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VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified 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, liquidified 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 three quarters ended June 30, 2014.

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

	(Rupees in thousands)
Profit before taxation	685,599
Taxation	<u>70,000</u>
Profit after taxation	615,599
Unappropriated profit brought forward	<u>6,965</u>
Unappropriated profit carried forward	<u><u>622,564</u></u>
Earnings per share – Basic and diluted	Rs. <u><u>4.10</u></u>

Performance Review

Sugar Division

Crushing operations 2013-14 commenced on November 1, 2013 and the plant operated upto April 14, 2014 for 149 days as against 123 days in the preceding season. Sugarcane crushed during the current season was 1,116,554 M.Tons with average sucrose recovery of 10.44% and sugar production of 116,513 M.Tons, as compared with crushing of 939,959 M.Tons with average sucrose recovery of 11.02% and sugar production of 103,582 M.Tons during the preceding season. During the current crushing season, sucrose recovery across the country remained low due to adverse climatic conditions and longer duration between the harvesting and crushing of sugarcane.

For the crushing season 2013-14, the minimum support price of sugarcane remained unchanged at Rs. 172 per 40 kgs as announced by the Sindh government. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

The sugar prices both in domestic and international markets continued to remain depressed due to carry over stock of previous year and increased sugar production during the current crushing season.

In order to manage the surplus sugar production, the government allowed export of 500,000 M.Tons of sugar in September 2013 and also allowed incentives in FED and inland freight subsidy to the millers on the export of sugar. In March 2014, a further quantity of 250,000 M.Tons of sugar for export was allowed by the government



withdrawing the incentives associated with the earlier exports. The withdrawal of incentives by the government and appreciation of the Pak rupee made sugar exports unviable for the millers. In view of the above, Company exported only 4,000 M.Tons of sugar as against 18,907 M.Tons during the corresponding period of the previous year.

The Company also participated in tenders floated by Trading Corporation of Pakistan (TCP) and sold 4,726 M.Tons of sugar. However, the Economic Co-ordination Committee of the Federal Cabinet has now decided to stop buying sugar through TCP and instructed Utility Stores Corporation of Pakistan to buy sugar directly from the millers.

Sugar division earned profit of Rs. 120.36 million as against profit of Rs. 217.81 million in the corresponding period of previous year. The off take of sugar upto June 30, 2014 was slow as compared with the previous year resulting in decrease in turnover. The reduction in profitability of the sugar division was due to lower recovery by 0.58% and reduced sales during the period under review.

Distillery Division

Production of ethanol during the three quarters ended June 30, 2014 was 24,518 M.Tons as compared with 22,865 M.Tons during the corresponding period of the previous year. The division earned profit of Rs. 388.09 million during the period under review as against profit of Rs. 350.90 million in the corresponding period of previous year. Despite the adverse impact of dollar depreciation against rupee, the division's profitability will Inshallah be maintained due to better recovery of ethanol.

The liquidified carbon dioxide (CO₂) unit also operated satisfactorily and produced 5,533 M.Tons as compared with 4,575 M.Tons during the corresponding period of previous year.

Textile Division

The division earned profit of Rs. 18.32 million during the three quarters under review as against profit of Rs. 14.61 million in the corresponding period of previous year. Increase in profit of division was mainly on account of better margin on sale.

Trading Division

During the period under review, the division made operating profit of Rs. 3.55 million on account of trading of sugar and dry Ice.

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 24, 2014



Condensed Interim Balance Sheet as at June 30, 2014 (Unaudited)

	Note	(Unaudited) June 30, 2014	(Audited) September 30, 2013
Assets			
Non-Current Assets			
(Rupees in thousands)			
Fixed assets			
Property, plant and equipment	4	1,252,284	952,130
Long-term investments	5	1,379,380	999,888
Long-term loans		4,150	2,889
Long-term deposits		2,963	2,963
Current Assets			
Stores and spare parts		121,157	99,876
Stock-in-trade	6	3,261,388	698,845
Trade debts		341,550	284,227
Loans and advances		93,419	360,588
Trade deposits and prepayments		7,857	9,456
Other receivables		16,089	14,743
Short-term investments	7	—	2,127,242
Taxation - net		26,107	—
Cash and bank balances		1,439,538	331,639
		<u>5,307,105</u>	<u>3,926,616</u>
Total Assets		<u><u>7,945,882</u></u>	<u><u>5,884,486</u></u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2013: 150,000,000)			
Ordinary shares of Rs. 5 each		750,000	750,000
Issued, subscribed and paid-up capital		<u>750,000</u>	<u>750,000</u>
150,000,000 Ordinary shares of Rs. 5 each		750,000	750,000
Reserves		3,257,564	3,016,965
Unrealised gain on investments - available for sale		1,205,921	865,802
		<u>4,463,485</u>	<u>3,882,767</u>
		5,213,485	4,632,767
Non-Current Liabilities			
Deferred taxation		90,000	75,000
Current Liabilities			
Trade and other payables	8	1,246,405	911,734
Advance from customers		1,395,992	252,926
Taxation - net		—	12,059
		2,642,397	1,176,719
Contingencies and Commitments			
	9		
Total Equity and Liabilities		<u><u>7,945,882</u></u>	<u><u>5,884,486</u></u>

