



Contents

Company Information	2
Vision and Mission Statement	3
Directors' Report	4
Auditors' Review Report to the Members	6
Condensed Interim Balance Sheet	7
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Changes in Equity	10
Condensed Interim Cash Flow Statement	11
Notes to the Condensed Interim Financial Statements	12



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
Human Resource and Remuneration Committee	Ali Raza D. Habib Amin Ali Abdul Hamid Raeesul Hasan	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) 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, 2012.

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

	(Rupees in thousands)
Profit before taxation	508,868
Taxation	105,000
Profit after taxation	403,868
Unappropriated profit brought forward	8,257
Unappropriated profit carried forward	412,125
Earnings per share – Basic and diluted	Rs. 2.69

Performance Review

Sugar Division

Crushing operations 2011-12 commenced on December 8, 2011 and the plant operated upto March 31, 2012 for 115 days as against 146 days in the preceding season. Sugarcane crushed during the current season was 851,620 M.Tons with average sucrose recovery of 10.78% and sugar production of 91,832 M.Tons, as compared with crushing of 800,636 M.Tons with average sucrose recovery of 9.87% and sugar production of 79,056 M.Tons during the preceding season.

The Government of Sindh fixed the minimum sugarcane support price of sugarcane at Rs. 154 per 40 kgs for the crushing season 2011-12 as against Rs. 127 per 40 kgs for the crushing season 2010-11.

In March 2012, the Government allowed export of a total quantity of 100,000 M.Tons of sugar and placed export quota restriction of 5,000 M.Tons per mill on first come first served basis. Your Company availed this opportunity and exported 4,915 M.Tons of sugar during March and April 2012.

The Company also participated in a local tender of Trading Corporation of Pakistan (TCP) and sold 2,700 M.Tons of sugar, the lifting of which may take place in the later part of the year.



The division earned profit of Rs. 258.39 million during the period under review as against profit of Rs. 458.82 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements.

The off take of sugar was slow during the period resulting in decrease in sale volume as compared with the corresponding period of the previous year. Further, the sugar market remained depressed resulting in reduced profitability during the current period.

Distillery Division

Production of ethanol during the half year ended March 31, 2012 was 12,616 M.Tons as compared with 13,678 M.Tons during the corresponding period of the previous year. By the Grace of Allah, the division earned profit of Rs. 203.95 million during the period under review as against profit of Rs. 97.55 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements. The increase in profit is mainly on account of improved prices of ethanol in the international market.

The liquid carbon dioxide (CO₂) unit operated satisfactorily and produced 1,978 M.Tons of CO₂ during the half year ended March 31, 2012.

Textile Division

The division earned profit of Rs. 2.65 million during the half year under review as against profit of Rs. 2.64 million in the corresponding period of last year as shown in Note No. 9 of the Notes to the financial statements.

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 29, 2012



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 2012** 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 29, 2012



Condensed Interim Balance Sheet as at March 31, 2012 (Unaudited)

	Note	(Unaudited) March 31, 2012 (Rupees in thousands)	(Audited) September 30, 2011
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	760,736	795,194
Long-term investments	5	715,770	923,856
Long-term loans		4,309	6,859
Long-term deposits		2,948	2,948
Current Assets			
Stores and spares		91,416	76,762
Stock-in-trade	6	3,799,991	580,092
Trade debts		546,498	185,699
Loans and advances		217,919	194,111
Trade deposits and short-term prepayments		9,552	14,585
Profit accrued on bank deposits		241	—
Other receivables		16,646	14,503
Cash and bank balances		336,983	1,222,138
		5,019,246	2,287,890
Total Assets		6,503,009	4,016,747
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		750,000	750,000
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		750,000	750,000
Reserves		2,237,125	2,208,257
Unrealised gain on long-term investments - available for sale		601,747	559,833
		2,838,872	2,768,090
		3,588,872	3,518,090
Non-Current Liabilities			
Deferred taxation		83,500	81,500
Current Liabilities			
Trade and other payables		1,406,484	372,757
Short-term borrowings	7	1,371,500	—
Accrued mark-up on short-term borrowings		24,154	—
Provision for income tax - net		28,499	44,400
		2,830,637	417,157
Contingencies and Commitments	8		
Total Equity and Liabilities		6,503,009	4,016,747

The annexed notes 1 to 17 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, 2012 (Unaudited)

