



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter and Nine months
ended June 30, 2013
(Unaudited)**



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Company Information

Board of Directors	Asgar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna M. 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 and co-opted on June 10, 2013 Co-opted on February 26, 2013 and resigned on June 10, 2013
Audit Committee	Ali Raza D. Habib Amin Ali Abdul Hamid Imran A. Habib	<i>Chief Executive</i> 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 (Resigned on May 23, 2013) 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 three quarters ended June 30, 2013.

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

	(Rupees in thousands)
Profit before taxation	705,196
Taxation	115,000
Profit after taxation	590,196
Unappropriated profit brought forward	4,407
Unappropriated profit carried forward	594,603
Earnings per share – Basic and diluted	Rs. 3.93

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 crushing 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 18,907 M. Tons of sugar upto June 30, 2013.

In January 2013, the Company also participated in tender floated by Trading Corporation of Pakistan and sold 4,920 M.Tons of sugar.

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 on or after the date of SRO 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.Ton on quantity exported. We understand however, that the Ministry of Finance has not yet released the funds for payment of freight subsidy to the sugar mills and hence the same has not been considered in the financial statements.

During the period under review, sugar division earned profit of Rs. 217.81 million as against profit of Rs. 292.30 million in the corresponding period of last year. The decrease in profitability of the division was due to depressed sugar selling prices both in domestic and international markets and increased sugar cane procurement cost.

Distillery Division

Production of ethanol during the three quarters ended June 30, 2013 was 22,865 M.Tons as compared with 21,788 M.Tons during the corresponding period of the previous year. The division earned profit of Rs. 350.90 million during the period under review as against profit of Rs. 330.98 million in the corresponding period of previous year.

By the Grace of Allah, the second plant of the liquidified carbon dioxide (CO₂) had commenced commercial production on May 3, 2013. During the period under review, the liquidified carbon dioxide (CO₂) unit operated satisfactorily and produced 4,575 M.Tons.

Textile Division

The division earned profit of Rs. 14.61 million during the three quarters under review as against profit of Rs. 7.01 million in the corresponding period of previous year. Increase in profit of division was mainly on account of higher sale volume and better margin.

Trading Division

During the period under review, the division made operating profit of Rs. 32.38 million on account of trading of molasses and sugar.

Change in Directors

During the period under review, Mr. M. Riyazul Haque, NIT Nominee Director resigned and in his place Mr. Muhammad Nawaz Tishna was co-opted as Director, who was earlier also on the Board as NIT Nominee Director.

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, 2013



Condensed Interim Balance Sheet as at June 30, 2013 (Unaudited)

	Note	(Unaudited) June 30, 2013 (Rupees in thousands)	(Audited) September 30, 2012 (Rupees in thousands)
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	4	906,963	771,839
Long-term investments	5	829,353	2,001,263
Long-term loans		2,554	4,259
Long-term deposits		2,948	2,948
Current Assets			
Stores and spare parts		102,269	89,561
Stock-in-trade	6	1,749,973	897,543
Trade debts		728,048	397,115
Loans and advances		148,787	450,573
Trade deposits and short-term prepayments		13,656	11,114
Profit accrued on bank deposits		6,019	—
Other receivables		12,781	15,331
Cash and bank balances		967,962	636,083
		3,729,495	2,497,320
Total Assets		5,471,313	5,277,629
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		750,000	750,000
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		750,000	750,000
Reserves		2,829,603	2,614,407
Unrealised gain on long-term investments - available for sale		676,770	690,444
		3,506,373	3,304,851
		4,256,373	4,054,851
Non-Current Liabilities			
Deferred taxation		79,500	81,500
Current Liabilities			
Trade and other payables	7	844,453	599,898
Advance from customers		277,857	538,032
Taxation - net		13,130	3,348
		1,135,440	1,141,278
Contingencies and Commitments	8		
Total Equity and Liabilities		5,471,313	5,277,629

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


Imran A. Habib
 Director


Murtaza H. Habib
 Director

Note: Authentication of financial statements

Mr. Raeesul Hasan Chief Executive of the Company is presently out of Pakistan hence these financial statements have been signed by two Directors in accordance with the provisions of the Companies Ordinance, 1984.



