



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	



Directors' Report

Dear Members – Assalamu Alaikum

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 three quarters ended June 30, 2011.

Financial Results

By the Grace of Allah, during the period under review, the operations of your Company resulted in a pre-tax profit of Rs. 802.20 million. The financial results for the three quarters are as follows:

	(Rupees in thousands)
Profit before taxation	802,195
Taxation	240,000
Profit after taxation	562,195
Unappropriated profit brought forward	3,241
Unappropriated profit carried forward	565,436
Earnings per share – Basic and diluted	Rs. 3.75

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 was substantially less during the first quarter of the current crushing season. However, the supply improved during the subsequent period and the total crushing achieved during the season was 800,636 M.Tons.

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.



During the period sales tax on sugar upto March 14, 2011 was applicable at the rate of 8% on the fixed sale value of Rs. 28,880 per ton and special excise duty was applicable at the rate of 1%. However, with effect from March 15, 2011 the fixed sale value element of Rs. 28,880 was removed and the rate of 8% was made applicable on the actual selling price. Simultaneously, the rate of special excise duty was enhanced from 1% to 2.5%. The impact of this change in the tax structure had an adverse impact on the profitability of the division for the quarter.

Thereafter, changes were made in the federal Budget of 2011 whereby the sales tax on sugar has been withdrawn and in its place federal excise duty has been imposed in sales tax mode at the rate of 8% of the sale value effective from June 4, 2011 and the special excise duty of 2.5% has been withdrawn with effect from July 1, 2011. The withdrawal of 2.5% special excise duty may have some positive impact on the profitability of the division during the fourth quarter.

By the Grace of Allah, the division earned profit of Rs. 573.53 million during the period under review as against profit of Rs. 538.30 million in the corresponding period of last year.

Distillery Division

Production of ethanol during the nine months ended June 30, 2011 was 22,131 M.Tons as compared with 20,757 M.Tons during the corresponding period of the previous year. The division earned profit of Rs. 200.19 million during the period under review as against profit of Rs. 98.95 million in the corresponding period of last year.

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

The production of liquid carbon dioxide (CO₂) unit operated satisfactorily and the production during the period was 4,018 M.Tons as against production of 2,483 M.Tons.

Textile Division

The division earned profit of Rs. 2.74 million during the period under review as against Rs. 0.47 million in the corresponding period of last year.

The division is in the process of expansion in its capacity which will, Inshallah, 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: July 27, 2011



Condensed Interim Balance Sheet as at June 30, 2011 (Unaudited)

	Note	(Unaudited) June 30, 2011 (Rupees in thousands)	(Audited) September 30, 2010
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	828,809	817,860
Long-term investments	5	684,070	695,432
Long-term loans		4,930	3,860
Long-term deposits		2,948	2,948
Current Assets			
Stores and spares		77,933	68,782
Stock-in-trade	6	1,509,287	319,376
Trade debts		504,575	114,178
Loans and advances		79,050	58,741
Trade deposits and short-term prepayments		15,318	8,771
Sales tax and excise duty adjustable		–	32,631
Other receivables		11,976	6,215
Cash and bank balances		715,801	1,307,268
		<u>2,913,940</u>	<u>1,915,962</u>
Total Assets		<u>4,434,697</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		<u>750,000</u>	<u>600,000</u>
Issued, subscribed and paid-up capital			
150,000,000 (2010: 120,000,000) Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>600,000</u>
Reserves		<u>2,015,436</u>	<u>1,753,241</u>
Unrealised gain on long-term investments - available for sale		<u>570,530</u>	<u>497,981</u>
		<u>2,585,966</u>	<u>2,251,222</u>
		<u>3,335,966</u>	<u>2,851,222</u>
Non-Current Liabilities			
Deferred taxation		83,500	86,500
Current Liabilities			
Trade and other payables		<u>894,824</u>	<u>469,409</u>
Short-term borrowings	7	<u>70,274</u>	<u>–</u>
Accrued mark-up on short-term borrowings		<u>2,415</u>	<u>–</u>
Provision for income tax - net		<u>47,718</u>	<u>28,931</u>
		<u>1,015,231</u>	<u>498,340</u>
Contingencies and Commitments	8		
		<u>4,434,697</u>	<u>3,436,062</u>
Total Equity and Liabilities		<u>4,434,697</u>	<u>3,436,062</u>

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


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Condensed Interim Profit and Loss Account for the quarter and cumulative for three quarters ended June 30, 2011 (Unaudited)

