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Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Riyazul Haque Murtaza H. Habib Farouq Habib Rahimtoola Amin Ali Abdul Hamid Imran A. Habib Raeesul Hasan	<i>Chairman</i> (Resigned on February 25, 2013) (Co-opted on February 26, 2013) <i>Chief Executive</i>
Audit Committee	Ali Raza D. Habib Amin Ali Abdul Hamid Imran A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member (Resigned on February 25, 2013) Member Member Member
Company Secretary	Amir Bashir Ahmed	
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 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 Registrar	THK Associates (Pvt.) Limited 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 111-000-322 Fax : (+92-21) 35655595 E-mail : secretariat@thk.com.pk info@thk.com.pk Website : www.thk.com.pk	



VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified 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, liquidified 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, 2013.

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

	(Rupees in thousands)
Profit before taxation	485,096
Taxation	75,000
Profit after taxation	410,096
Unappropriated profit brought forward	4,407
Unappropriated profit carried forward	414,503
	<hr/> <hr/>
Earnings per share – Basic and diluted	Rs. 2.73
	<hr/> <hr/>

Performance Review

Sugar Division

Crushing operations 2012-13 commenced on November 27, 2012 and the plant operated upto March 29, 2013 for 123 days as against 115 days in the preceding season. Sugarcane crushed during the current season was 939,959 M.Tons with average sucrose recovery of 11.02% and sugar production of 103,582 M.Tons, as compared with crushing of 851,620 M.Tons with average sucrose recovery of 10.78% and sugar production of 91,832 M.Tons during the preceding season. By the Grace of Allah, sucrose recovery of 11.02% achieved during the current season was the highest ever since inception of the Company.

The Government of Sindh fixed the minimum support price of sugarcane at Rs. 172 per 40 kgs for the crushing season 2012-13 as against Rs. 154 per 40 kgs for the crushing season 2011-12.

The prevailing sugar prices both in domestic and international markets continued to remain depressed due to carry over stock of last year and increased sugar production during the current crushing season. Keeping in view the surplus sugar availability in the country, the government allowed export of sugar under a defined mechanism duly monitored by State Bank of Pakistan. Your Company availed this opportunity and exported 12,460 M.Tons of sugar upto March 31, 2013.

Due to continued slump in sugar prices both in domestic and international markets, the Federal Board of Revenue vide SRO dated February 7, 2013 reduced the rate of FED from 8.0% to 0.5% on local sales equivalent to the quantity exported by the mills. Further, the Trade Development Authority, Ministry of Commerce, Govt. of Pakistan announced inland freight subsidy at the rate of Rs.1,750 per M.Tons on quantity exported. We however, understand that the Ministry of Finance has not yet released the funds for payment of freight subsidy to the sugar mills.



In January 2013, the Company also participated in tender floated by Trading Corporation of Pakistan and sold 4,920 M.Tons of sugar. Out of which 2,842 M.Tons had been lifted upto March 31, 2013.

During the period under review, sugar division earned profit of Rs.174.11 million as against profit of Rs.258.39 million in the corresponding period of last year. The substantial decrease in profitability of the division was due to depressed sugar selling prices both in domestic and international markets and increased sugarcane procurement cost.

Distillery Division

Production of ethanol during the half year ended March 31, 2013 was 14,208 M.Tons as compared with 12,616 M.Tons during the corresponding period of the previous year. The division earned profit of Rs. 181.24 million during the period under review as against profit of Rs. 203.95 million in the corresponding period of last year. The primary reason for decrease in profit was reduction in ethanol prices in the international market.

The liquidified carbon dioxide (CO₂) unit operated satisfactorily and produced 2,018 M.Tons of CO₂ during the half year ended March 31, 2013. By the Grace of Allah, the second plant of liquidified carbon dioxide (CO₂) imported from Italy, having rated production capacity of 48 M.Tons per day had commenced commercial production from May 3, 2013 and is operating satisfactorily.

Textile Division

The division earned profit of Rs. 9.29 million during the half year under review as against profit of Rs. 2.65 million in the corresponding period of last year. Increase in profit of division was mainly on account of higher sale volume and better margins.

Trading Division

During the period under review, the division made operating profit of Rs.27.38 million on account of trading of molasses and sugar.

Change in Directors

During the period under review, Mr. Muhammad Nawaz Tishna, NIT Nominee Director resigned from the Board and in his place Mr. Riyazul Haque was co-opted as NIT Nominee Director on the Board. The Board welcomed the new member and expressed its appreciation for the services rendered by the outgoing member and wished him the best in all his future endeavors.