Condensed Interim Profit and Loss Account for the quarter and cumulative for three quarters ended June 30, 2013 (Unaudited)

	Note	Three Quarters ended		Quarter ended	
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
		(Rupees in thousands)			
Segment operating results	9				
Net sales and services		6,981,522	4,887,284	3,229,573	2,342,014
Cost of sales		(6,100,725)	(4,047,538)	(2,914,823)	(2,107,674)
Gross profit		880,797	839,746	314,750	234,340
Selling and distribution expenses		(180,435)	(126,830)	(63,699)	(45,633)
Administrative expenses		(84,667)	(82,623)	(27,373)	(23,399)
Other operating expenses	10	(53,080)	(50,425)	(16,567)	(12,124)
Other operating income	11	159,746	82,883	12,086	20,822
		(158,436)	(176,995)	(95,553)	(60,334)
Operating profit		722,361	662,751	219,197	174,006
Finance (cost) / income - net		(17,165)	7,175	903	(12,948)
Profit before taxation		705,196	669,926	220,100	161,058
Taxation	12	(115,000)	(130,000)	(40,000)	(25,000)
Profit after taxation		590,196	539,926	180,100	136,058
Earnings per share - Basic and diluted	Rs.	3.93	3.60	1.20	0.91

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


Imran A. Habib
 Director


Murtaza H. Habib
 Director

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Condensed Interim Statement of Comprehensive Income for the quarter and cumulative for three quarters ended June 30, 2013 (Unaudited)

	Three Quarters ended		Quarter ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	(Rupees in thousands)			
Profit after taxation	590,196	539,926	180,100	136,058
Other comprehensive income				
Increase in unrealised gain in fair values of long-term investments - available for sale	7,059	61,275	53,948	15,622
Total comprehensive income for the period ended June 30, 2013	<u>597,255</u>	<u>601,201</u>	<u>234,048</u>	<u>151,680</u>

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

Imran A. Habib
Director

Murtaza H. Habib
Director

Note: Authentication of financial statements

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Condensed Interim Statement of Changes in Equity for the three quarters ended June 30, 2013 (Unaudited)

	Issued Subscribed and Paid-up Capital	Reserves				Unrealised Gain/(loss) on Long -term investments available for sale	Total Equity
		Capital Reserve	General Reserve	Unappro- priated Profit	Total Reserves		
	(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 period ended June 30, 2012	-	-	-	539,926	539,926	61,275	601,201
Balance as on June 30, 2012	<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>
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	-	-	-	-	-	(20,733)	(20,733)
Total comprehensive income for the period ended June 30, 2013	-	-	-	590,196	590,196	7,059	597,255
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>

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


Imran A. Habib
Director


Murtaza H. Habib
Director

Note: Authentication of financial statements

Mr. Raeesul Hasan Chief Executive of the Company is presently out of Pakistan hence these financial statements have been signed by two Directors in accordance with the provisions of the Companies Ordinance, 1984.



Condensed Interim Cash Flow Statement for the three quarters ended June 30, 2013 (Unaudited)

	Note	June 30, 2013	June 30, 2012
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	13	(286,652)	(446,127)
Finance (cost) / income - net		(23,184)	7,728
Income tax paid		(107,218)	(170,506)
Long-term loans		1,705	2,672
Net cash used in operating activities		(415,349)	(606,233)
Cash flows from investing activities			
Fixed capital expenditure		(194,095)	(8,333)
Redemption / sale proceeds of long-term investments		2,378,417	302,775
Dividend received		71,920	51,259
Purchase of long-term investments		(1,142,723)	(40,433)
Sale proceeds of fixed assets		1,551	5,377
Net cash generated from investing activities		1,115,070	310,645
Cash flows from financing activities			
Dividend paid		(367,842)	(368,481)
Net Increase / (decrease) in cash and cash equivalents		331,879	(664,069)
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	14	967,962	558,069

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

Imran A. Habib
Director

Murtaza H. Habib
Director

Note: Authentication of financial statements

Mr. Raeesul Hasan Chief Executive of the Company is presently out of Pakistan hence these financial statements have been signed by two Directors in accordance with the provisions of the Companies Ordinance, 1984.



Notes to the Condensed Interim Financial Statements for the three quarters ended June 30, 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 Exchange s. 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 statement 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:

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, 201 2. 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

Operating fixed assets
Capital work-in-progress - at cost

(Unaudited) (Audited)
June 30, September 30,
2013 2012
(Rupees in thousands)

854,509	724,129
52,454	47,710
<u>906,963</u>	<u>771,839</u>



4.2 Cost of additions to / deletions from fixed assets during the three quarters ended June 30, 2013 were as follows:

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	19,740	—
Distillery	168,475	—
Textile	65	—
Factory building	4,461	—
Furniture, fittings and office equipment	1,077	12
Vehicles	277	169
	<u>194,095</u>	<u>181</u>
	(Unaudited) June 30, 2013	(Audited) September 30, 2012
	(Rupees in thousands)	

5. Long-term investments

Available for sale - quoted

Investments in related parties	512,444	1,351,766
Investments in other companies	316,909	649,497
	<u>829,353</u>	<u>2,001,263</u>

5.1 The aggregate book value of the above referred long-term investments, net of impairment, is Rs. 152.583 (September 30, 2012: Rs. 1,310.819) million.