	Note	Three Quarters ended		Quarter ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
(Rupees in thousands)					
Segment operating results	9				
Net sales and services		6,180,114	5,148,094	2,391,464	2,313,774
Cost of sales		(5,200,139)	(4,333,321)	(2,105,609)	(1,973,372)
Gross profit		979,975	814,773	285,855	340,402
Distribution and marketing expenses		(125,009)	(106,221)	(41,884)	(39,876)
Administrative expenses		(78,501)	(68,545)	(26,503)	(22,911)
Other operating expenses	10	(60,381)	(47,908)	(15,497)	(19,740)
Other operating income	11	68,430	36,602	9,688	9,192
		(195,461)	(186,072)	(74,196)	(73,335)
Operating profit		784,514	628,701	211,659	267,067
Finance income / (cost) - net		17,681	7,783	(5,781)	(4,814)
Profit before taxation		802,195	636,484	205,878	262,253
Taxation	12	(240,000)	(200,000)	(65,000)	(85,000)
Profit after taxation		562,195	436,484	140,878	177,253
Earnings per share - basic and diluted	Rs.	3.75	2.91	0.94	1.18
			(Restated)		(Restated)

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


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Condensed Interim Statement of Comprehensive Income for the quarter and cumulative for three quarters ended June 30, 2011 (Unaudited)

	<u>Three Quarters ended</u>		<u>Quarter ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(Rupees in thousands)			
Profit after taxation	562,195	436,484	140,878	177,253
Other comprehensive income				
Unrealised gain / (loss) on changes in fair values of long-term investments - available for sale	72,549	44,928	(9,202)	10,673
Total comprehensive income for the period ended June 30, 2011	<u>634,744</u>	<u>481,412</u>	<u>131,676</u>	<u>187,926</u>

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


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2011 (Unaudited)

	Issued subscribed and paid-up capital	Reserves			Unrealised gain/(loss) on changes in fair values of investments available for sale	Total equity	
		Capital reserve	General reserve	Unappro- priated profit			Total reserves
(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)	-	-	-
Total comprehensive income after taxation for the period ended June 30, 2010	-	-	-	436,484	436,484	44,928	481,412
Balance as on June 30, 2010	<u>600,000</u>	<u>34,000</u>	<u>1,181,000</u>	<u>440,190</u>	<u>1,655,190</u>	<u>511,882</u>	<u>2,767,072</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)	-	-	-
Total comprehensive income after taxation for the period ended June 30, 2011	-	-	-	562,195	562,195	72,549	634,744
Balance as on June 30, 2011	<u>750,000</u>	<u>34,000</u>	<u>1,416,000</u>	<u>565,436</u>	<u>2,015,436</u>	<u>570,530</u>	<u>3,335,966</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 three quarters ended June 30, 2011 (Unaudited)

	Note	June 30, 2011	June 30, 2010
(Rupees in thousands)			
Cash flows from operating activities			
Cash generated from / (used in) operations	13	(371,655)	(136,960)
Finance income received - net		20,096	24,129
Income tax paid		(224,213)	(173,935)
Long-term loans		(1,070)	(87)
Long-term deposits		-	(16)
Net cash used in operating activities		(576,842)	(286,869)
Cash flows from investing activities			
Fixed capital expenditure		(88,990)	(40,244)
Sale proceeds of long-term investments		136,840	8,981
Dividend received		34,885	30,910
Purchase of long-term investments		(28,462)	(16,523)
Sale proceeds of fixed assets		7,936	1,986
Net cash generated from / (used) in investing activities		62,209	(14,890)
Cash flows from financing activities			
Dividend paid		(147,108)	(164,259)
Net cash used in financing activities		(147,108)	(164,259)
Net decrease in cash and cash equivalents		(661,741)	(466,018)
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	645,527	703,649

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


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Condensed Interim Financial Statements for the three quarters ended June 30, 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 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 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 are 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.

