is hoped that current position shall ease in remaining part of the year and your company will be able to reverse the currently reported results.

Finally, entire workforce of the Company deserves appreciation for its dedication and hardwork.

Khairat H.
Chairperson

Lahore: January 28, 2013

(By the order of the Board)

**CONDENSED INTERIM BALANC SHEET**

	NOTE	Un-Audited 31 December 2012 Rupees	Audited 30 September 2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up share capital		170,000,000	170,000,000
Reserves		<u>39,717,685</u>	<u>82,900,419</u>
Total Equity		209,717,685	252,900,419
Surplus on revaluation of fixed assets		492,684,029	492,684,029
NON-CURRENT LIABILITIES		81,149,268	
Long term financing	5	<u>87,441,666</u>	<u>99,933,332</u>
Liabilities against assets subject to finance lease	6	<u>27,753,502</u>	<u>25,718,232</u>
Long term deposits		<u>4,698,156</u>	<u>5,441,847</u>
		119,893,324	131,093,411
CURRENT LIABILITIES			
Trade and other payables		<u>728,402,035</u>	<u>366,473,419</u>
Accrued mark-up		<u>8,776,255</u>	<u>12,702,322</u>
Short term borrowings		<u>588,252,852</u>	<u>121,800,033</u>
Current portion of long term liabilities		<u>58,416,887</u>	<u>58,259,960</u>
Provision for taxation		<u>16,190,460</u>	<u>15,082,671</u>
		<u>1,400,038,489</u>	<u>574,318,405</u>
Total liabilities		1,519,931,813	705,411,816
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>2,222,333,527</u>	<u>1,450,996,264</u>

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

Amir H. H.
CHIEF EXECUTIVE



AS AT 31 DECEMBER 2012

	NOTE	Un-Audited 31 December 2012 Rupees	Audited 30 September 2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	1,026,765,048	1,011,799,856
Long term investments	9	17,066,250	4,128,500
Long term deposits		19,369,429	19,379,429
Deferred income tax asset	10	128,112,347	96,130,383
		<u>1,191,313,074</u>	<u>1,131,438,168</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		126,425,270	142,628,795
Stock-in-trade		639,947,249	43,594,174
Trade debts		15,672,557	21,369,450
Advances		31,579,098	28,401,328
Short term deposits and prepayments		10,608,008	9,538,131
Other receivables		65,554,366	63,267,850
Cash and bank balances		141,233,905	10,758,368
		<u>1,031,020,453</u>	<u>319,558,096</u>
TOTAL ASSETS		<u><u>2,222,333,527</u></u>	<u><u>1,450,996,264</u></u>

Abdul M. Iqbal
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2012**

	QUARTER ENDED	
NOTE	31 December 2012 Rupees	31 December 2011 Rupees
SALES	219,674,766	546,122,026
COST OF SALES	11 <u>(270,760,535)</u>	<u>(503,945,546)</u>
GROSS PROFIT / (LOSS)	(51,085,769)	42,176,480
DISTRIBUTION COST	<u>(1,634,270)</u>	<u>(2,071,792)</u>
ADMINISTRATIVE EXPENSES	<u>(28,852,215)</u>	<u>(24,206,634)</u>
OTHER OPERATING EXPENSES	<u>-</u>	<u>(20,000)</u>
	<u>(30,486,485)</u>	<u>(26,298,426)</u>
	<u>(81,572,254)</u>	<u>15,878,054</u>
OTHER OPERATING INCOME	<u>5,023,694</u>	<u>3,895,304</u>
PROFIT / (LOSS) FROM OPERATIONS	<u>(76,548,560)</u>	<u>19,773,358</u>
FINANCE COST	<u>(10,446,100)</u>	<u>(9,996,897)</u>
PROFIT / (LOSS) BEFORE TAXATION	<u>(86,994,660)</u>	<u>9,776,461</u>
TAXATION	<u>30,874,176</u>	<u>(7,590,105)</u>
PROFIT/ (LOSS) AFTER TAXATION	<u>(56,120,484)</u>	<u>2,186,356</u>
OTHER COMPREHENSIVE INCOME / (LOSS):		
Surplus / (deficit) on remeasurement of available for sale investments	<u>12,937,750</u>	<u>(450,575)</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS)	<u>(43,182,734)</u>	<u>1,735,781</u>
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED	<u>(3.30)</u>	<u>0.13</u>

