



Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Farouq Habib Rahimtoola Amin Ali Abdul Hamid Imran A. Habib Raeesul Hasan	<i>Chairman</i> <i>Chief Executive</i>
Audit Committee	Ali Raza D. Habib Amin Ali Abdul Hamid Imran A. Habib	<i>Chairman</i> <i>Member</i> <i>Member</i>
Company Secretary	Cawas R. Sethna	
Registered Office	4th Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habib.com/sugar E-mail : sugar@habib.com	
Mills	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
Bankers	Allied Bank of Pakistan Limited Bank AL Habib Limited Barclays Bank PLC, Pakistan Citibank N.A. First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Statutory Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
Share Registrars	Corporate Management Services (Pvt) Ltd. 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35693741-42 Fax : (+92-21) 35693743	



VISION STATEMENT

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

MISSION STATEMENT

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



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is my privilege to present to you the unaudited condensed interim financial statements of the Company for the half year ended March 31, 2010.

Financial Results

By the Grace of Allah, during the half year under review, the operations of your Company resulted in a pre-tax profit of Rs. 374.231 million. The financial results for the half year are as follows:

	(Rupees in thousands)
Profit before taxation	374,231
Taxation	115,000
Profit after taxation	259,231
Unappropriated profit brought forward	3,706
Unappropriated profit carried forward	262,937
Earnings per share – Basic and diluted	Rs. 2.16

Performance Review

Sugar Division

Crushing operations 2009-10 commenced on November 11, 2009 and the plant operated upto March 2, 2010 for 112 days as against 120 days in the preceding season. Sugarcane crushed during the current season was 681,623 M.Tons with average sucrose recovery of 10.24% and sugar production of 69,784 M.Tons, as compared with crushing of 780,578 M.Tons with average sucrose recovery of 9.87% and sugar production of 77,051 M.Tons during the preceding season.

The Government of Sindh fixed the minimum sugarcane support price at Rs. 102 per 40 kgs for the crushing season 2009-10 as against Rs. 81 per 40 kgs for the crushing season 2008-09. Due to shortage in sugarcane availability and supply, the growers were demanding much higher prices over and above the minimum support price of Rs. 102 per 40 kgs fixed by the Government of Sindh. This resulted in a serious price war amongst the mills.

The international sugar market touched the highest in its history during the first quarter of 2010. As a result the industry passed on the benefit to the growers by purchasing sugarcane at extremely high prices. However, the international market subsequently eroded and is now at a much lower level. As a consequence thereof, the domestic market has also shown a decline in the sugar selling price.



The division earned profit of Rs. 307.19 million during the period under review as against profit of Rs. 132.40 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements. The fall in the domestic selling prices will affect the profitability of the division during the second half of the financial year.

Distillery Division

The production of ethanol during the half year ended March 31, 2010 was 12,760 M.Tons as compared with 10,691 M.Tons during the corresponding period of the previous year. The division earned profit of Rs. 52.29 million during the period under review as against profit of Rs. 144.24 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements.

The price of molasses during the period increased substantially due to increase in sugarcane price affecting the cost of production of ethanol. However, the ethanol price in international market did not increase in the same proportion and accordingly this has affected the profitability of the division.

The production of liquid carbon dioxide (CO₂) during the half year upto March 31, 2010 was 1,281 M.Tons and the CO₂ unit earned profit of Rs. 3.88 million as against production of 216 M.Tons and profit of Rs. 0.36 million in the corresponding period of last year, which is included in the Distillery division's profit.

Textile Division

The division earned profit of Rs. 2.92 million during the half year under review as against profit of Rs. 3.48 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements. The profitability during the current period was affected due to continued slump in the international market resulting in reduction in sale volume and profit margin.

Trading Division

During the half year under review, there was no trading activity undertaken by the Company. However, during the next quarter there will be some activity on account of molasses exports.

General

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

On behalf of the Board of Directors

Asghar D. Habib
Chairman

Karachi: May 26, 2010



Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **HABIB SUGAR MILLS LIMITED** as at 31 March 2010 and the related condensed interim profit and loss account and condensed interim statements of comprehensive income, cash flows and changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information"), for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Karachi: May 26, 2010



Condensed Interim Balance Sheet as at March 31, 2010 (Unaudited)