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 22, 2013



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 2013** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the accounts for the six months period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 22, 2013



Condensed Interim Balance Sheet as at March 31, 2013 (Unaudited)

	Note	(Unaudited) March 31, 2013 (Rupees in thousands)	(Audited) September 30, 2012
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	902,313	771,839
Long-term investments	5	749,532	2,001,263
Long-term loans		3,475	4,259
Long-term deposits		2,948	2,948
Current Assets			
Stores and spare parts		103,152	89,561
Stock-in-trade	6	3,984,255	897,543
Trade debts		432,057	397,115
Loans and advances		452,529	450,573
Trade deposits and short-term prepayments		10,586	11,114
Other receivables		14,815	15,331
Cash and bank balances		472,962	636,083
		<u>5,470,356</u>	<u>2,497,320</u>
Total Assets		<u><u>7,128,624</u></u>	<u><u>5,277,629</u></u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>2,649,503</u>	<u>2,614,407</u>
Unrealised gain on long-term investments - available for sale		<u>623,323</u>	<u>690,444</u>
		<u>3,272,826</u>	<u>3,304,851</u>
		<u>4,022,826</u>	<u>4,054,851</u>
Non-Current Liabilities			
Deferred taxation		79,500	81,500
Current Liabilities			
Trade and other payables	7	<u>1,180,515</u>	<u>599,898</u>
Advance from customers		<u>720,943</u>	<u>538,032</u>
Short-term borrowings	8	<u>1,094,500</u>	<u>-</u>
Accrued mark-up		<u>24,654</u>	<u>-</u>
Taxation - net		<u>5,686</u>	<u>3,348</u>
		<u>3,026,298</u>	<u>1,141,278</u>
Contingencies and Commitments	9		
		<u>7,128,624</u>	<u>5,277,629</u>

The annexed notes 1 to 18 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, 2013 (Unaudited)

		Half year ended		Quarter ended	
Note		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		(Rupees in thousands)			
Segment operating results	10				
Net sales and services		3,751,949	2,545,270	2,993,335	1,797,110
Cost of sales		(3,185,902)	(1,939,864)	(2,542,694)	(1,318,964)
Gross profit		566,047	605,406	450,641	478,146
Selling and distribution expenses		(116,736)	(81,197)	(91,220)	(56,971)
Administrative expenses		(57,294)	(59,224)	(25,643)	(28,381)
Other operating expenses	11	(36,513)	(38,301)	(31,501)	(30,699)
Other operating income	12	147,660	62,061	138,588	56,495
		(62,883)	(116,661)	(9,776)	(59,556)
Operating profit		503,164	488,745	440,865	418,590
Finance (cost) / income - net		(18,068)	20,123	(22,351)	(10,717)
Profit before taxation		485,096	508,868	418,514	407,873
Taxation	13	(75,000)	(105,000)	(63,000)	(77,000)
Profit after taxation		410,096	403,868	355,514	330,873
Earnings per share - Basic and diluted	Rs.	2.73	2.69	2.37	2.21

The annexed notes 1 to 18 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, 2013 (Unaudited)

	Half year ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in thousands)			
Profit after taxation	410,096	403,868	355,514	330,873
Other comprehensive income				
Increase / (decrease) in unrealised gain in fair values of long-term investments - available for sale	(46,889)	45,653	(130,543)	72,725
Total Comprehensive income for the half year ended March 31, 2013	<u>363,207</u>	<u>449,521</u>	<u>224,971</u>	<u>403,598</u>

The annexed notes 1 to 18 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, 2013 (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, 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>
Balance as on October 1, 2012	750,000	34,000	1,791,000	789,407	2,614,407	690,444	4,054,851
Cash dividend for 2012 @ 50%	-	-	-	(375,000)	(375,000)	-	(375,000)
Transfer to general reserve	-	-	410,000	(410,000)	-	-	-
Unrealised gain realised on disposal of investments available for sale	-	-	-	-	-	(20,232)	(20,232)
Total comprehensive income for the half year ended March 31, 2013	-	-	-	410,096	410,096	(46,889)	363,207
Balance as on March 31, 2013	<u>750,000</u>	<u>34,000</u>	<u>2,201,000</u>	<u>414,503</u>	<u>2,649,503</u>	<u>623,323</u>	<u>4,022,826</u>

The annexed notes 1 to 18 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, 2013 (Unaudited)