		Half year ended		Quarter ended	
	Note	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
(Rupees in thousands)					
Segment operating results	9				
Net sales and services		2,545,270	3,788,650	1,797,110	2,430,406
Cost of sales		(1,939,864)	(3,094,530)	(1,318,964)	(1,879,138)
Gross profit		605,406	694,120	478,146	551,268
Selling and distribution expenses		(81,197)	(83,125)	(56,971)	(59,040)
Administrative expenses		(59,224)	(51,998)	(28,381)	(24,108)
Other operating expenses	10	(38,301)	(44,884)	(30,699)	(36,200)
Other operating income	11	62,061	58,742	56,495	52,402
		(116,661)	(121,265)	(59,556)	(66,946)
Operating profit		488,745	572,855	418,590	484,322
Finance income / (cost) - net		20,123	23,462	(10,717)	(3,388)
Profit before taxation		508,868	596,317	407,873	480,934
Taxation	12	(105,000)	(175,000)	(77,000)	(135,000)
Profit after taxation		403,868	421,317	330,873	345,934
Earnings per share - Basic and diluted	Rs.	2.69	2.81	2.21	2.31

The annexed notes 1 to 17 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, 2012 (Unaudited)

	Half year ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	(Rupees in thousands)			
Profit after taxation	403,868	421,317	330,873	345,934
Other comprehensive income				
Increase / (decrease) in unrealised gain in fair values of long-term investments - available for sale	45,653	95,767	72,725	(24,346)
Total Comprehensive income for the half year ended March 31, 2012	<u>449,521</u>	<u>517,084</u>	<u>403,598</u>	<u>321,588</u>

The annexed notes 1 to 17 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, 2012 (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, 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 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>
Balance as on October 1, 2011	750,000	34,000	1,416,000	758,257	2,208,257	559,833	3,518,090
Cash dividend for 2011 @ 50%	-	-	-	(375,000)	(375,000)	-	(375,000)
Transfer to general reserve	-	-	375,000	(375,000)	-	-	-
Unrealised gain realised on disposal of investments available for sale	-	-	-	-	-	(3,739)	(3,739)
Total comprehensive income for the half year ended March 31, 2012	-	-	-	403,868	403,868	45,653	449,521
Balance as on March 31, 2012	<u>750,000</u>	<u>34,000</u>	<u>1,791,000</u>	<u>412,125</u>	<u>2,237,125</u>	<u>601,747</u>	<u>3,588,872</u>

The annexed notes 1 to 17 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, 2012 (Unaudited)

	Note	March 31, 2012	March 31, 2011
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	13	(2,120,092)	(1,938,761)
Finance income received - net		44,036	42,923
Income tax paid		(118,901)	(158,826)
Long-term loans		2,550	509
Net cash used in operating activities		(2,192,407)	(2,054,155)
Cash flows from investing activities			
Fixed capital expenditure		(6,280)	(16,957)
Redemption / sale proceeds of long-term investments		302,775	136,840
Dividend received		42,945	28,863
Purchase of long-term investments		(40,000)	(17,173)
Sale proceeds of fixed assets		3,924	3,387
Net cash generated from investing activities		303,364	134,960
Cash flows from financing activities			
Dividend paid		(367,612)	(146,602)
Net cash used in financing activities		(367,612)	(146,602)
Net decrease in cash and cash equivalents		(2,256,655)	(2,065,797)
Cash and cash equivalents at the beginning of the period		1,222,138	1,307,268
Cash and cash equivalents at the end of the period	14	(1,034,517)	(758,529)

The annexed notes 1 to 17 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, 2012 (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 and subject to limited scope review by the auditors. These 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 and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance 1984 will be followed. 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, 2011.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these 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, 2011.

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

During the period, the Company has adopted amended IFRSs, IAS and IFRIC as referred to in note 2 to the financial statements for the year ended September 30, 2011. The adoption of such amended standards and interpretations did not have any material effect on these condensed interim financial statements.

March 31, 2012 September 30, 2011
(Rupees in thousands)

4. Fixed assets

4.1 Property, plant and equipment

Operating fixed assets	759,356	768,778
Capital work-in-progress	1,380	26,416
	<u>760,736</u>	<u>795,194</u>



4.2 Cost of additions to / deletions from fixed assets during the half year ended March 31, 2012 were as follows:

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	1,636	–
Textile	190	–
Furniture, fittings, electrical and office equipment	2,567	–
Motor cars / vehicles	1,887	1,950
	<u>6,280</u>	<u>1,950</u>
	March 31, 2012	September 30, 2011
	(Rupees in thousands)	

5. Long-term investments

Available for sale - quoted

Investments in related parties	512,029	630,145
Investments in other companies	203,741	293,711
	<u>715,770</u>	<u>923,856</u>

5.1 The aggregate book value of the above referred long-term investments, net of impairment, is Rs. 114.023 (September 30, 2011: Rs. 364.023) million.