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

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Condensed Interim Profit and Loss Account for the quarter and cumulative for three quarters ended June 30, 2014 (Unaudited)

	Note	Three quarters ended		Quarter ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
(Rupees in thousands)					
Segment operating results	10				
Net sales and services		5,991,643	6,981,522	2,399,765	3,229,573
Cost of sales		(5,215,573)	(6,100,725)	(2,098,303)	(2,914,823)
Gross profit		776,070	880,797	301,462	314,750
Selling and distribution expenses		(154,619)	(180,435)	(43,532)	(63,699)
Administrative expenses		(91,146)	(84,667)	(29,185)	(27,373)
Other operating expenses	11	(68,084)	(53,080)	(24,184)	(16,567)
Other income	12	251,671	159,746	119,385	12,086
		(62,178)	(158,436)	22,484	(95,553)
Operating profit		713,892	722,361	323,946	219,197
Finance (cost) / income - net		(28,293)	(17,165)	(7,113)	903
Profit before taxation		685,599	705,196	316,833	220,100
Taxation	13	(70,000)	(115,000)	(30,000)	(40,000)
Profit after taxation		615,599	590,196	286,833	180,100
Earnings per share - Basic and diluted	Rs.	4.10	3.93	1.91	1.20

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, 2014 (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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Rupees in thousands)			
Profit after taxation	615,599	590,196	286,833	180,100
Other comprehensive income				
Items to be classified to profit and loss account in subsequent periods				
Unrealised gain / (loss) on revaluation of investments for the period	518,710	63,784	192,362	54,650
Reclassification during the period to profit and loss account for gain on sale/ redemption of investments	(178,591)	(77,458)	(102,648)	(1,203)
Net gain / (loss) for the period on investments available for sale	340,119	(13,674)	89,714	53,447
Total Comprehensive income for the period ended June 30, 2014	<u>955,718</u>	<u>576,522</u>	<u>376,547</u>	<u>233,547</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, 2014 (Unaudited)

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Unrealised Gain/(loss) on investments available for sale	Total Equity
			General Reserve	Unappro- priated Profit			
(Rupees in thousands)							
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)	-	-	-
Total comprehensive income for the period ended June 30, 2013	-	-	-	590,196	590,196	(13,674)	576,522
Balance as on June 30, 2013	<u>750,000</u>	<u>34,000</u>	<u>2,201,000</u>	<u>594,603</u>	<u>2,829,603</u>	<u>676,770</u>	<u>4,256,373</u>
Balance as on October 1, 2013	750,000	34,000	2,201,000	781,965	3,016,965	865,802	4,632,767
Cash dividend for 2013 @ 50%	-	-	-	(375,000)	(375,000)	-	(375,000)
Transfer to general reserve	-	-	400,000	(400,000)	-	-	-
Total comprehensive income for the period ended June 30, 2014	-	-	-	615,599	615,599	340,119	955,718
Balance as on June 30, 2014	<u>750,000</u>	<u>34,000</u>	<u>2,601,000</u>	<u>622,564</u>	<u>3,257,564</u>	<u>1,205,921</u>	<u>5,213,485</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, 2014 (Unaudited)

	Note	June 30, 2014	June 30, 2013
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	14	(356,679)	(286,652)
Finance cost paid - net		(28,293)	(23,184)
Income tax paid		(93,166)	(107,218)
Long-term loans		(1,261)	1,705
Net cash used in operating activities		(479,399)	(415,349)
Cash flows from investing activities			
Fixed capital expenditure		(375,047)	(194,095)
Redemption / sale proceeds of investments		3,801,861	2,378,417
Dividend received		60,199	71,920
Purchase of investments		(1,535,401)	(1,142,723)
Sale proceeds of fixed assets		3,376	1,551
Net cash generated from investing activities		1,954,988	1,115,070
Cash flows from financing activities			
Dividend paid		(367,690)	(367,842)
Net decrease in cash and cash equivalents		1,107,899	331,879
Cash and cash equivalents at the beginning of the period		331,639	636,083
Cash and cash equivalents at the end of the period		1,439,538	967,962

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, 2014 (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, 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 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, 2013.