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


CHIEF EXECUTIVE


DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2012

	QUARTER ENDED	
	31 December 2012 Rupees	31 December 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(86,994,660)	9,776,461
Adjustments for non-cash charges and other items:		
Depreciation	14,123,376	10,530,137
Amortization of intangible asset	83,325	83,325
Finance cost	10,446,100	9,996,897
Amortization of deferred income on sale and lease back	-	(87,560)
Profit on bank deposit	57,082	-
Gain on disposal of operating fixed assets	(397,341)	(60,000)
CASH FROM / (USED IN) OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	(62,682,118)	30,239,260
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	16,203,525	(29,406,343)
Stock-in-trade	(596,353,075)	(410,853,077)
Trade debts	5,696,893	(1,625,294)
Advances	(3,177,770)	(40,453,469)
Short term deposits and prepayments	(1,069,877)	(855,118)
Other receivables	297,201	1,669,956
(Decrease) / increase in current liabilities:		
Trade and other payables	361,814,452	322,558,183
	(216,588,651)	(158,965,162)
CASH USED IN OPERATIONS	(279,270,769)	(128,725,902)
Finance cost paid	(14,372,167)	(4,083,756)
Income tax paid	(2,552,400)	(2,998,066)
Dividend paid	-	-
Net increase / (decrease) in long term deposits	10,000	(21,911,700)
NET CASH USED IN OPERATING ACTIVITIES	(296,185,336)	(157,719,424)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	1,250,000	60,000
Property, plant and equipment - acquired	(25,002,331)	(73,260,580)
Profit on bank deposits received	25,765	-
NET CASH USED IN INVESTING ACTIVITIES	(23,726,566)	(73,200,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(2,830,022)	(4,898,569)
Proceeds from long term financing	-	61,822,622
Repayment of long term financing	(12,491,667)	-
Long term deposits - net	(743,691)	-
Short term borrowings-net	466,452,819	239,116,790
NET CASH FROM FINANCING ACTIVITIES	450,387,439	296,040,843
NET INCREASE IN CASH AND CASH EQUIVALENTS	130,475,537	65,120,839
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,758,368	4,850,221
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	141,233,905	69,971,060

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


CHIEF EXECUTIVE


DIRECTOR



HUSEIN SUGAR MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER YEAR ENDED 31 DECEMBER 2012**

	Reserves							Total equity
	Capital			Revenue				
	Premium on issue of right shares	Fair value reserve	Sub total	General	Accumulated loss	Sub total	Total	
Share capital	170,000,000	2,376,625	23,470,175	169,450,000	(116,192,358)	53,257,642	76,727,817	246,727,817
Profit for the period	-	-	-	-	2,186,356	2,186,356	2,186,356	2,186,356
Total comprehensive loss for the period	-	(450,575)	(450,575)	-	-	-	(450,575)	(450,575)
Balance as at 30 September 2011 (audited)	170,000,000	1,926,050	23,019,600	169,450,000	(114,006,002)	55,443,998	78,463,598	248,463,598
Profit for the period	-	-	-	-	4,734,821	4,734,821	4,734,821	4,734,821
Total comprehensive loss for the period	-	(298,000)	(298,000)	-	-	-	(298,000)	(298,000)
Balance as at 30 September 2012 (audited)	170,000,000	1,628,050	22,721,600	169,450,000	(109,271,181)	60,178,819	82,900,419	252,900,419
Loss for the period	-	-	-	-	(56,120,484)	(56,120,484)	(56,120,484)	(56,120,484)
Total comprehensive income for the period	-	12,937,750	12,937,750	-	-	-	12,937,750	12,937,750
Balance as at 31 December 2012 (un-audited)	170,000,000	14,565,800	35,659,350	169,450,000	(165,391,665)	4,058,335	39,717,685	209,717,685

.....Rupees.....

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

Shant Singh
CHIEF EXECUTIVE

Amal M. Singh
DIRECTOR



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2012**

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 2012 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 2012.

3. ACCOUNTING POLICIES

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the published audited annual financial statements of the company for the year ended 30 September 2012.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the published audited annual financial statements of the company for the year ended 30 September 2012.

	Un-audited	Audited
	31 December	30 September
	2012	2012
	Rupees	Rupees
5 LONG TERM FINANCING		
From Banking Companies - Secured		
Opening balance	149,900,000	279,341,467
Add: Obtained during the period / year	-	70,558,533
Less: Repaid during the period / year	12,491,667	200,000,000
	<u>137,408,333</u>	<u>149,900,000</u>
Less: current portion shown under current liabilities	49,966,667	49,966,668
Non-current portion	<u>87,441,666</u>	<u>99,933,332</u>