5.2 The above long-term investments are stated at fair value. Increase in unrealised gain of Rs. 41.914 (September 30, 2011: Rs. 61.852) million arising from a change in fair value of these investments during the half year has been recognised directly in equity.

	March 31, 2012	September 30, 2011
	(Rupees in thousands)	

6. Stock-in-trade

Raw materials	768,143	138,453
Work-in-process	19,122	12,056
Finished goods	3,012,576	429,105
Fertilizers	150	478
	<u>3,799,991</u>	<u>580,092</u>

7. Short-term borrowings - secured

	<u>1,371,500</u>	<u>–</u>
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The short-term borrowings are secured against hypothecation of stock-in-trade, assignment of trade debts and other receivables. The rate of mark-up during the period was 11% (September 30, 2011: 10% to 15.21%) per annum. The aggregate facility for short-term borrowings amounted to Rs. 2,175 (September 30, 2011: Rs. 2,175) million.

8. Contingencies and commitments

8.1 Contingencies

8.1.1 The Company has provided counter guarantees to banks, aggregating to Rs. 178.195 million (September 30, 2011: Rs. 172.022) 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 the Competition Ordinance, 2009 for violation of certain



provisions of the 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 and restrained the Commission not to pass final order in respect of the show cause notice. The CCP filed an appeal before the Honourable Supreme Court of Pakistan which was disposed off 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 of 2009 was repealed on March 25, 2010 and thereafter a new 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 application in view of the promulgation of the Competition Act 2010 which was accepted by the Honourable High Court of Sindh, with the consent of both the parties.

The petitions were last fixed for hearing on April 17, 2012 but did not proceed and adjourned to date in office. Since the financial impact is indeterminate 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 demand raised is without any lawful authority under the PSQCA Act-VI of 1996 and is 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.

Later the matter was fixed for hearing on April 7, 2011 and after arguments from both the parties the same was adjourned for four weeks. The petition was last fixed on December 20, 2011 where written submissions were filed and argued by our legal counsel. The matter was then reserved for judgement. The Company is confident of a favourable outcome of the case and therefore no provision for any liability that may arise has been made in these financial statements.

- 8.1.4** Appeals filed by the Tax authorities for the Tax years 1998, 2001 and 2002 (corresponding financial years ended September 30, 1997, 2000 and 2001 respectively) against decisions of the Income Tax Appellate Tribunal (ITAT), in favour of the Company are pending before the Honourable High Court of Sindh. The tax exposure against these appeals in aggregate amounts to Rs. 14.6 million. The Company is confident of a favourable out come and accordingly no provision for the aforesaid amount has been made in these financial statements.

	March 31, 2012	September 30, 2011
	(Rupees in thousands)	
8.2 Commitments		
8.2.1 Capital expenditure	1,800	2,572
8.2.2 Rentals under operating lease agreements with First Habib Modaraba in respect of vehicles, payable over the next four years	31,751	21,743



9. Segment operating results for the half year ended March 31, 2012 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		(Rupees in thousands) Total	
	Half year ended		Half year ended		Half year ended		Half year ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Net sales and services								
Sales Local	1,416,987	2,667,031	91,845	179,470	811	–	1,509,643	2,846,501
Export	29,487	–	893,956	717,070	111,838	224,800	1,035,281	941,870
	1,446,474	2,667,031	985,801	896,540	112,649	224,800	2,544,924	3,788,371
Services - Storage income - net	–	–	346	279	–	–	346	279
	1,446,474	2,667,031	986,147	896,819	112,649	224,800	2,545,270	3,788,650
Less: Cost of sales	(1,110,345)	(2,131,322)	(728,949)	(749,317)	(100,570)	(213,891)	(1,939,864)	(3,094,530)
Gross Profit	336,129	535,709	257,198	147,502	12,079	10,909	605,406	694,120
Less: Selling and distribution expenses	(25,433)	(31,005)	(48,242)	(45,420)	(7,522)	(6,700)	(81,197)	(83,125)
Administrative expenses	(52,311)	(45,889)	(5,007)	(4,535)	(1,906)	(1,574)	(59,224)	(51,998)
	(77,744)	(76,894)	(53,249)	(49,955)	(9,428)	(8,274)	(140,421)	(135,123)
Profit before other operating expenses and other operating income	258,385	458,815	203,949	97,547	2,651	2,635	464,985	558,997
Other operating expenses -note 10							(38,301)	(44,884)
Other operating income - note 11							62,061	58,742
Operating profit							488,745	572,855