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, 2013, except for the following revised standards, amendment and interpretation of IFRSs which became effective from current period.

IAS 19 Employees Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects

IFRS 7 Financial Instruments : Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 Stripping cost in the production phase of a surface mine

As a result of adoption of IAS-19 (Revised), actuarial gains or losses that were previously recognised as income or expense in Profit and Loss Account will now be recognized in Other Comprehensive Income for the year.

The adoption of the above amendments, revisions and interpretations did not have material effect on the condensed interim financial statements.



	(Unaudited) June 30, 2014	(Audited) September 30, 2013
	(Rupees in thousands)	
4. Fixed assets		
4.1 Property, plant and equipment		
Operating fixed assets	1,184,050	843,209
Capital work-in-progress	68,234	108,921
	<u>1,252,284</u>	<u>952,130</u>
4.2 Cost of additions to / deletions from fixed assets during the three quarters ended June 30, 2014 were as follows:		
	Additions	Deletions
	(Rupees in thousands)	
Land	86,407	-
Plant and machinery		
Sugar	113,519	5,256
Distillery	156,802	-
Furniture, fittings and office equipment	2,949	71
Vehicles	15,370	357
	<u>375,047</u>	<u>5,684</u>
	(Unaudited)	(Audited)
	June 30,	September 30,
	2014	2013
	(Rupees in thousands)	
5. Long-term investments		
Long-term investments - available for sale		
Investments in shares of listed companies :		
Investments in related parties	915,228	673,471
Investments in other companies	464,152	326,417
	<u>1,379,380</u>	<u>999,888</u>
5.1	The above investments are stated at fair value. Unrealised gain of Rs. 340.12 (2013: Rs. 148.12) million arising from a change in the fair value of these investments during the current period has been recognised directly in equity through Other Comprehensive Income.	
5.2	The aggregate book value of the above referred long-term investments, net of impairment, is Rs. 173.46 (September 30, 2013: Rs. 161.33) million.	
	(Unaudited)	(Audited)
	June 30,	September 30,
	2014	2013
	(Rupees in thousands)	
6. Stock-in-trade		
Raw materials	750,034	172,284
Work-in-process	28,981	28,879
Finished goods	2,481,966	497,064
Fertilizers	407	618
	<u>3,261,388</u>	<u>698,845</u>



(Unaudited) (Audited)
 June 30, September 30,
 2014 2013
 (Rupees in thousands)

7. Short-term investments

Short-term investments - available for sale

Investments in Units of Mutual Funds :

Investments in related party	-	1,418,341
Investments in other mutual funds	-	708,901
	-	2,127,242
	-	2,127,242

7.1 The above investments are stated at fair value. Unrealised gain of Rs. Nil (2013: Rs. 27.24) million arising from a change in the fair value of these investments during the current period has been recognised directly in equity through Other Comprehensive Income.

7.2 The aggregate cost of these investments is Rs. Nil (2013: Rs. 2,100) million.

(Unaudited) (Audited)
 June 30, September 30,
 2014 2013
 (Rupees in thousands)

8. Trade and other payables

Creditors	893,200	576,441
Accrued liabilities	221,365	163,494
Sales tax / Federal excise duty	21,144	50,246
Workers' Profit Participation Fund	36,860	50,138
Workers' Welfare Fund	34,799	41,155
Income tax deducted at source	2,112	645
Unclaimed dividends	36,925	29,615
	1,246,405	911,734
	1,246,405	911,734

9. Contingencies and commitments

9.1 Contingencies

9.1.1 The Company has provided counter guarantees to banks, aggregating to Rs. 252.75 (September 30, 2013: Rs. 244.14) 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 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 Lahore.



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 case was lastly fixed on May 6, 2014 but was not taken up for hearing. 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 Constitutional Petition before the Honourable 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 had demanded payment of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Company. However, PSQCA filed a Civil Petition for Leave to Appeal (CPLA) before the Honourable Supreme Court of Pakistan which was admitted on November 25, 2013 and was adjourned to date in office.

Meanwhile, the Honourable Supreme Court of Pakistan maintained the judgement of Honourable High Court of Sindh and restrained PSQCA from demanding any marking fee or licensing fee from the Sugar Mills till the further order. No provision has been made in this regard as 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.