	Note	March 31, 2013	March 31, 2012
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	14	(1,981,215)	(2,120,092)
Finance income received - net		6,586	44,036
Income tax paid		(74,662)	(118,901)
Long-term loans		784	2,550
Net cash used in operating activities		(2,048,507)	(2,192,407)
Cash flows from investing activities			
Fixed capital expenditure		(167,793)	(6,280)
Redemption / sale proceeds of long-term investments		2,376,322	302,775
Dividend received		62,191	42,945
Purchase of long-term investments		(1,115,457)	(40,000)
Sale proceeds of fixed assets		1,491	3,924
Net cash generated from investing activities		1,156,754	303,364
Cash flows from financing activities			
Dividend paid		(365,868)	(367,612)
Net decrease in cash and cash equivalents		(1,257,621)	(2,256,655)
Cash and cash equivalents at the beginning of the period		636,083	1,222,138
Cash and cash equivalents at the end of the period	15	(621,538)	(1,034,517)

The annexed notes 1 to 18 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, 2013 (Unaudited)

1. The Company and its operations

Habib Sugar Mills Limited (the Company) 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, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities.

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. These 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, 2012.

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, 2012.

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

During the period, the Company has adopted amended IASs as referred to in note 2 to the financial statements for the year ended September 30, 2012. The adoption of such amended standards did not have any material effect on these condensed interim financial statements.

4. Fixed assets

4.1 Property, plant and equipment

	(Unaudited) March 31, 2013	(Audited) September 30, 2012
Operating fixed assets	710,416	724,129
Capital work-in-progress - at cost	191,897	47,710
	<u>902,313</u>	<u>771,839</u>



4.2 Cost of additions to / deletions from fixed assets during the half year ended March 31, 2013 were as follows:

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	15,431	-
Distillery	147,228	-
Textile	65	-
Factory Building	4,461	-
Furniture, fittings and office equipment	522	5
Vehicles	86	54
	<u>167,793</u>	<u>59</u>
	(Unaudited) March 31, 2013	(Audited) September 30, 2012
	(Rupees in thousands)	

5. Long-term investments

Available for sale - quoted

Investments in related parties	500,907	1,351,766
Investments in other companies	248,625	649,497
	<u>749,532</u>	<u>2,001,263</u>

5.1 The aggregate book value of the above long-term investments, net of impairment, is Rs. 126.209 (September 30, 2012: Rs. 1,310.819) million.

	(Unaudited) March 31, 2013	(Audited) September 30, 2012
	(Rupees in thousands)	
6. Stock-in-trade		
Raw materials	769,902	153,737
Work-in-process	29,778	32,761
Finished goods	3,184,573	710,245
Fertilizers	2	800
	<u>3,984,255</u>	<u>897,543</u>
7. Trade and other payables		
Creditors	788,861	327,986
Accrued liabilities	247,039	129,156
Sales tax / Federal excise duty	54,099	45,382
Workers' Profit Participation Fund	26,081	52,750
Workers' Welfare Fund	31,532	21,100
Income tax deducted at source	653	405
Unclaimed dividends	32,250	23,119
	<u>1,180,515</u>	<u>599,898</u>



8. Short-term borrowings - secured	<u>1,094,500</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 rates of mark-up during the period was 9.2% to 9.5% per annum. During the financial year ended September 30, 2012 mark-up rates charged on the borrowing ranged between 11% to 14% per annum. The aggregate facility for short-term borrowings availed from commercial banks amounted to Rs.1,930 (September 30, 2012: Rs.1,930) million.

9. Contingencies and commitments

9.1 Contingencies

9.1.1 The Company has provided counter guarantees to banks, aggregating to Rs. 205.631 (September 30, 2012: Rs. 190.226) million against agriculture finance facilities to growers and guarantees issued by banks in favour of third parties on behalf of the Company.

9.1.2 During the year 2009-10 the Company received show cause notice from Competition Commission of Pakistan (CCP) under the Competition Ordinance, 2009 (the Ordinance) 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 Courts of Sindh and Punjab.

The Ordinance was repealed on March 25, 2010 and thereafter a new Ordinance, 2010 was promulgated which also stood repealed on August 15, 2010. On October 13, 2010, the Parliament 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 on December 9, 2010 with the consent of both the parties.

The case came up for hearing on April 16, 2013 and was adjourned to date in office. Since the financial impact is indeterminate no liability has been recorded in these financial statements.

9.1.3 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 Honourable High Court of Sindh on December 4, 2012 decided the case in favour of the Company. Against the above decision PSQCA has filed an appeal before the Honourable Supreme Court of Pakistan and so far the same was not fixed for hearing. In the meantime Company alongwith other sugar mills have filed caveat application on December 21, 2012.



