



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	Chairman Member Member
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), household textiles in local and international markets and providing bulk storage facilities. 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), household textiles and service provider for bulk storage facilities, 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, 2011.

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. 596.317 million. The financial results for the half year are as follows:

	(Rupees in thousands)
Profit before taxation	596,317
Taxation	175,000
Profit after taxation	421,317
Unappropriated profit brought forward	3,241
Unappropriated profit carried forward	424,558
Earnings per share – Basic and diluted	Rs. <u>2.81</u>

Performance Review

Sugar Division

Crushing operations 2010-11 commenced on October 30, 2010 and the plant operated upto March 24, 2011 for 146 days as against 112 days in the preceding season. Sugarcane crushed during the current season was 800,636 M.Tons with average sucrose recovery of 9.87% and sugar production of 79,056 M.Tons, as compared with crushing of 681,623 M.Tons with average sucrose recovery of 10.24% and sugar production of 69,784 M.Tons during the preceding season.

The Government of Sindh fixed the minimum sugarcane support price at Rs. 127 per 40 kgs for the crushing season 2010-11 as against Rs. 102 per 40 kgs for the crushing season 2009-10.

The supply of sugarcane during the period upto December 31, 2010 was only 22% of the total crushing. However, the supply improved during the subsequent period and the total crushing achieved during the season was 800,636 M.Tons. Due to shortage in supply, the Company had to procure sugarcane at very high prices ranging around levels of Rs. 200 per 40 kgs.

During the current season, the government allowed duty free import of raw sugar in order to meet the shortfall in sugar production and avert the upward trend in price of sugar in the open market. Your Company availed the opportunity and converted 4,885 tons of raw sugar into 4,609 tons of refined sugar during November and December 2010.



By the Grace of Allah, the division earned profit of Rs. 458.82 million during the period under review as against profit of Rs. 307.19 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements. The profitability of the division during the second half year is expected to be lower due to fall in sugar selling price on the one hand and increase in sales tax and special excise duty on the other.

Distillery Division

Production of ethanol during the half year ended March 31, 2011 was 13,678 M.Tons as compared with 12,760 M.Tons during the corresponding period of the previous year. The division earned profit of Rs. 97.55 million during the period under review as against profit of Rs. 52.29 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements.

Molasses prices have been higher during the period under review. However, ethanol prices in the international market have also shown an upward trend and is likely to have a favourable impact on the profitability of the division.

The production of liquid carbon dioxide (CO₂) during the half year was 2,468 M.Tons as against production of 1,281 M.Tons.

Textile Division

The division earned profit of Rs. 2.64 million during the half year under review as against profit of Rs. 2.92 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements.

The division is in the process of expansion in its capacity which may contribute towards the profitability of the division.

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 14, 2011



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 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of 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

Audit Engagement Partner:
Riaz A. Rehman Chamdia

Karachi: May 14, 2011



Condensed Interim Balance Sheet as at March 31, 2011 (Unaudited)

	Note	(Unaudited) March 31, 2011	(Audited) September 30, 2010
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	778,694	817,860
Long-term investments	5	681,983	695,432
Long-term loans		3,351	3,860
Long-term deposits		2,948	2,948
Current Assets			
Stores and spares		75,618	68,782
Stock-in-trade	6	3,092,943	319,376
Trade debts		348,164	114,178
Loans and advances		129,559	58,741
Trade deposits and short-term prepayments		13,463	8,771
Sales tax and excise duty adjustable		34,706	32,631
Other receivables		10,614	6,215
Cash and bank balances		402,008	1,307,268
		<u>4,107,075</u>	<u>1,915,962</u>
Total Assets		<u>5,574,051</u>	<u>3,436,062</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2010: 120,000,000)			
Ordinary shares of Rs. 5 each		750,000	600,000
Issued, subscribed and paid-up capital			
150,000,000 (2010: 120,000,000)			
Ordinary shares of Rs. 5 each		750,000	600,000
Reserves		1,874,558	1,753,241
Unrealised gain on long-term investments - available for sale		579,732	497,981
		<u>2,454,290</u>	<u>2,251,222</u>
		3,204,290	2,851,222
Non-Current Liabilities			
Deferred taxation		83,500	86,500
Current Liabilities			
Trade and other payables		1,058,158	469,409
Short-term borrowings	7	1,160,537	-
Accrued mark-up on short-term borrowings		19,461	-
Provision for income tax - net		48,105	28,931
		2,286,261	498,340
Contingencies and Commitments	8		
Total Equity and Liabilities		<u>5,574,051</u>	<u>3,436,062</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Profit and Loss Account for the half year ended March 31, 2011 (Unaudited)