- 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 Honourable 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 congruence to the Constitution of the Islamic Republic of Pakistan, 1973. The Company further sought refund of all 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 suit was lastly fixed on April 24, 2014 and was adjourned to date in office.

Through Finance Act, 2014 certain amendments were introduced in the Gas Infrastructure Development (GID) Cess Act, 2011, however, the validity and implementation of GID Cess Act, 2011 is pending adjudication before the Honourable High Court of Sindh as such, any amendments introduced may not affect the Company's financial position till the final judgement of the pending cases.

The financial exposure of the Company under the suit upto June 30, 2014 is Rs. 24.46 (September 30, 2013: Rs. 17.49) million. Since, the matter is pending adjudication no provision has been made in these financial statements.

- 9.1.5** 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.
- 9.1.6** The Company has filed a Suit before the Honourable High Court of Sindh challenging the levy of market committee fee on sugarcane purchased at the factory. The High Court of Sindh has admitted the suit and granted status quo.
- 9.1.7** The Company alongwith other petitioners filed a Suit before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayers' Unit challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. On February 22, 2013 the Honourable High Court of Sindh decided the case in favour of the Company by suspending the above SRO and ordered refund of all collected amount by way of direct repayment or adjustment (against any tax or duty). Against the above order, the department has filed a Civil Petition for Leave to Appeal (CPLA) before the Honourable Supreme Court of Pakistan. As the matter is pending before the Honourable Supreme Court of Pakistan and considering the contingent nature of the above refund, the same is not recognised in the financial statements for the period ended June 30, 2014.

	(Unaudited)	(Audited)
	June 30,	September 30,
	2014	2013
	(Rupees in thousands)	
9.2	Commitments	
9.2.1	<u>37,685</u>	<u>51,145</u>
9.2.2		
Rentals payable over next four years under operating lease agreements with First Habib Modraba in respect of vehicles	<u>24,327</u>	<u>31,364</u>



10. Segment operating results for the three quarters ended June 30, 2014 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Three quarters ended June 30, 2014	June 30, 2013	Three quarters ended June 30, 2014	June 30, 2013	Three quarters ended June 30, 2014	June 30, 2013	Three quarters ended June 30, 2014	June 30, 2013	Three quarters ended June 30, 2014	June 30, 2013
Net sales and services											
Sales	Local	3,468,133	3,498,390	278,980	192,555	3,549	5,704	53,628	112,206	3,804,290	3,808,855
	Export	181,740	919,931	1,670,334	1,721,944	333,999	355,357	–	172,630	2,186,073	3,169,862
Services - Storage income - net		3,649,873	4,418,321	1,949,314	1,914,499	337,548	361,061	53,628	284,836	5,990,363	6,978,717
		–	–	1,280	2,805	–	–	–	–	1,280	2,805
Less: Cost of sales		3,649,873	4,418,321	1,950,594	1,917,304	337,548	361,061	53,628	284,836	5,991,643	6,981,522
		(3,409,811)	(4,059,322)	(1,461,230)	(1,464,447)	(294,654)	(325,742)	(49,878)	(251,214)	(5,215,573)	(6,100,725)
Gross Profit		240,062	358,999	489,364	452,857	42,894	35,319	3,750	33,622	776,070	880,797
Less: Selling and distribution expenses		(40,629)	(69,197)	(92,700)	(93,556)	(21,225)	(16,645)	(65)	(1,037)	(154,619)	(180,435)
Administrative expenses		(79,076)	(71,989)	(8,579)	(8,404)	(3,354)	(4,064)	(137)	(210)	(91,146)	(84,667)
Profit before other operating expenses and other income		(119,705)	(141,186)	(101,279)	(101,960)	(24,579)	(20,709)	(202)	(1,247)	(245,765)	(265,102)
Other operating expenses -note 11										(68,084)	(53,080)
Other income - note 12										251,671	159,746
Operating profit										713,892	722,361



10a. Segment operating results for the quarter ended June 30, 2014 (Unaudited)