	Un-audited 31 December 2012 Rupees	Audited 30 September 2012 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	40,202,487	37,898,981
Less: Un-amortized finance charge	3,998,765	3,887,457
Present value of future minimum lease payments	36,203,722	34,011,524
Less: Current portion shown under current liabilities	8,450,220	8,293,292
Non - current portion	27,753,502	25,718,232
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
Guarantee of Rupees 42.80 million (30 September 2012: 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	-	5,190,166
Letters of credit	8,930,617	19,892,558
8. FIXED ASSETS		
Property, plant and equipment:		
Owned:		
Opening net book value	930,522,346	774,488,345
Add: Cost of additions during the quarter / year :		
Building on freehold land	5,291,097	-
Plant and machinery	57,433,020	178,484,206
Gas and electric installations	430,052	1,496,471
Furniture and fixtures	-	26,500
Office equipment	-	487,080
Computer equipment	-	249,709
Vehicles	-	18,481,163
	63,154,169	199,225,129
Add: Book value of assets transferred from leased assets during the period / year	6,734,104	18,389,994
	1,000,410,619	992,103,468
Less: Book value of deletions during the period / year	852,658	14,526,423
Impairment loss	-	2,327,665
Depreciation charged during the period / year	12,290,542	44,727,034
	987,267,419	930,522,346
Leased:		
Opening net book value	42,792,272	34,195,218
Add: Cost of additions during the period / year	5,022,220	31,080,878
	47,814,492	65,276,096
Less: Book value of assets transferred to owned assets during the period / year	6,734,104	18,389,994
Depreciation charged during the period / year	1,832,834	4,093,830
	39,247,554	42,792,272
Capital work in progress	-	38,151,838
Intangible asset - computer software	333,400	666,700
Opening net book value	83,325	333,300
Less: Amortisation	250,075	333,400
	1,026,765,048	1,011,799,856



	Un-audited 31 December 2012 Rupees	Audited 30 September 2012 Rupees
9. LONG TERM INVESTMENTS - Available for sale		
Associated Companies - Quoted		
Shadab Textile Mills Limited		
375,000 (30 September 2012: 375,000) fully paid ordinary shares of Rupees 10 each	2,500,000	2,500,000
Sargodha Spinning Mills Limited		
500 (30 September 2012: 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	14,565,800	1,628,050
Less: Impairment loss	4,550	4,550
	<u>17,066,250</u>	<u>4,128,500</u>
10. DEFERRED INCOME TAX ASSET		
The asset for deferred taxation originated due to timing differences relating to:		
Taxable temporary differences:		
Accelerated tax depreciation	100,659,253	88,419,835
Finance lease	1,065,341	3,073,262
	<u>101,724,594</u>	<u>91,493,097</u>
Deductible temporary differences:		
Available tax losses	171,451,596	130,345,924
Turnover tax available for carry forward	58,385,345	57,277,556
	<u>229,836,941</u>	<u>187,623,480</u>
Deferred income tax asset	<u>128,112,347</u>	<u>96,130,383</u>
	Un-audited 31 December 2012 Rupees	Un-audited 31 December 2011 Rupees
11. COST OF SALES		
Raw material consumed	760,713,481	844,998,300
Salaries, wages and other benefits	23,545,154	19,271,531
Workers' welfare	430,282	335,451
Stores, spare parts and loose tools	4,134,218	3,438,294
Chemicals consumed	5,787,036	7,457,118
Packing material consumed	6,480,344	7,319,556
Fuel and power	5,629,521	5,457,614
Repair and maintenance	46,380,743	15,767,401
Insurance	424,523	532,358
Other factory overheads	1,770,019	1,221,338
Depreciation	11,818,289	8,999,662
	<u>867,113,610</u>	<u>914,798,623</u>
Work-in-process:		
Opening stock	370,926	485,457
Closing stock	(23,101,080)	(25,979,135)
	<u>(22,730,154)</u>	<u>(25,493,678)</u>
Cost of goods manufactured	844,383,456	889,304,945
Finished goods:		
Opening stock	43,223,248	10,195,295
Closing stock	(616,846,169)	(395,554,694)
	<u>(573,622,921)</u>	<u>(385,359,399)</u>
	<u>270,760,535</u>	<u>503,945,546</u>



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 2012 Rupees	Un-audited 31 December 2011 Rupees
Contributions to provident fund	844,037	1,004,378
Remuneration to key management personnel	9,874,340	7,911,329
Dividend received	375,000	-

13. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the published audited annual financial statements of the company for the year ended 30 September 2012.

14. SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment. Sales of sugar represents 82.61% (2011: 85.69%) of the total sales of the Company. All of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company as at December 31,2012 were located in Pakistan.

15. DATE OF AUTHORIZATION


This condensed interim financial information was approved by the Board of Directors and authorized for issue on January 28,2013.

16. CORRESPONDING FIGURES

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

17. GENERAL

Figures have been rounded off to the nearest of Rupee.


CHIEF EXECUTIVE


DIRECTOR