	Note	Half year ended		Quarter ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
(Rupees in thousands)					
Segment operating results	9				
Net sales and services		3,788,650	2,834,320	2,430,406	1,992,879
Cost of sales		(3,094,530)	(2,359,949)	(1,879,138)	(1,623,317)
Gross profit		694,120	474,371	551,268	369,562
Distribution and marketing expenses		(83,125)	(66,345)	(59,040)	(52,349)
Administrative expenses		(51,998)	(45,634)	(24,108)	(21,848)
Other operating expenses	10	(44,884)	(28,168)	(36,200)	(21,263)
Other operating income	11	58,742	27,410	52,402	24,154
		(121,265)	(112,737)	(66,946)	(71,306)
Operating profit		572,855	361,634	484,322	298,256
Finance income / (cost) - net		23,462	12,597	(3,388)	(15,752)
Profit before taxation		596,317	374,231	480,934	282,504
Taxation	12	(175,000)	(115,000)	(135,000)	(80,000)
Profit after taxation		421,317	259,231	345,934	202,504
Earnings per share - Basic and diluted	Rs.	2.81	1.73	2.31	1.35
			(Restated)	(Restated)	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



**Condensed Interim Statement of Comprehensive Income
for the half year ended March 31, 2011 (Unaudited)**

	Half year ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees in thousands)			
Profit after taxation	421,317	259,231	345,934	202,504
Other comprehensive income				
Unrealised gain / (loss) on changes in fair values of long-term investments - available for sale	95,767	35,755	(24,346)	33,719
Total Comprehensive income for the half year ended March 31, 2011	<u>517,084</u>	<u>294,986</u>	<u>321,588</u>	<u>236,223</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Condensed Interim Statement of Changes in Equity for the half year ended March 31, 2011 (Unaudited)

	Issued Subscribed and Paid-up Capital	Reserves			Total Reserves	Unrealised Gain/(loss) on Long-term investments available for sale	Total Equity
		Capital Reserve	General Reserve	Unappro- priated Profit			
(Rupees in thousands)							
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 2009 @ 35%	-	-	-	(168,000)	(168,000)	-	(168,000)
Issue of bonus shares for 2009 @ 25%	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 after taxation for the half year ended March 31, 2010	-	-	-	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>
Balance as on October 1, 2010	600,000	34,000	1,181,000	538,241	1,753,241	497,981	2,851,222
Cash dividend for 2010 @ 25%	-	-	-	(150,000)	(150,000)	-	(150,000)
Issue of bonus shares for 2010 @ 25%	150,000	-	-	(150,000)	(150,000)	-	-
Transfer to general reserve	-	-	235,000	(235,000)	-	-	-
Unrealised gain realised on disposal of investments available for sale	-	-	-	-	-	(14,016)	(14,016)
Total comprehensive income after taxation for the half year ended March 31, 2011	-	-	-	421,317	421,317	95,767	517,084
Balance as on March 31, 2011	<u>750,000</u>	<u>34,000</u>	<u>1,416,000</u>	<u>424,558</u>	<u>1,874,558</u>	<u>579,732</u>	<u>3,204,290</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Condensed Interim Cash Flow Statement for the half year ended March 31, 2011 (Unaudited)