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Quarter ended June 30, 2014	Quarter ended June 30, 2013
Net sales and services										
Sales										
Local	1,643,792	1,683,179	113,616	106,489	895	2,823	24,461	108,806	1,782,764	1,901,297
Export	46,311	307,961	448,447	905,451	121,310	113,193	-	-	616,068	1,326,605
Services - Storage income - net	1,690,103	1,991,140	562,063	1,011,940	122,205	116,016	24,461	108,806	2,398,832	3,227,902
	-	-	933	1,671	-	-	-	-	933	1,671
Less: Cost of sales	1,690,103	1,991,140	562,996	1,013,611	122,205	116,016	24,461	108,806	2,399,765	3,229,573
	(1,615,341)	(1,908,391)	(353,173)	(797,683)	(106,578)	(104,999)	(23,211)	(103,750)	(2,098,303)	(2,914,823)
Gross Profit	74,762	82,749	209,823	215,928	15,627	11,017	1,250	5,056	301,462	314,750
Less: Selling and distribution expenses	(9,012)	(16,742)	(29,408)	(43,236)	(5,112)	(3,721)	-	-	(43,532)	(63,699)
Administrative expenses	(25,188)	(22,301)	(2,777)	(3,031)	(1,157)	(1,977)	(63)	(64)	(29,185)	(27,373)
	(34,200)	(39,043)	(32,185)	(46,267)	(6,269)	(5,698)	(63)	(64)	(72,717)	(91,072)
Profit before other operating expenses and other income	40,562	43,706	177,638	169,661	9,358	5,319	1,187	4,992	228,745	223,678
Other operating expenses - note 11									(24,184)	(16,567)
Other operating income - note 12									119,385	12,086
Operating profit									323,946	219,197



	(Unaudited)		(Unaudited)	
	Three quarters ended		Quarter ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(Rupees in thousands)			
11. Other operating expenses				
Workers' Profit Participation Fund	36,860	37,914	17,034	11,833
Workers' Welfare Fund	14,744	15,166	6,813	4,734
Exchange loss	16,480	-	337	-
	<u>68,084</u>	<u>53,080</u>	<u>24,184</u>	<u>16,567</u>
12. Other income				
Gain on sale / redemption of investments	178,591	77,458	102,648	1,203
Dividend income	58,671	70,264	9,183	9,015
Exchange gain	-	6,727	-	1,577
Scrap sale	5,147	2,892	724	106
Gain on disposal of fixed assets	2,804	1,486	1,129	11
Agriculture income	6,458	919	5,701	174
	<u>251,671</u>	<u>159,746</u>	<u>119,385</u>	<u>12,086</u>
13. Taxation				
Current	55,000	117,000	23,000	40,000
Deferred	15,000	(2,000)	7,000	-
	<u>70,000</u>	<u>115,000</u>	<u>30,000</u>	<u>40,000</u>
			(Unaudited)	
			June 30, 2014	June 30, 2013
			(Rupees in thousands)	
14. Cash used in operations				
Profit before taxation		685,599	705,196	
Adjustment for non-cash charges and other items				
Depreciation		74,321	58,906	
Gain on disposal of fixed assets		(2,804)	(1,486)	
Gain on sale / redemption of investments		(178,591)	(77,458)	
Finance cost - net		28,293	17,165	
Dividend income		(58,671)	(70,264)	
Working capital changes - note 14.1		(904,826)	(918,711)	
		<u>(356,679)</u>	<u>(286,652)</u>	



(Unaudited)
June 30, June 30,
2014 2013
(Rupees in thousands)

14.1 Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	(21,281)	(12,708)
Stock-in-trade	(2,562,543)	(852,430)
Trade debts	(57,323)	(330,933)
Loans and advances	267,169	301,786
Trade deposits and prepayments	1,599	(2,542)
Other receivables	(2,874)	894
	(2,375,253)	(895,933)

Increase / (decrease) in current liabilities

Trade and other payables	327,361	237,397
Advance from customers	1,143,066	(260,175)
	1,470,427	(22,778)

Net changes in working capital

(904,826)	(918,711)
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15. Transactions with related parties

Material transactions with related parties are given below:

	(Unaudited)		(Unaudited)	
	Three quarters ended		Quarter ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(Rupees in thousands)			
Insurance premium paid	13,012	22,864	5,607	12,601
Insurance claim received	1,729	26	121	26
Profit on treasury call accounts / term deposits	26,211	29,292	12,087	8,507
Purchases	131	250	-	164
Investment in units of mutual fund	200,000	200,000	-	-
Dividend received	38,976	57,927	5,364	7,509
Dividend paid	60,710	61,372	-	-
Bonus shares / units received at nominal value	68,790	31,323	5,363	-
Redemption of investments	1,667,011	1,045,615	-	-
Bank charges	526	1,518	169	778
Compensation of Key management personnel	17,700	19,980	4,338	6,660
Contribution to retirement funds	9,321	8,631	3,101	2,941

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 24, 2014 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