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## Company Information

<b>Board of Directors</b>	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>
<b>Audit Committee</b>	Ali Raza D. Habib Amin Ali Abdul Hamid Imran A. Habib	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Ali Raza D. Habib Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member Member
<b>Company Secretary</b>	Cawas R. Sethna	
<b>Registered Office</b>	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	
<b>Mills</b>	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
<b>Bankers</b>	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	
<b>Statutory Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
<b>Share Registrars</b>	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 our privilege to present to you the unaudited condensed interim financial statements of the Company for the three quarters ended June 30, 2012.

### 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. 669.93 million. The financial results for the three quarters are as follows:

	(Rupees in thousands)
Profit before taxation	669,926
Taxation	130,000
Profit after taxation	539,926
Unappropriated profit brought forward	8,257
Unappropriated profit carried forward	548,183
Earnings per share – Basic and diluted	Rs. 3.60

### 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 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.

During the year, the government allowed export of a total quantity of 300,000 M.Tons of sugar initially 100,000 M.Tons in March 2012 and 200,000 M.Tons in June 2012 and placed export quota restriction of 5,000 M.Tons per mill on first come first served basis under each permission. Your Company availed this opportunity and exported 7,600 M.Tons of sugar upto July 25, 2012 and balance of 2,315 M.Tons out of second export quota of 5,000 M.Tons will be exported as soon as necessary formalities are completed.



The Company also participated in two tenders floated by Trading Corporation of Pakistan (TCP) and sold 8,610 M.Tons of sugar, lifting of which will take place later.

The division earned profit of Rs. 292.30 million during the period under review as against profit of Rs. 573.53 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 during the quarter continued to remain slow and sugar selling price also remained depressed resulting in decrease in profitability of the division.

### **Distillery Division**

Production of ethanol during the nine months ended June 30, 2012 was 21,788 M.Tons as compared with 22,131 M.Tons during the corresponding period of the previous year. By the Grace of Allah, the division earned profit of Rs. 330.98 million during the period under review as against profit of Rs. 200.19 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 (CO<sub>2</sub>) plant operated satisfactorily and produced 3,458 M.Tons of CO<sub>2</sub> during the three quarters ended June 30, 2012.

### **Textile Division**

The division earned profit of Rs. 7.01 million during the period under review as against Rs. 2.75 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 due to effective cost control measures undertaken by the division and improved profit margin on sales.

### **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

**Raeesul Hasan**  
Chief Executive

**Murtaza H. Habib**  
Director

Karachi: July 28, 2012



## Condensed Interim Balance Sheet as at June 30, 2012 (Unaudited)

	Note	(Unaudited) June 30, 2012	(Audited) September 30, 2011
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed assets			
Property, plant and equipment	4	742,328	795,194
Long-term investments	5	731,825	923,856
Long-term loans		4,187	6,859
Long-term deposits		2,948	2,948
<b>Current Assets</b>			
Stores and spares		92,001	76,762
Stock-in-trade	6	2,171,665	580,092
Trade debts		321,499	185,699
Loans and advances		48,982	194,111
Trade deposits and short-term prepayments		20,363	14,585
Profit accrued on bank deposits		2,514	—
Other receivables		17,378	14,503
Cash and bank balances		684,069	1,222,138
		3,358,471	2,287,890
<b>Total Assets</b>		<b>4,839,759</b>	<b>4,016,747</b>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
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		2,373,183	2,208,257
Unrealised gain on long-term investments - available for sale		617,369	559,833
		2,990,552	2,768,090
		3,740,552	3,518,090
<b>Non-Current Liabilities</b>			
Deferred taxation		82,500	81,500
<b>Current Liabilities</b>			
Trade and other payables		884,746	372,757
Short-term borrowings	7	126,000	—
Accrued mark-up on short-term borrowings		3,067	—
Provision for income tax - net		2,894	44,400
		1,016,707	417,157
<b>Contingencies and Commitments</b>	8		
<b>Total Equity and Liabilities</b>		<b>4,839,759</b>	<b>4,016,747</b>

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 quarter and cumulative for three quarters ended June 30, 2012 (Unaudited)