June 30, September 30,
2011 2010
(Rupees in thousands)

4. Fixed assets

4.1 Property, plant and equipment

Operating fixed assets	787,552	760,509
Capital work-in-progress	41,257	57,351
	828,809	817,860



4.2 Cost of additions to / (deletions from) fixed assets during the nine months ended June 30, 2011 were as follows:

	Additions (Rupees in thousands)	Deletions
Factory Building		
Textile	2,855	-
Plant and machinery		
Sugar	4,153	305
Distillery	3,226	4,467
Textile	69,158	-
Electric installations	834	-
Furniture, fittings, electrical and office equipment	7,254	421
Motor cars / vehicles	1,510	1,666
	<u>88,990</u>	<u>6,859</u>
	June 30, 2011	September 30, 2010
	(Rupees in thousands)	

5. Long-term investments

Available for sale - quoted

Investments in related parties	473,833	515,150
Investments in other companies	210,237	180,282
	<u>684,070</u>	<u>695,432</u>

5.1 The above investments are stated at fair value. Unrealised gain of Rs. 72.55 (September 30, 2010: Rs. 31.03) million arising from a change in fair value of investments has been recognised directly in equity.

	June 30, 2011	September 30, 2010
	(Rupees in thousands)	
6. Stock-in-trade		
Raw materials	538,460	171,598
Work-in-process	8,692	9,691
Finished goods	961,263	136,803
Fertilizers	872	1,284
	<u>1,509,287</u>	<u>319,376</u>
7. Short-term borrowings	<u>70,274</u>	-

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 ranged from 10% to 15.09% (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. 122.91 million (September 30, 2010: Rs. 145.07 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 Courts 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 was fixed on May 26, 2011 and adjourned to date in office. 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 Honorable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA (the Authority) challenging the notifications 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 so 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.

The matter was fixed for hearing on April 7, 2011 and after arguments from both the parties the same was adjourned for four weeks with interim order to be continued till the next date of hearing. The matter was then lastly fixed on June 2, 2011 and adjourned to first week of August 2011. Based on the advice of the legal counsel, the Company is confident of a favourable outcome.

	June 30, 2011	September 30, 2010
	(Rupees in thousands)	
8.2 Commitments		
8.2.1 Capital expenditure	<u>12,068</u>	<u>2,259</u>
8.2.2 Rentals under operating lease agreements with First Habib Modraba in respect of vehicles, payable over the next four years	<u>24,349</u>	<u>23,650</u>



9. Segment operating results for the three quarters ended June 30, 2011 (Unaudited)

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	Three quarters ended June 30, 2011	June 30, 2010	Three quarters ended June 30, 2011	June 30, 2010	Three quarters ended June 30, 2011	June 30, 2010	Three quarters ended June 30, 2011	June 30, 2010	Three quarters ended June 30, 2011	June 30, 2010
Net sales and services										
Sales										
Local	4,348,413	3,717,537	259,575	227,882	-	-	-	-	4,607,988	3,945,419
Export	-	-	1,284,877	998,160	286,855	176,969	-	26,706	1,571,732	1,201,835
Services - Storage income - net	4,348,413	3,717,537	1,544,452	1,226,042	286,855	176,969	-	26,706	6,179,720	5,147,254
	-	-	394	840	-	-	-	-	394	840
Less: Cost of sales	4,348,413	3,717,537	1,544,846	1,226,882	286,855	176,969	-	26,706	6,180,114	5,148,094
	(3,667,477)	(3,080,769)	(1,262,964)	(1,063,745)	(269,698)	(165,721)	-	(23,086)	(5,200,139)	(4,333,321)
Gross Profit	680,936	636,768	281,882	163,137	17,157	11,248	-	3,620	979,975	814,773
Less: Distribution and marketing expenses	(39,184)	(39,414)	(73,971)	(58,779)	(11,854)	(7,832)	-	(196)	(125,009)	(106,221)
Administrative expenses	(68,218)	(59,058)	(7,725)	(5,411)	(2,558)	(2,942)	-	(1,134)	(78,501)	(68,545)
	(107,402)	(98,472)	(81,696)	(64,190)	(14,412)	(10,774)	-	(1,330)	(203,510)	(174,766)
Profit before other operating expenses and other operating income	573,534	538,296	200,186	98,947	2,745	474	-	2,290	776,465	640,007
Other operating expenses -note 10									(60,381)	(47,908)
Other operating income - note 11									68,430	36,602
Operating profit									784,514	628,701

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



9a. Segment operating results for the quarter ended June 30, 2011 (Unaudited)