9.1.4 Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 / MMBTU on all Industrial consumers. In the month of June 2012, the Federal Govt. revised GID Cess rate from Rs. 13 / MMBTU to Rs. 100 / MMBTU and recommended this increase under Section 8(3) of the OGRA Ordinance 2002.

In this respect, the Company filed a Suit before the Honorable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011 along with increase in GID Cess as being illegal, void and not in agreement with the Constitution of the Islamic Republic of Pakistan, 1973. The Company further sought refund of amount paid to the Government in shape of cess from the date of imposition of same under the GID Cess Act, 2011.

On August 25, 2012 the suit came up for hearing and an ad-interim stay was granted in favour of the Company, restraining the Sui Southern Gas Company Limited from charging any amount of GID Cess over and above Rs. 13 / MMBTU till the final decision of the case.

On September 7, 2012, the Federal Govt. issued another notification revising the rate of GID Cess from Rs. 13 / MMBTU to Rs. 50 / MMBTU and accordingly the prayer Clause of the suit was amended.

After the grant of the stay orders the matter had been fixed for hearing on various dates and was argued at length. The case was last fixed on April 25, 2013 and was adjourned to May 14, 2013.

The financial exposure of the Company under the suit for the period upto March 31, 2013 is Rs. 9.23 million. The Company is confident of a favourable outcome of the suit and accordingly no provision has been made in these condensed interim financial statements.

9.1.5 The tax authorities filed appeals against the decisions of the Income Tax Appellate Tribunal (ITAT) for the Tax Years 1998, 2001 and 2002 in favour of the Company and the same were pending before the Honourable High Court of Sindh. The total 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 condensed interim financial statements.

	(Unaudited) March 31, 2013	(Audited) September 30, 2012
	(Rupees in thousands)	
9.2 Commitments		
9.2.1 Capital expenditure	<u>13,079</u>	<u>109,869</u>
9.2.2 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles	<u>29,649</u>	<u>26,872</u>



10. Segment operating results for the half year ended March 31, 2013 (Unaudited)

		(Rupees in thousands)									
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
		March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net sales and services											
Sales	Local	1,815,211	1,416,987	86,066	91,845	2,881	811	3,400	-	1,907,558	1,509,643
	Export	611,970	29,487	816,493	893,956	242,164	111,838	172,630	-	1,843,257	1,035,281
		2,427,181	1,446,474	902,559	985,801	245,045	112,649	176,030	-	3,750,815	2,544,924
Services - Storage income - net		-	-	1,134	346	-	-	-	-	1,134	346
		2,427,181	1,446,474	903,693	986,147	245,045	112,649	176,030	-	3,751,949	2,545,270
Less: Cost of sales		(2,150,931)	(1,110,345)	(666,764)	(728,949)	(220,743)	(100,570)	(147,464)	-	(3,185,902)	(1,939,864)
Gross Profit		276,250	336,129	236,929	257,198	24,302	12,079	28,566	-	566,047	605,406
Less: Selling and distribution expenses		(52,455)	(25,433)	(50,320)	(48,242)	(12,924)	(7,522)	(1,037)	-	(116,736)	(81,197)
Administrative expenses		(49,688)	(52,311)	(5,373)	(5,007)	(2,087)	(1,906)	(146)	-	(57,294)	(59,224)
		(102,143)	(77,744)	(55,693)	(53,249)	(15,011)	(9,428)	(1,183)	-	(174,030)	(140,421)
Profit before other operating expenses and other operating income		174,107	258,385	181,236	203,949	9,291	2,651	27,383	-	392,017	464,985
Other operating expenses - note 11										(36,513)	(38,301)
Other operating income - note 12										147,660	62,061
Operating profit										503,164	488,745