		Three Quarters ended		Quarter ended	
Note		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
		(Rupees in thousands)			
<b>Segment operating results</b>	9				
Net sales and services		4,887,284	6,180,114	2,342,014	2,391,464
Cost of sales		(4,047,538)	(5,200,139)	(2,107,674)	(2,105,609)
<b>Gross profit</b>		839,746	979,975	234,340	285,855
Selling and distribution expenses		(126,830)	(125,009)	(45,633)	(41,884)
Administrative expenses		(82,623)	(78,501)	(23,399)	(26,503)
Other operating expenses	10	(50,425)	(60,381)	(12,124)	(15,497)
Other operating income	11	82,883	68,430	20,822	9,688
		(176,995)	(195,461)	(60,334)	(74,196)
<b>Operating profit</b>		662,751	784,514	174,006	211,659
Finance income / (cost) - net		7,175	17,681	(12,948)	(5,781)
<b>Profit before taxation</b>		669,926	802,195	161,058	205,878
Taxation	12	(130,000)	(240,000)	(25,000)	(65,000)
<b>Profit after taxation</b>		539,926	562,195	136,058	140,878
<b>Earnings per share - basic and diluted</b>	Rs.	3.60	3.75	0.91	0.94

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 quarter and cumulative for three quarters ended June 30, 2012 (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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Rupees in thousands)			
<b>Profit after taxation</b>	539,926	562,195	136,058	140,878
<b>Other comprehensive income</b>				
Increase / (decrease) in unrealised gain in fair values of long-term investments - available for sale	61,275	72,549	15,622	(9,202)
<b>Total comprehensive income for the period ended June 30, 2012</b>	<u>601,201</u>	<u>634,744</u>	<u>151,680</u>	<u>131,676</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 three quarters ended June 30, 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)							
<b>Balance as on October 1, 2010</b>	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 for the period ended June 30, 2011	-	-	-	562,195	562,195	72,549	634,744
<b>Balance as on June 30, 2011</b>	<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>
<b>Balance as on October 1, 2011</b>	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 period ended June 30, 2012	-	-	-	539,926	539,926	61,275	601,201
<b>Balance as on June 30, 2012</b>	<u>750,000</u>	<u>34,000</u>	<u>1,791,000</u>	<u>548,183</u>	<u>2,373,183</u>	<u>617,369</u>	<u>3,740,552</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, 2012 (Unaudited)

	Note	June 30, 2012	June 30, 2011
(Rupees in thousands)			
<b>Cash flows from operating activities</b>			
Cash used in operations	13	(446,127)	(371,655)
Finance income received - net		7,728	20,096
Income tax paid		(170,506)	(224,213)
Long-term loans		2,672	(1,070)
Net cash used in operating activities		(606,233)	(576,842)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(8,333)	(88,990)
Sale proceeds / redemption of investments		302,775	136,840
Dividend received		51,259	34,885
Purchase of investments		(433)	(28,462)
Investments in money market fund		(40,000)	—
Sale proceeds of fixed assets		5,377	7,936
Net cash generated from investing activities		310,645	62,209
<b>Cash flows from financing activities</b>			
Dividend paid		(368,481)	(147,108)
Net cash used in financing activities		(368,481)	(147,108)
Net decrease in cash and cash equivalents		(664,069)	(661,741)
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	558,069	645,527

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 three quarters ended June 30, 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 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, 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 the applicable amended IFRSs, IAS and IFRIC and the adoption of such standards and interpretations do not have any material effect on these condensed interim financial statements.

	June 30, 2012	September 30, 2011
	(Rupees in thousands)	
<b>4. Fixed assets</b>		
<b>4.1 Property, plant and equipment</b>		
Operating fixed assets	740,877	768,778
Capital work-in-progress	1,451	26,416
	742,328	795,194
<b>4.2 Cost of additions to / deletions from fixed assets during the nine months ended June 30, 2012 were as follows:</b>		
	Additions	Deletions
	(Rupees in thousands)	
Plant and machinery		
Sugar	1,915	-
Textile	504	-
Furniture, fittings, electrical and office equipment	3,735	-
Motor cars / vehicles	2,179	4,196
	8,333	4,196



	June 30, 2012	September 30, 2011
	(Rupees in thousands)	
<b>5. Long-term investments</b>		
<b>Available for sale - quoted</b>		
Investments in related parties	527,082	630,145
Investments in other companies	204,743	293,711
	731,825	923,856

**5.1** The aggregate book value of the above referred long-term investments, net of impairment, is Rs. 114.456 (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. 57.536 (September 30, 2011: Rs. 61.852) million arising from a change in fair value of investments during the period has been recognised directly in equity.