	Note	(Unaudited) March 31, 2010 (Rupees in thousands)	(Audited) September 30, 2009
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	823,189	834,424
Long-term investments	5	589,602	555,710
Long-term loans		3,733	4,019
Long-term deposits		2,952	2,936
Current Assets			
Stores and spares		66,394	58,386
Stock-in-trade	6	2,297,324	211,039
Trade debts		425,821	353,397
Loans and advances		181,566	168,490
Trade deposits and short-term prepayments		8,649	7,904
Profit accrued on treasury call accounts		449	9,223
Sales tax and excise duty adjustable		67,500	-
Other receivables		9,505	5,314
Cash and bank balances		241,464	1,595,667
		3,298,672	2,409,420
Total Assets		4,718,148	3,806,509
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
120,000,000 (2009: 100,000,000)			
Ordinary shares of Rs. 5 each		600,000	500,000
Issued, subscribed and paid-up capital			
120,000,000 (2009: 96,000,000)			
Ordinary shares of Rs. 5 each		600,000	480,000
Reserves		1,477,937	1,506,706
Unrealised gain on long-term investments - available for sale		501,209	466,954
		1,979,146	1,973,660
		2,579,146	2,453,660
Non-Current Liabilities			
Deferred taxation		89,500	87,500
Current Liabilities			
Trade and other payables		477,741	774,314
Short-term borrowings	7	1,461,004	426,000
Accrued mark-up on short-term borrowings		23,170	4,635
Provision for income tax - net		87,587	60,400
		2,049,502	1,265,349
Contingencies and Commitments	8		
		4,718,148	3,806,509

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Imran A. Habib
 Director



Condensed Interim Profit and Loss Account for the half year ended March 31, 2010 (Unaudited)

	Note	Half year ended		Quarter ended	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
(Rupees in thousands)					
Segment operating results	9				
Net sales and services		2,834,320	2,130,625	1,992,879	1,191,298
Cost of sales		(2,359,949)	(1,728,560)	(1,623,317)	(899,223)
Gross profit		474,371	402,065	369,562	292,075
Distribution and marketing expenses		(66,345)	(68,781)	(52,349)	(43,468)
Administrative expenses		(45,634)	(40,258)	(21,848)	(18,638)
Other operating expenses	10	(27,591)	(22,867)	(21,179)	(17,766)
(Impairment) / reversal of impairment on long-term investments		–	(13,456)	–	11,174
Other operating income	11	26,833	17,693	24,070	15,403
		(112,737)	(127,669)	(71,306)	(53,295)
Operating profit		361,634	274,396	298,256	238,780
Finance income / (cost) - net	12	12,597	24,916	(15,752)	1,784
Profit before taxation		374,231	299,312	282,504	240,564
Taxation	13	(115,000)	(65,000)	(80,000)	(40,000)
Profit after taxation		259,231	234,312	202,504	200,564
Earnings per share - Basic and diluted	Rs.	2.16	1.95	1.69	1.67

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive



Imran A. Habib
 Director



Condensed Interim Statement of Comprehensive Income for the half year ended March 31, 2010 (Unaudited)

	Half year ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousands)			
Profit after taxation	259,231	234,312	202,504	200,564
Other comprehensive income / (loss)				
Gain / (loss) on changes in fair values of investments available for sale	35,755	(69,294)	33,719	29,602
Total Comprehensive income for the period	<u>294,986</u>	<u>165,018</u>	<u>236,223</u>	<u>230,166</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Raeesul Hasan
Chief Executive


Imran A. Habib
Director



Condensed Interim Statement of Changes in Equity for the half year ended March 31, 2010 (Unaudited)

	Issued Subscribed and Paid-up Capital	Reserves			Total Reserves	Unrealised Gain/(loss) on changes in fair values of investments available for sale	Total Equity
		Capital Reserve	General Reserve	Unappro- priated Profit			
(Rupees in thousands)							
Balance as on October 1, 2008	360,000	34,000	786,000	406,890	1,226,890	443,574	2,030,464
Cash dividend for the year ended September 30, 2008 @25% i.e. Rs. 1.25 per Ordinary share of Rs. 5 each	-	-	-	(90,000)	(90,000)	-	(90,000)
Fully paid bonus shares for the year ended September 30, 2008 @33.33% i.e. in the ratio of one bonus share for every three Ordinary shares of Rs. 5 each held	120,000	-	-	(120,000)	(120,000)	-	-
Transfer to general reserve	-	-	195,000	(195,000)	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	234,312	234,312	(69,294)	165,018
Balance as on March 31, 2009	<u>480,000</u>	<u>34,000</u>	<u>981,000</u>	<u>236,202</u>	<u>1,251,202</u>	<u>374,280</u>	<u>2,105,482</u>
Balance as on October 1, 2009	480,000	34,000	981,000	491,706	1,506,706	466,954	2,453,660
Cash dividend for the year ended September 30, 2009 @35% i.e. Rs. 1.75 per Ordinary share of Rs. 5 each	-	-	-	(168,000)	(168,000)	-	(168,000)
Fully paid bonus shares for the year ended September 30, 2009 @25% i.e. in the ratio of one bonus share for every four Ordinary shares of Rs. 5 each held	120,000	-	-	(120,000)	(120,000)	-	-
Transfer to general reserve	-	-	200,000	(200,000)	-	-	-
Unrealised gain realised on disposal of investments available for sale	-	-	-	-	-	(1,500)	(1,500)
Total comprehensive income for the period	-	-	-	259,231	259,231	35,755	294,986
Balance as on March 31, 2010	<u>600,000</u>	<u>34,000</u>	<u>1,181,000</u>	<u>262,937</u>	<u>1,477,937</u>	<u>501,209</u>	<u>2,579,146</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Imran A. Habib
 Director