10a. Segment operating results for the quarter ended March 31, 2013 (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, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Net sales and services											
Sales	Local	1,537,938	1,110,637	46,135	53,499	1,450	491	3,400	–	1,588,923	1,164,627
	Export	585,472	29,487	535,096	541,569	110,206	61,160	172,630	–	1,403,404	632,216
		2,123,410	1,140,124	581,231	595,068	111,656	61,651	176,030	–	2,992,327	1,796,843
Services - Storage income - net		–	–	1,008	267	–	–	–	–	1,008	267
		2,123,410	1,140,124	582,239	595,335	111,656	61,651	176,030	–	2,993,335	1,797,110
Less: Cost of sales		(1,885,764)	(871,068)	(409,599)	(393,761)	(99,867)	(54,135)	(147,464)	–	(2,542,694)	(1,318,964)
Gross Profit		237,646	269,056	172,640	201,574	11,789	7,516	28,566	–	450,641	478,146
Less: Selling and distribution expenses		(45,982)	(20,159)	(38,260)	(32,641)	(5,941)	(4,171)	(1,037)	–	(91,220)	(56,971)
Administrative expenses		(23,571)	(27,005)	(848)	(477)	(1,078)	(899)	(146)	–	(25,643)	(28,381)
		(69,553)	(47,164)	(39,108)	(33,118)	(7,019)	(5,070)	(1,183)	–	(116,863)	(85,352)
Profit before other operating expenses and other operating income		168,093	221,892	133,532	168,456	4,770	2,446	27,383	–	333,778	392,794
Other operating expenses - note 11										(31,501)	(30,699)
Other operating income - note 12										138,588	56,495
Operating profit										440,865	418,590



Half year ended		Quarter ended	
March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
(Unaudited)		(Unaudited)	
(Rupees in thousands)			

11. Other operating expenses

Workers' Profit Participation Fund	26,081	27,358	22,501	21,928
Workers' Welfare Fund	10,432	10,943	9,000	8,771
	<u>36,513</u>	<u>38,301</u>	<u>31,501</u>	<u>30,699</u>

12. Other operating income

Profit on redemption / sale of long-term investments	76,255	12,775	75,942	12,775
Dividend income	61,249	43,611	56,608	40,527
Exchange gain	5,150	2,397	2,565	915
Scrap sale	2,786	1,028	1,253	230
Gain on disposal of fixed assets	1,475	2,122	1,475	1,920
Agriculture income	745	128	745	128
	<u>147,660</u>	<u>62,061</u>	<u>138,588</u>	<u>56,495</u>

13. Taxation

Current	77,000	103,000	65,000	75,000
Deferred	(2,000)	2,000	(2,000)	2,000
	<u>75,000</u>	<u>105,000</u>	<u>63,000</u>	<u>77,000</u>

March 31,
2013 March 31,
2012
(Unaudited)
(Rupees in thousands)

14. Cash used in operations

Profit before taxation	485,096	508,868
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Adjustment for non-cash charges and other items

Depreciation	37,303	38,936
Gain on disposal of fixed assets	(1,475)	(2,122)
Profit on redemption / sale of long-term investments	(76,255)	(12,775)
Finance cost / (income) - net	18,068	(20,123)
Dividend income	(61,249)	(43,611)
Working capital changes - note 14.1	(2,382,703)	(2,589,265)
	<u>(1,981,215)</u>	<u>(2,120,092)</u>



March 31, March 31,
2013 2012
(Unaudited)
(Rupees in thousands)

14.1 Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	(13,591)	(14,654)
Stock-in-trade	(3,086,712)	(3,219,899)
Trade debts	(34,942)	(360,799)
Loans and advances	(1,956)	(23,808)
Trade deposits and short-term prepayments	528	5,033
Other receivables	(426)	(1,477)
	(3,137,099)	(3,615,604)

Increase / (decrease) in current liabilities

Trade and other payables	571,485	546,844
Advance from customers	182,911	479,495

Net changes in working capital

	<u>(2,382,703)</u>	<u>(2,589,265)</u>
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15. Cash and cash equivalents at the end of the period

These comprise of the following :

Cash and bank balances	472,962	336,983
Short-term borrowings	(1,094,500)	(1,371,500)
	<u>(621,538)</u>	<u>(1,034,517)</u>

16. Transactions with related parties

Material transactions with related parties are given below:

	Half year ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
Insurance premium paid	10,263	10,146	-	2,150
Insurance claim received	-	6,055	-	-
Profit on treasury call accounts / term deposits	20,785	37,336	9,719	14,058
Purchases	86	84	86	41
Investment in units of mutual fund	200,000	-	-	-
Dividend received	50,418	36,535	50,418	36,535
Dividend paid	61,372	61,372	61,372	61,372
Bonus shares / units received at nominal value	31,323	30,244	9,453	26,193
Redemption of long-term investments	1,045,615	157,449	1,045,615	157,449
Bank charges	740	436	630	403
Compensation of Key management personnel				
Remuneration	13,320	13,320	6,660	6,660
Retirement benefits	1,088	1,051	543	524

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 22, 2013 by the Board of Directors of the Company.

18. General

18.1 Figures for the quarters ended March 31, 2013 and March 31, 2012 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

Murtaza H. Habib
Director