	June 30, 2012	September 30, 2011
	(Rupees in thousands)	
<b>6. Stock-in-trade</b>		
Raw materials	550,515	138,453
Work-in-process	32,988	12,056
Finished goods	1,586,026	429,105
Fertilizers	2,136	478
	2,171,665	580,092
<b>7. Short-term borrowings</b>	126,000	-

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 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. 193.120 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 Courts of Sindh and Punjab.



The Competition Ordinance 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 Applications 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 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.

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 for hearing on November 24, 2011 which was adjourned to December 20, 2011 with the instructions to file written submissions after which oral submission will be heard before the learned Bench. Further, ad-interim order passed earlier to continue till the next hearing. However, on December 20, 2011 the case did not come up for hearing for want of time. 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 outcome and accordingly no provision for the aforesaid amount has been made in these financial statements.

	June 30, 2012	September 30, 2011
	(Rupees in thousands)	
<b>8.2 Commitments</b>		
<b>8.2.1</b> Capital expenditure	<u>16,534</u>	<u>2,572</u>
<b>8.2.2</b> Rentals under operating lease agreements with First Habib Modraba in respect of vehicles, payable over the next four years	<u>28,364</u>	<u>21,743</u>



## 9. Segment operating results for the three quarters ended June 31, 2012 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		(Rupees in thousands) Total	
		Three quarters ended June 30, 2012	June 30, 2011	Three quarters ended June 30, 2012	June 30, 2011	Three quarters ended June 30, 2012	June 30, 2011	Three quarters ended June 30, 2012	June 30, 2011
<b>Net sales and services</b>									
Sales	Local	2,710,033	4,348,413	140,518	259,575	1,221	–	2,851,772	4,607,988
	Export	295,521	–	1,523,123	1,284,877	216,132	286,855	2,034,776	1,571,732
		3,005,554	4,348,413	1,663,641	1,544,452	217,353	286,855	4,886,548	6,179,720
Services - Storage income - net		–	–	736	394	–	–	736	394
		3,005,554	4,348,413	1,664,377	1,544,846	217,353	286,855	4,887,284	6,180,114
Less: Cost of sales		(2,606,291)	(3,667,477)	(1,248,453)	(1,262,964)	(192,794)	(269,698)	(4,047,538)	(5,200,139)
<b>Gross Profit</b>		399,263	680,936	415,924	281,882	24,559	17,157	839,746	979,975
Less: Selling and distribution expenses		(35,156)	(39,184)	(77,467)	(73,971)	(14,207)	(11,854)	(126,830)	(125,009)
Administrative expenses		(71,807)	(68,218)	(7,477)	(7,725)	(3,339)	(2,558)	(82,623)	(78,501)
		(106,963)	(107,402)	(84,944)	(81,696)	(17,546)	(14,412)	(209,453)	(203,510)
<b>Profit before other operating expenses and other operating income</b>		292,300	573,534	330,980	200,186	7,013	2,745	630,293	776,465
Other operating expenses - note 10								(50,425)	(60,381)
Other operating income - note 11								82,883	68,430
<b>Operating profit</b>								662,751	784,514