Condensed Interim Cash Flow Statement for the half year ended March 31, 2010 (Unaudited)

	Note	March 31, 2010	March 31, 2009
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated form / (used in) operations	14	(2,176,911)	(628,034)
Profit received on treasury call accounts		62,155	57,658
Finance costs paid		(22,249)	(23,429)
		39,906	34,229
Income tax paid		(85,813)	(31,866)
Long-term loans		286	1,205
Long-term deposits		(16)	(12)
Net cash used in operating activities		(2,222,548)	(624,478)
Cash flows from investing activities			
Fixed capital expenditure		(28,977)	(77,201)
Sale proceeds of long-term investments		8,980	40
Dividend received		22,824	12,966
Purchase of long-term investments		(7,466)	-
Sale proceeds of fixed assets		1,446	900
Net cash used in investing activities		(3,193)	(63,295)
Cash flows from financing activities			
Dividend paid		(163,466)	(87,863)
Net cash used in financing activities		(163,466)	(87,863)
Net decrease in cash and cash equivalents		(2,389,207)	(775,636)
Cash and cash equivalents at the beginning of the period		1,169,667	271,381
Cash and cash equivalents at the end of the period	15	(1,219,540)	(504,255)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Imran A. Habib
 Director



Notes to the Condensed Interim Financial Statements for the half year ended March 31, 2010 (Unaudited)

1. The Company and its operations

Habib Sugar Mills Limited is a public limited company incorporated in Pakistan, with its shares quoted on the Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquid carbon dioxide, household textiles and providing bulk storage facilities.

2. Statement of Compliance

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the members in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2009.

3. Significant accounting policies and disclosures

- 3.1** The accounting policies and methods of computation followed for the preparation of these half yearly condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended September 30, 2009, except amendments in IAS-1 (Revised) 'Presentation of Financial Statements'.
- 3.2** The presentation of these half yearly condensed interim financial statements has been amended to reflect the changes introduced by IAS-1 (Revised) 'Presentation of Financial Statements' which became effective from the periods beginning on or after January 01, 2009. The adoption of IAS-1 (Revised) does not materially affect the computations of the results except some changes in presentation and disclosures. The standard introduces the statement of comprehensive income which presents all items of income and expenses either in one single statement or two linked statements. The Company has adopted two linked statements approach and has prepared a profit and loss account and a statement of comprehensive income to reflect these changes.
- 3.3** IFRS-8 'Operating Segments' requires disclosure of information about the Company's operating segments and replaces the requirement to determine primary and secondary reporting segments. Adoption of this standard does not have any effect on the financial position or performance of the Company. The Company determined that the operating segments were the same as the business segments as previously identified under IAS-14 'Segment Reporting'.



	March 31, 2010	September 30, 2009
	(Rupees in thousands)	
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	780,248	790,891
Capital work-in-progress	42,941	43,533
	<u>823,189</u>	<u>834,424</u>
4.2 Cost of additions to / (deletions from) fixed assets during the half year ended March 31, 2010 were as follows:		
	Additions	(Deletions)
	(Rupees in thousands)	
Non Factory Building		
Sugar	24,256	-
Plant and machinery		
Sugar	5,124	1,271
Furniture, fittings and office equipment	94	9
Motor cars / vehicles	95	215
	<u>29,569</u>	<u>1,495</u>
	March 31, 2010	September 30, 2009
	(Rupees in thousands)	
5. Long-term investments		
Available for sale - quoted		
Investments in related parties	411,863	372,611
Investments in other companies	177,739	183,099
	<u>589,602</u>	<u>555,710</u>
5.1	The aggregate cost of the above referred investments, net of impairment, is Rs. 88.392 (September 30, 2009: Rs. 88.756) million.	
5.2	The above investments are stated at fair value. Unrealised gain of Rs. 35.755 (September 30, 2009: Rs. 23.380) million arising from a change in fair value of investments has been recognised directly in equity whereas impairment in the ordinary shares of Rs. Nil (September 30, 2009: Rs. 27.134) million has been charged to the profit and loss account.	