(Unaudited) (Audited)
June 30, September 30,
2013 2012
(Rupees in thousands)

6. Stock-in-trade

Raw materials	578,350	153,737
Work-in-process	22,883	32,761
Finished goods	1,146,212	710,245
Fertilizers	2,528	800
	<u>1,749,973</u>	<u>897,543</u>

7. Trade and other payables

Creditors	487,059	327,986
Accrued liabilities	197,511	129,156
Sales-tax / Federal excise duty	55,351	45,382
Workers' Profit Participation Fund	37,914	52,750
Workers' Welfare Fund	36,266	21,100
Income-tax deducted at source	75	405
Unclaimed dividends	30,277	23,119
	<u>844,453</u>	<u>599,898</u>



8. Contingencies and commitments

8.1 Contingencies

8.1.1 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.

8.1.2 During 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 applications 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 was last fixed 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.

8.1.3 During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA (the Authority) challenging the 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 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.

8.1.4 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 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 for hearing on June 10, 2013 and was adjourned to August 19, 2013.

The financial exposure of the Company under the suit for the period upto June 30, 2013 is Rs. 12.89 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.

8.1.5 The Company alongwith other petitioners filed a petition 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(I)/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 and also suspended 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 which is pending before the Honourable Supreme Court of Pakistan. Considering the contingent nature of the above refund, the Company has not accounted for any revenue in this regard in the financial statements for the period ended June 30, 2013.

8.1.6 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 outcome and accordingly no provision for the aforesaid amount has been made in these condensed interim financial statements.

	(Unaudited) June 30, 2013	(Audited) September 30, 2012
	(Rupees in thousands)	
8.2 Commitments		
8.2.1 Capital expenditure	39,543	109,869
8.2.2 Rentals payable over next four years under operating lease agreements with First Habib Modraba in respect of vehicles	30,440	26,872



9. Segment operating results for the three quarters ended June 30, 2013 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Three quarters ended June 30, 2013	June 30, 2012	Three quarters ended June 30, 2013	June 30, 2012	Three quarters ended June 30, 2013	June 30, 2012	Three quarters ended June 30, 2013	June 30, 2012	Three quarters ended June 30, 2013	June 30, 2012
Net sales and services											
Sales	Local	3,498,390	2,710,033	192,555	140,518	5,704	1,221	112,206	—	3,808,855	2,851,772
	Export	919,931	295,521	1,721,944	1,523,123	355,357	216,132	172,630	—	3,169,862	2,034,776
		4,418,321	3,005,554	1,914,499	1,663,641	361,061	217,353	284,836	—	6,978,717	4,886,548
Services - Storage income - net		—	—	2,805	736	—	—	—	—	2,805	736
		4,418,321	3,005,554	1,917,304	1,664,377	361,061	217,353	284,836	—	6,981,522	4,887,284
Less: Cost of sales		(4,059,322)	(2,606,291)	(1,464,447)	(1,248,453)	(325,742)	(192,794)	(251,214)	—	(6,100,725)	(4,047,538)
Gross Profit		358,999	399,263	452,857	415,924	35,319	24,559	33,622	—	880,797	839,746
Less: Selling and distribution expenses		(69,197)	(35,156)	(93,556)	(77,467)	(16,645)	(14,207)	(1,037)	—	(180,435)	(126,830)
	Administrative expenses	(71,989)	(71,807)	(8,404)	(7,477)	(4,064)	(3,339)	(210)	—	(84,667)	(82,623)
		(141,186)	(106,963)	(101,960)	(84,944)	(20,709)	(17,546)	(1,247)	—	(265,102)	(209,453)
Profit before other operating expenses and other operating income		217,813	292,300	350,897	330,980	14,610	7,013	32,375	—	615,695	630,293
Other operating expenses - note 10										(53,080)	(50,425)
Other operating income - note 11										159,746	82,883
Operating profit										722,361	662,751