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



### 9a. Segment operating results for the quarter ended June 30, 2012 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		(Rupees in thousands) Total	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b>Net sales and services</b>								
Sales								
Local	1,293,046	1,681,382	48,673	80,105	410	–	1,342,129	1,761,487
Export	266,034	–	629,167	567,807	104,294	62,055	999,495	629,862
	1,559,080	1,681,382	677,840	647,912	104,704	62,055	2,341,624	2,391,349
Services - Storage income - net	–	–	390	115	–	–	390	115
	1,559,080	1,681,382	678,230	648,027	104,704	62,055	2,342,014	2,391,464
Less: Cost of sales	(1,495,946)	(1,536,155)	(519,504)	(513,647)	(92,224)	(55,807)	(2,107,674)	(2,105,609)
<b>Gross Profit</b>	63,134	145,227	158,726	134,380	12,480	6,248	234,340	285,855
Less: Selling and distribution expenses	(9,723)	(8,179)	(29,225)	(28,551)	(6,685)	(5,154)	(45,633)	(41,884)
Administrative expenses	(19,496)	(22,329)	(2,470)	(3,190)	(1,433)	(984)	(23,399)	(26,503)
	(29,219)	(30,508)	(31,695)	(31,741)	(8,118)	(6,138)	(69,032)	(68,387)
<b>Profit before other operating expenses and other operating income</b>	33,915	114,719	127,031	102,639	4,362	110	165,308	217,468
Other operating expenses -note 10							(12,124)	(15,497)
Other operating income - note 11							20,822	9,688
<b>Operating profit</b>							174,006	211,659

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



	Three quarters ended		Quarter ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in thousands)			
<b>10. Other operating expenses</b>				
Workers' Profit Participation Fund	36,018	43,129	8,660	11,069
Workers' Welfare Fund	14,407	17,252	3,464	4,428
	<u>50,425</u>	<u>60,381</u>	<u>12,124</u>	<u>15,497</u>
<b>11. Other operating income</b>				
Dividend income	49,683	34,234	6,072	5,451
Profit on sale / redemption of investments	12,775	24,467	–	–
Agriculture income	838	575	710	464
Gain on disposal of fixed assets	3,294	5,559	1,172	2,749
Scrap sale	1,781	1,483	753	34
Exchange gain	14,512	2,112	12,115	990
	<u>82,883</u>	<u>68,430</u>	<u>20,822</u>	<u>9,688</u>
<b>12. Taxation</b>				
Current	129,000	243,000	26,000	65,000
Deferred	1,000	(3,000)	(1,000)	–
	<u>130,000</u>	<u>240,000</u>	<u>25,000</u>	<u>65,000</u>
<b>13. Cash generated from / (used in) operations</b>			June 30, 2012	June 30, 2011
			(Rupees in thousands)	
Profit before taxation			669,926	802,195
<b>Adjustment for non-cash charges and other items</b>				
Depreciation			59,116	58,274
Profit on sale / redemption of investments			(12,775)	(24,467)
Gain on disposal of fixed assets			(3,294)	(5,559)
Finance (income) / cost - net			(7,175)	(17,681)
Dividend income			(49,683)	(34,234)
Capital work-in-progress charged to Profit and Loss account			–	17,390
Working capital changes - note 13.1			(1,102,242)	(1,167,573)
			<u>(446,127)</u>	<u>(371,655)</u>



	June 30, 2012	June 30, 2011
	(Rupees in thousands)	
<b>13.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(15,239)	(9,151)
Stock-in-trade	(1,591,573)	(1,189,911)
Trade debts	(135,800)	(390,397)
Loans and advances	145,129	(20,309)
Trade deposits and short-term prepayments	(5,778)	(6,547)
Sales tax and excise duty adjustable	-	32,631
Other receivables	(4,451)	(6,412)
	(1,607,712)	(1,590,096)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	505,470	422,523
<b>Net changes in working capital</b>	<u>(1,102,242)</u>	<u>(1,167,573)</u>

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

These comprise of the following :

Cash and bank balances	684,069	715,801
Short-term borrowings	(126,000)	(70,274)
	<u>558,069</u>	<u>645,527</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:

	Three quarters ended		Quarter ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in thousands)			
Insurance premium paid	10,151	18,928	5	3,004
Insurance claims received	6,655	3,344	600	3,244
Profit on bank accounts	45,060	49,038	7,724	11,680
Purchases	168	133	84	95
Dividend received	41,411	28,691	4,876	4,334
Dividend paid	61,372	24,562	-	-
Bonus shares / units received at nominal value	32,156	31,335	1,912	2,167
Bonus shares issued at nominal value	-	24,562	-	-
Redemption of investments	157,449	105,416	-	-
Bank charges	665	192	229	71

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 28, 2012 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