	Note	March 31, 2011	March 31, 2010
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	13	(1,938,761)	(2,176,911)
Finance income received - net		42,923	39,906
Income tax paid		(158,826)	(85,813)
Long-term loans		509	286
Long-term deposits		-	(16)
Net cash used in operating activities		(2,054,155)	(2,222,548)
Cash flows from investing activities			
Fixed capital expenditure		(16,957)	(28,977)
Sale proceeds of long-term investments		136,840	8,980
Dividend received		28,863	22,824
Purchase of long-term investments		(17,173)	(7,466)
Sale proceeds of fixed assets		3,387	1,446
Net cash generated from / (used) in investing activities		134,960	(3,193)
Cash flows from financing activities			
Dividend paid		(146,602)	(163,466)
Net cash used in financing activities		(146,602)	(163,466)
Net decrease in cash and cash equivalents		(2,065,797)	(2,389,207)
Cash and cash equivalents at the beginning of the period		1,307,268	1,169,667
Cash and cash equivalents at the end of the period	14	(758,529)	(1,219,540)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Condensed Interim Financial Statements for the half year ended March 31, 2011 (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, 2010.

3. Significant accounting policies and disclosures

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, 2010.

3.1 Standards and interpretations that became effective but not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but either not relevant or do not have any material effect on the financial statements of the Company.

IAS - 32 Financial instruments: Presentation - Amendments relating to Classification of Rights Issues.

IFRS - 2 Share - based payment: Amendments relating to Group Cash - settled Share - based Payment Transactions.

IFRIC - 19 Extinguishing Financial Liabilities with Equity Instruments.

4. Fixed assets

4.1 Property, plant and equipment

	March 31, 2011	September 30, 2010
	(Rupees in thousands)	
Operating fixed assets	732,993	760,509
Capital work-in-progress	45,701	57,351
	<u>778,694</u>	<u>817,860</u>



4.2 Cost of additions to / (deletions from) fixed assets during the half year ended March 31, 2011 were as follows:

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	4,153	-
Distillery	2,001	4,467
Textile	8,536	-
Furniture, fittings and office equipment	2,199	66
Motor cars / vehicles	68	211
	<u>16,957</u>	<u>4,744</u>
	March 31, 2011	September 30, 2010
	(Rupees in thousands)	

5. Long-term investments

Available for sale - quoted

Investments in related parties	472,470	515,150
Investments in other companies	209,513	180,282
	<u>681,983</u>	<u>695,432</u>

5.1 The aggregate cost of the above referred investments, net of impairment, is Rs. 102.25 (September 30, 2010: Rs. 197.45) million.

5.2 The above investments are stated at fair value. Unrealised gain of Rs. 81.75 (September 30, 2010: Rs. 31.03) million arising from a change in fair value of investments has been recognised directly in equity.

	March 31, 2011	September 30, 2010
	(Rupees in thousands)	
6. Stock-in-trade		
Raw materials	678,842	171,598
Work-in-process	2,832	9,691
Finished goods	2,410,120	136,803
Fertilizers	1,149	1,284
	<u>3,092,943</u>	<u>319,376</u>
7. Short-term borrowings - secured	<u>1,160,537</u>	<u>-</u>

The short-term borrowings are secured against hypothecation of stock-in-trade and assignment of trade debts and other receivables. The rate of mark-up during the period ranged from 10% to 14.89% (September 30, 2010: 7.5% to 14.09%) per annum. The facility for short-term borrowings amounted to Rs. 2,275 (September 30, 2010: Rs. 2,275) million.



8. Contingencies and commitments

8.1 Contingencies

8.1.1 The Company has provided counter guarantees to banks, aggregating to Rs. 25.74 million (September 30, 2010: Rs. 145.074) million against agriculture finance facilities to growers and guarantees issued by banks in favour of third parties on behalf of the Company.

8.1.2 During 2009-10 the Company received show cause notice from Competition Commission of Pakistan (CCP) under section 30 of the Competition Ordinance, 2009 for violation of various sections of this Ordinance. The Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh challenging the Ordinance. The Honourable High Court of Sindh, granted stay against the proceedings of the CCP and restrained the Commission to pass final order in respect of the show cause notice. The Competition Commission of Pakistan filed an appeal before the Honourable Supreme Court of Pakistan which was disposed of by the Honourable Supreme Court based on the grounds that the matter was pending before the Honourable High Court of Sindh and Punjab.