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



9a. Segment operating results for the quarter ended March 31, 2012 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		(Rupees in thousands) Total	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Net sales and services								
Sales Local	1,110,637	1,753,214	53,499	111,264	491	-	1,164,627	1,864,478
Export	29,487	-	541,569	471,873	61,160	93,859	632,216	565,732
	1,140,124	1,753,214	595,068	583,137	61,651	93,859	1,796,843	2,430,210
Services - Storage income - net	-	-	267	196	-	-	267	196
	1,140,124	1,753,214	595,335	583,333	61,651	93,859	1,797,110	2,430,406
Less: Cost of sales	(871,068)	(1,325,466)	(393,761)	(463,058)	(54,135)	(90,614)	(1,318,964)	(1,879,138)
Gross Profit	269,056	427,748	201,574	120,275	7,516	3,245	478,146	551,268
Less: Selling and distribution expenses	(20,159)	(24,427)	(32,641)	(32,220)	(4,171)	(2,393)	(56,971)	(59,040)
Administrative expenses	(27,005)	(22,986)	(477)	(764)	(899)	(358)	(28,381)	(24,108)
	(47,164)	(47,413)	(33,118)	(32,984)	(5,070)	(2,751)	(85,352)	(83,148)
Profit before other operating expenses and other operating income	221,892	380,335	168,456	87,291	2,446	494	392,794	468,120
Other operating expenses -note 10							(30,699)	(36,200)
Other operating income - note 11							56,495	52,402
Operating profit							418,590	484,322

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



Half year ended		Quarter ended	
March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011

(Rupees in thousands)

10. Other operating expenses

Workers' Profit Participation Fund	27,358	32,060	21,928	25,857
Workers' Welfare Fund	10,943	12,824	8,771	10,343
	<u>38,301</u>	<u>44,884</u>	<u>30,699</u>	<u>36,200</u>

11. Other operating income

Dividend income	43,611	28,783	40,527	25,844
Profit on redemption / sale of long-term investments	12,775	24,467	12,775	24,467
Agriculture income	128	111	128	111
Gain on disposal of fixed assets	2,122	2,810	1,920	185
Scrap sale	1,028	1,449	230	201
Exchange gain	2,397	1,122	915	1,594
	<u>62,061</u>	<u>58,742</u>	<u>56,495</u>	<u>52,402</u>

12. Taxation

Current	103,000	178,000	75,000	138,000
Deferred	2,000	(3,000)	2,000	(3,000)
	<u>105,000</u>	<u>175,000</u>	<u>77,000</u>	<u>135,000</u>

March 31,
2012 March 31,
2011
(Rupees in thousands)

13. Cash generated from / (used in) operations

Profit before taxation	508,868	596,317
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Adjustment for non-cash charges and other items

Depreciation	38,936	38,156
Profit on redemption / sale of long-term investments	(12,775)	(24,467)
Gain on disposal of fixed assets	(2,122)	(2,810)
Finance (income) / cost - net	(20,123)	(23,462)
Dividend income	(43,611)	(28,783)
Capital work-in-progress charged to Profit and Loss account	–	17,390
Working capital changes - note 13.1	(2,589,265)	(2,511,102)
	<u>(2,120,092)</u>	<u>(1,938,761)</u>



March 31, March 31,
2012 2011
(Rupees in thousands)

13.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(14,654)	(6,836)
Stock-in-trade	(3,219,899)	(2,773,567)
Trade debts	(360,799)	(233,986)
Loans and advances	(23,808)	(70,818)
Trade deposits and short-term prepayments	5,033	(4,692)
Sales tax and excise duty adjustable	-	(2,075)
Other receivables	(1,477)	(4,479)
	(3,615,604)	(3,096,453)

Increase / (decrease) in current liabilities

Trade and other payables	1,026,339	585,351
	(2,589,265)	(2,511,102)

Net changes in working capital

14. Cash and cash equivalents at the end of the period

These comprise of the following :

Cash and bank balances	336,983	402,008
Short-term borrowings	(1,371,500)	(1,160,537)
	(1,034,517)	(758,529)

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, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	(Rupees in thousands)			
Insurance premium paid	10,146	15,924	2,150	6,269
Insurance claim received	6,055	100	-	100
Profit on bank accounts	37,336	37,358	14,058	18,117
Purchases	84	38	41	-
Dividend received	36,535	24,357	36,535	24,357
Dividend paid	61,372	24,562	61,372	24,562
Bonus shares / units received at nominal value	30,244	29,168	26,193	29,168
Bonus shares issued at nominal value	-	24,562	-	24,562
Redemption of long-term investments	157,449	105,416	157,449	105,416
Bank charges	436	121	403	55

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 29, 2012 by the Board of Directors of the Company.

17. General

17.1 Figures for the quarters ended March 31, 2012 and March 31, 2011 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 off to the nearest thousand rupees.

Raeesul Hasan
Chief Executive

Imran A. Habib
Director