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net sales and services										
Sales										
Local	1,681,382	1,659,774	80,105	77,986	-	-	-	-	1,761,487	1,737,760
Export	-	-	567,807	494,569	62,055	54,306	-	26,706	629,862	575,581
	1,681,382	1,659,774	647,912	572,555	62,055	54,306	-	26,706	2,391,349	2,313,341
Services - Storage income - net	-	-	115	433	-	-	-	-	115	433
	1,681,382	1,659,774	648,027	572,988	62,055	54,306	-	26,706	2,391,464	2,313,774
Less: Cost of sales	(1,536,155)	(1,396,858)	(513,647)	(498,987)	(55,807)	(54,441)	-	(23,086)	(2,105,609)	(1,973,372)
Gross Profit	145,227	262,916	134,380	74,001	6,248	(135)	-	3,620	285,855	340,402
Less: Distribution and marketing expenses	(8,179)	(12,091)	(28,551)	(25,707)	(5,154)	(1,882)	-	(196)	(41,884)	(39,876)
Administrative expenses	(22,329)	(19,715)	(3,190)	(1,634)	(984)	(428)	-	(1,134)	(26,503)	(22,911)
	(30,508)	(31,806)	(31,741)	(27,341)	(6,138)	(2,310)	-	(1,330)	(68,387)	(62,787)
Profit before other operating expenses and other operating income	114,719	231,110	102,639	46,660	110	(2,445)	-	2,290	217,468	277,615
Other operating expenses -note 10									(15,497)	(19,740)
Other operating income - note 11									9,688	9,192
Operating profit									211,659	267,067

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



	Three quarters ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousands)			
10. Other operating expenses				
Workers' Profit Participation Fund	43,129	34,220	11,069	14,100
Workers' Welfare Fund	17,252	13,688	4,428	5,640
	<u>60,381</u>	<u>47,908</u>	<u>15,497</u>	<u>19,740</u>
11. Other operating income				
Dividend income	34,234	30,694	5,451	7,032
Profit on sale of long-term investments	24,467	1,151	–	–
Agriculture income	575	128	464	42
Gain on disposal of fixed assets	5,559	1,266	2,749	465
Scrap sale	1,483	2,021	34	888
Exchange gain	2,112	1,342	990	765
	<u>68,430</u>	<u>36,602</u>	<u>9,688</u>	<u>9,192</u>
12. Taxation				
Current	243,000	200,000	65,000	87,000
Deferred	(3,000)	–	–	(2,000)
	<u>240,000</u>	<u>200,000</u>	<u>65,000</u>	<u>85,000</u>
13. Cash generated from / (used in) operations			June 30, 2011	June 30, 2010
			(Rupees in thousands)	
Profit before taxation			802,195	636,484
Adjustment for non-cash charges and other items				
Depreciation			58,274	59,738
Profit on sale of long-term investments			(24,467)	(1,151)
Gain on disposal of fixed assets			(5,559)	(1,266)
Finance (income) / cost - net			(17,681)	(7,783)
Dividend income			(34,234)	(30,694)
Sugar waste water treatment cost from capital work-in-progress written off			17,390	–
Working capital changes - note 13.1			(1,167,573)	(792,288)
			<u>(371,655)</u>	<u>(136,960)</u>



June 30, 2011 June 30, 2010
(Rupees in thousands)

13.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(9,151)	(16,310)
Stock-in-trade	(1,189,911)	(542,219)
Trade debts	(390,397)	(48,242)
Loans and advances	(20,309)	104,251)
Trade deposits and short-term prepayments	(6,547)	(3,584)
Sales tax and excise duty adjustable	32,631	(40,090)
Other receivables	(6,412)	847
	(1,590,096)	(545,347)

Increase / (decrease) in current liabilities

Trade and other payables	422,523	(246,941)
--------------------------	---------	------------

Net changes in working capital

	(1,167,573)	(792,288)
--	--------------	------------

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

These comprise of the following :

Cash and bank balances	715,801	1,464,649
Short-term borrowings	(70,274)	(761,000)
	645,527	703,649

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:

	Three quarters ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousands)			
Insurance premium paid	18,928	15,527	3,004	4,292
Insurance claims received	3,344	1,170	3,244	–
Profit on bank accounts	49,038	45,159	11,680	15,865
Purchases / sales / services	133	269	95	38
Dividend received	28,691	26,365	4,334	6,068
Dividend paid	24,562	27,509	–	–
Bonus shares / units received at nominal value	31,335	20,297	2,167	–
Bonus shares issued at nominal value	24,562	19,649	–	–
Sale of long-term investments	105,416	–	–	–
Bank charges	192	439	71	126

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 July 27, 2011 by the Board of Directors of the Company.

17. General

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