The Competition Ordinance 2009 stood repealed on March 25, 2010 and thereafter a new Competition Ordinance, 2010 was promulgated which also stood repealed on August 15, 2010. The Parliament thereafter enacted the Competition Act, 2010 (ACT XIX of 2010). The Company filed Amended Applications in view of the promulgation of new Ordinance of 2010 and the Act of 2010 which was accepted by the Honourable High Court of Sindh, with the consent of both the parties.

The petitions were fixed for hearing on May 4, 2011 but did not appear on the cause list and with the consent of both parties, the matter has now been fixed for May 26, 2011. Since the financial impact is indeterminate at this stage no liability has been recorded in these financial statements.

8.1.3 During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA (the Authority) challenging the notification issued in respect of registration of the standard mark for refined sugar manufactured and sold by the Company and charging of marking fee under PSQCA Act-VI of 1996. The Authority has demanded payment of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009. The Company is of the view that the impugned notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the Constitution.

On August 26, 2010 the case came up for hearing before the Honourable High Court of Sindh who maintained that prima facie it appears that the impugned notifications have been issued without lawful authority and in the meanwhile the operations of the impugned notifications have been suspended.

The matter was fixed for hearing on April 7, 2011 and after arguments from both the parties the matter was adjourned for four weeks with interim order to be continued till the next date of hearing. Based on the advice of the legal counsel, the Company is confident of a favourable outcome.

8.2 Commitments

	March 31, 2011	September 30, 2010
	(Rupees in thousands)	
8.2.1 Capital expenditure	<u>61,906</u>	<u>2,259</u>
8.2.2 Rentals under operating lease agreements with First Habib Modaraba in respect of vehicles, payable over the next four years	<u>26,348</u>	<u>23,650</u>



9. Segment operating results for the half year ended March 31, 2011 (Unaudited)

	(Rupees in thousands)							
	Sugar Division		Distillery Division		Textile Division		Total	
	Half year ended		Half year ended		Half year ended		Half year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Net sales and services								
Sales Local	2,667,031	2,057,763	179,470	149,896	-	-	2,846,501	2,207,659
Export	-	-	717,070	503,591	224,800	122,663	941,870	626,254
	2,667,031	2,057,763	896,540	653,487	224,800	122,663	3,788,371	2,833,913
Services - Storage income - net	-	-	279	407	-	-	279	407
	2,667,031	2,057,763	896,819	653,894	224,800	122,663	3,788,650	2,834,320
Less: Cost of sales	(2,131,322)	(1,683,911)	(749,317)	(564,758)	(213,891)	(111,280)	(3,094,530)	(2,359,949)
Gross Profit	535,709	373,852	147,502	89,136	10,909	11,383	694,120	474,371
Less: Distribution and marketing expenses	(31,005)	(27,323)	(45,420)	(33,072)	(6,700)	(5,950)	(83,125)	(66,345)
Administrative expenses	(45,889)	(39,343)	(4,535)	(3,777)	(1,574)	(2,514)	(51,998)	(45,634)
	(76,894)	(66,666)	(49,955)	(36,849)	(8,274)	(8,464)	(135,123)	(111,979)
Profit before other operating expenses and other operating income	458,815	307,186	97,547	52,287	2,635	2,919	558,997	362,392
Other operating expenses - note 10							(44,884)	(28,168)
Other operating income - note 11							58,742	27,410
Operating profit							572,855	361,634

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



9a. Segment operating results for the quarter ended March 31, 2011 (Unaudited)

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Total	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Net sales and services								
Sales Local	1,753,214	1,424,112	111,264	79,133	-	-	1,864,478	1,503,245
Export	-	-	471,873	446,695	93,859	42,631	565,732	489,326
	1,753,214	1,424,112	583,137	525,828	93,859	42,631	2,430,210	1,992,571
Services - Storage income - net	-	-	196	308	-	-	196	308
	1,753,214	1,424,112	583,333	526,136	93,859	42,631	2,430,406	1,992,879
Less: Cost of sales	(1,325,466)	(1,129,374)	(463,058)	(456,043)	(90,614)	(37,900)	(1,879,138)	(1,623,317)
Gross Profit	427,748	294,738	120,275	70,093	3,245	4,731	551,268	369,562
Less: Distribution and marketing expenses	(24,427)	(22,043)	(32,220)	(27,524)	(2,393)	(2,782)	(59,040)	(52,349)
Administrative expenses	(22,986)	(19,757)	(764)	(673)	(358)	(1,418)	(24,108)	(21,848)
	(47,413)	(41,800)	(32,984)	(28,197)	(2,751)	(4,200)	(83,148)	(74,197)
Profit before other operating expenses and other operating income	380,335	252,938	87,291	41,896	494	531	468,120	295,365
Other operating expenses - note 10							(36,200)	(21,263)
Other operating income - note 11							52,402	24,154
Operating profit							484,322	298,256