	March 31, 2010	September 30, 2009
	(Rupees in thousands)	
6. Stock-in-trade		
Raw materials	623,939	52,875
Work-in-process	1,999	3,138
Finished goods	1,671,386	155,026
	<u>2,297,324</u>	<u>211,039</u>
7. Short-term borrowings	<u>1,461,004</u>	<u>426,000</u>

The short-term borrowings are secured by way of registered charge against hypothecation of stock-in-trade and assignment of trade debts and other receivables. The rate of mark-up was 7.5% to 13.56% (September 30, 2009: 7.5%) per annum. The funded facility for short term borrowings amounted to Rs. 2,275 (September 30, 2009: Rs. 1,975) million.

8. Contingencies and commitments

8.1 The Company has provided counter guarantees to banks, aggregating to Rs. 34.87 million (September 30, 2009: Rs. 162.476) million against agriculture finance facilities to growers and guarantees issued by banks in favour of third parties on behalf of the Company.

	March 31, 2010	September 30, 2009
	(Rupees in thousands)	
8.2 Commitments in respect of:		
Capital expenditure	<u>7,893</u>	<u>10,150</u>
Rentals under operating lease agreements with First Habib Modraba in respect of vehicles, payable over the next four years	<u>17,034</u>	<u>22,336</u>



9. Segment operating results for the half year ended March 31, 2010 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands)	
		Half year ended		Half year ended		Half year ended		Half year ended		Total	
		March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net sales and services											
Sales	Local	2,057,763	1,239,472	149,896	74,189	–	–	–	–	2,207,659	1,313,661
	Export	–	–	503,591	598,858	122,663	173,034	–	44,638	626,254	816,530
		2,057,763	1,239,472	653,487	673,047	122,663	173,034	–	44,638	2,833,913	2,130,191
Services - Storage income - net		–	–	407	434	–	–	–	–	407	434
		2,057,763	1,239,472	653,894	673,481	122,663	173,034	–	44,638	2,834,320	2,130,625
Less: Cost of sales		(1,683,911)	(1,047,476)	(564,758)	(488,895)	(111,280)	(161,214)	–	(30,975)	(2,359,949)	(1,728,560)
Gross Profit		373,852	191,996	89,136	184,586	11,383	11,820	–	13,663	474,371	402,065
Less: Distribution and marketing expenses		(27,323)	(25,296)	(33,072)	(36,720)	(5,950)	(6,189)	–	(576)	(66,345)	(68,781)
Administrative expenses		(39,343)	(34,296)	(3,777)	(3,624)	(2,514)	(2,154)	–	(184)	(45,634)	(40,258)
		(66,666)	(59,592)	(36,849)	(40,344)	(8,464)	(8,343)	–	(760)	(111,979)	(109,039)
Profit before other operating expenses, impairment on long-term investments and other operating income		307,186	132,404	52,287	144,242	2,919	3,477	–	12,903	362,392	293,026
Other operating expenses -note 10										(27,591)	(22,867)
Impairment on long-term investments										–	(13,456)
Other operating income - note 11										26,833	17,693
Operating profit										361,634	274,396

Company accounts for inter-segment revenue / transfers at arm's length.



9a. Segment operating results for the quarter ended March 31, 2010 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Net sales and services											
Sales	Local	1,424,112	731,289	79,133	47,256	–	–	–	–	1,503,245	778,545
	Export	–	–	446,695	296,870	42,631	70,895	–	44,638	489,326	412,403
		1,424,112	731,289	525,828	344,126	42,631	70,895	–	44,638	1,992,571	1,190,948
Services - Storage income - net		–	–	308	350	–	–	–	–	308	350
		1,424,112	731,289	526,136	344,476	42,631	70,895	–	44,638	1,992,879	1,191,298
Less: Cost of sales		(1,129,374)	(597,175)	(456,043)	(205,803)	(37,900)	(65,270)	–	(30,975)	(1,623,317)	(899,223)
Gross Profit		294,738	134,114	70,093	138,673	4,731	5,625	–	13,663	369,562	292,075
Less: Distribution and marketing expenses		(22,043)	(14,859)	(27,524)	(24,958)	(2,782)	(3,075)	–	(576)	(52,349)	(43,468)
Administrative expenses		(19,757)	(16,863)	(673)	(342)	(1,418)	(1,249)	–	(184)	(21,848)	(18,638)
		(41,800)	(31,722)	(28,197)	(25,300)	(4,200)	(4,324)	–	(760)	(74,197)	(62,106)
Profit before other operating expenses, reversal of impairment on long-term investments and other operating income		252,938	102,392	41,896	113,373	531	1,301	–	12,903	295,365	229,969
Other operating expenses -note 10										(21,179)	(17,766)
Reversal of impairment on long-term investments										–	11,174
Other operating income - note 11										24,070	15,403
Operating profit										298,256	238,780

Company accounts for inter-segment revenue / transfers at arm's length.



	Half year ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousands)			
10. Other operating expenses				
Workers' Profit Participation Fund	20,120	16,092	15,188	12,933
Workers' Welfare Fund	8,048	6,437	6,075	5,174
Exchange (gain) / loss	(577)	338	(84)	(341)
	<u>27,591</u>	<u>22,867</u>	<u>21,179</u>	<u>17,766</u>
11. Other operating income				
Dividend income	23,662	12,381	22,258	10,671
Profit on sale of long-term investments	1,151	40	1,151	40
Agriculture income	86	80	86	80
Gain on disposal of fixed assets	801	806	–	226
Gain on sale of fixed assets previously written off	–	3,649	–	3,649
Scrap sale	1,133	737	575	737
	<u>26,833</u>	<u>17,693</u>	<u>24,070</u>	<u>15,403</u>
12. Finance income / (cost) - net				
Sugar Division	17,472	35,239	(5,833)	8,259
Distillery Division	(5,400)	(11,678)	(9,929)	(7,014)
Textile Division	525	1,417	10	601
Trading Division	–	(62)	–	(62)
	<u>12,597</u>	<u>24,916</u>	<u>(15,752)</u>	<u>1,784</u>
13. Taxation				
Current	113,000	60,000	78,000	35,000
Deferred	2,000	5,000	2,000	5,000
	<u>115,000</u>	<u>65,000</u>	<u>80,000</u>	<u>40,000</u>



	March 31, 2010	March 31, 2009
	(Rupees in thousands)	
14. Cash generated from / (used in) operations		
Profit before taxation	374,231	299,312
Adjustment for non-cash charges and other items		
Depreciation	39,567	34,795
Profit on sale of long-term investments	(1,151)	(40)
Gain on disposal of fixed assets	(801)	(806)
Finance (income) / cost - net	(12,597)	(24,916)
Impairment on long-term investments	-	13,456
Dividend income	(23,662)	(12,381)
Working capital changes - Note 14.1	(2,552,498)	(937,454)
	<u>(2,176,911)</u>	<u>(628,034)</u>
14.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(8,008)	(7,045)
Stock-in-trade	(2,086,285)	(1,212,321)
Trade debts	(72,424)	100,644
Loans and advances	(13,076)	221,855
Trade deposits and short-term prepayments	(745)	1,439
Sales tax and excise duty adjustable	(67,500)	-
Other receivables	(3,353)	4,740
	(2,251,391)	(890,688)
Increase / (decrease) in current liabilities		
Trade and other payables	(301,107)	(46,766)
Net changes in working capital	<u>(2,552,498)</u>	<u>(937,454)</u>
15. Cash and cash equivalents at the end of the period		
These comprise of the following :		
Cash and bank balances	241,464	358,245
Short-term borrowings	(1,461,004)	(862,500)
	<u>(1,219,540)</u>	<u>(504,255)</u>



16. Transactions with related parties

Material transactions with related parties, other than remuneration and benefits to directors and key management personnel under the terms of their employment, are given below:

	Half year ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousands)			
Insurance premium paid	11,235	4,423	–	–
Insurance claim received	1,170	9,248	240	9,086
Profit on treasury call accounts	29,294	27,889	8,844	8,361
Purchases / sales / services	231	133	192	38
Dividend received	20,297	9,950	20,297	9,950
Dividend paid	27,509	14,668	27,509	14,668
Bonus shares received at nominal value	20,297	21,889	20,297	21,889
Bonus shares issued at nominal value	19,649	19,558	19,649	19,558
Bank charges	313	260	192	185

Transactions with related parties are carried out at arm's length.

17. Date of Authorisation for issue

These condensed interim financial statements were authorised for issue on May 26, 2010 by the Board of Directors of the Company.

18. General

18.1 Figures for the quarters ended March 31, 2010 and March 31, 2009 have not been subjected to limited scope review by the external auditors.

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

Raeesul Hasan
Chief Executive

Imran A. Habib
Director