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



	Half year ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
(Rupees in thousands)				
10. Other operating expenses				
Workers' Profit Participation Fund	32,060	20,120	25,857	15,188
Workers' Welfare Fund	12,824	8,048	10,343	6,075
	<u>44,884</u>	<u>28,168</u>	<u>36,200</u>	<u>21,263</u>
11. Other operating income				
Dividend income	28,783	23,662	25,844	22,258
Profit on sale of long-term investments	24,467	1,151	24,467	1,151
Agriculture income	111	86	111	86
Gain on disposal of fixed assets	2,810	801	185	-
Scrap sale	1,449	1,133	201	575
Exchange gain	1,122	577	1,594	84
	<u>58,742</u>	<u>27,410</u>	<u>52,402</u>	<u>24,154</u>
12. Taxation				
Current	178,000	113,000	138,000	78,000
Deferred	(3,000)	2,000	(3,000)	2,000
	<u>175,000</u>	<u>115,000</u>	<u>135,000</u>	<u>80,000</u>
			March 31, 2011	March 31, 2010
			(Rupees in thousands)	
13. Cash generated from / (used in) operations				
Profit before taxation		596,317	374,231	
Adjustment for non-cash charges and other items				
Depreciation		38,156	39,567	
Profit on sale of long-term investments		(24,467)	(1,151)	
Gain on disposal of fixed assets		(2,810)	(801)	
Finance (income) / cost - net		(23,462)	(12,597)	
Dividend income		(28,783)	(23,662)	
Capital work-in-progress charged to Profit and Loss account		17,390	-	
Working capital changes - Note 13.1		(2,511,102)	(2,552,498)	
		<u>(1,938,761)</u>	<u>(2,176,911)</u>	



March 31, 2011 March 31, 2010
(Rupees in thousands)

13.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(6,836)	(8,008)
Stock-in-trade	(2,773,567)	(2,086,285)
Trade debts	(233,986)	(72,424)
Loans and advances	(70,818)	(13,076)
Trade deposits and short-term prepayments	(4,692)	(745)
Sales tax and excise duty adjustable	(2,075)	(67,500)
Other receivables	(4,479)	(3,353)
	<u>(3,096,453)</u>	<u>(2,251,391)</u>

Increase / (decrease) in current liabilities

Trade and other payables	585,351	(301,107)
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Net changes in working capital

	<u>(2,511,102)</u>	<u>(2,552,498)</u>
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14. Cash and cash equivalents at the end of the period

These comprise of the following :

Cash and bank balances	402,008	241,464
Short-term borrowings	(1,160,537)	(1,461,004)
	<u>(758,529)</u>	<u>(1,219,540)</u>

15. 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, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees in thousands)			
Insurance premium paid	15,924	11,235	6,269	–
Insurance claim received	100	1,170	100	240
Profit on bank accounts	37,358	29,294	18,117	8,844
Purchases / sales / services	38	231	–	192
Dividend received	24,357	20,297	24,357	20,297
Dividend paid	24,562	27,509	24,562	27,509
Bonus shares / units received at nominal value	29,168	20,297	29,168	20,297
Bonus shares issued at nominal value	24,562	19,649	24,562	19,649
Sale of long-term investments	105,416	–	105,416	–
Bank charges	121	313	55	192

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



16. Date of Authorisation for issue

These condensed interim financial statements were authorised for issue on May 14, 2011 by the Board of Directors of the Company.

17. General

17.1 Figures for the quarters ended March 31, 2011 and March 31, 2010 have not been subjected to limited scope review by the external auditors.

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

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director