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



9a. Segment operating results for the quarter ended June 30, 2013 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Net sales and services											
Sales	Local	1,683,179	1,293,046	106,489	48,673	2,823	410	108,806	–	1,901,297	1,342,129
	Export	307,961	266,034	905,451	629,167	113,193	104,294	–	–	1,326,605	999,495
		1,991,140	1,559,080	1,011,940	677,840	116,016	104,704	108,806	–	3,227,902	2,341,624
Services - Storage income - net		–	–	1,671	390	–	–	–	–	1,671	390
		1,991,140	1,559,080	1,013,611	678,230	116,016	104,704	108,806	–	3,229,573	2,342,014
Less: Cost of sales		(1,908,391)	(1,495,946)	(797,683)	(519,504)	(104,999)	(92,224)	(103,750)	–	(2,914,823)	(2,107,674)
Gross Profit		82,749	63,134	215,928	158,726	11,017	12,480	5,056	–	314,750	234,340
Less: Selling and distribution expenses		(16,742)	(9,723)	(43,236)	(29,225)	(3,721)	(6,685)	–	–	(63,699)	(45,633)
	Administrative expenses	(22,301)	(19,496)	(3,031)	(2,470)	(1,977)	(1,433)	(64)	–	(27,373)	(23,399)
		(39,043)	(29,219)	(46,267)	(31,695)	(5,698)	(8,118)	(64)	–	(91,072)	(69,032)
Profit before other operating expenses and other operating income		43,706	33,915	169,661	127,031	5,319	4,362	4,992	–	223,678	165,308
Other operating expenses - note 10										(16,567)	(12,124)
Other operating income - note 11										12,086	20,822
Operating profit										219,197	174,006

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



	Three quarters ended		Quarter ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
10. Other operating expenses				
Workers' Profit Participation Fund	37,914	36,018	11,833	8,660
Workers' Welfare Fund	15,166	14,407	4,734	3,464
	<u>53,080</u>	<u>50,425</u>	<u>16,567</u>	<u>12,124</u>
11. Other operating income				
Profit on redemption / sale of long-term investments	77,458	12,775	1,203	–
Dividend income	70,264	49,683	9,015	6,072
Exchange gain	6,727	14,512	1,577	12,115
Scrap sale	2,892	1,781	106	753
Gain on disposal of fixed assets	1,486	3,294	11	1,172
Agriculture income	919	838	174	710
	<u>159,746</u>	<u>82,883</u>	<u>12,086</u>	<u>20,822</u>
12. Taxation				
Current	117,000	129,000	40,000	26,000
Deferred	(2,000)	1,000	–	(1,000)
	<u>115,000</u>	<u>130,000</u>	<u>40,000</u>	<u>25,000</u>
13. Cash used in operations				
Profit before taxation			705,196	669,926
Adjustment for non-cash charges and other items				
Depreciation			58,906	59,116
Gain on disposal of fixed assets			(1,486)	(3,294)
Profit on redemption / sale of long-term investments			(77,458)	(12,775)
Finance cost / (income) - net			17,165	(7,175)
Dividend income			(70,264)	(49,683)
Working capital changes - note 13.1			(918,711)	(1,102,242)
			<u>(286,652)</u>	<u>(446,127)</u>

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



June 30, 2013
June 30, 2012
(Unaudited)
(Rupees in thousands)

13.1 Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	(12,708)	(15,239)
Stock-in-trade	(852,430)	(1,591,573)
Trade debts	(330,933)	(135,800)
Loans and advances	301,786	145,129
Trade deposits and short-term prepayments	(2,542)	(5,778)
Other receivables	894	(4,451)
	(895,933)	(1,607,712)

Increase / (decrease) in current liabilities

Trade and other payables	237,397	213,696
Advance from customers	(260,175)	291,774
	(22,778)	505,470

Net changes in working capital

	(918,711)	(1,102,242)
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14. Cash and cash equivalents at the end of the period

These comprise of the following :

Cash and bank balances	967,962	684,069
Short-term borrowings	—	(126,000)
	967,962	558,069

15. Transactions with related parties

Material transactions with related parties are given below:

	Three quarters ended		Quarter ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Rupees in thousands)			
Insurance premium paid	22,864	10,151	12,601	5
Insurance claims received	26	6,655	26	600
Profit on treasury call accounts / term deposits	29,292	45,060	8,507	7,724
Purchases	250	168	164	84
Investment in units of Mutual fund	200,000	—	—	—
Dividend received	57,927	41,411	7,509	4,876
Dividend paid	61,372	61,372	—	—
Bonus shares / units received at nominal value	31,323	32,156	—	1,912
Redemption of long-term investments	1,045,615	157,449	—	—
Bank charges	1,518	665	778	229
Compensation of Key management personnel				
Remuneration	19,980	19,980	6,660	6,660
Retirement benefits	1,631	1,577	543	526



16. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on July 27, 2013 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.

Imran A. Habib
Director

Murtaza H. Habib
Director

Note: Authentication of financial statements
Mr. Raeesul Hasan Chief Executive of the Company is presently out of Pakistan hence these financial statements have been signed by two Directors in accordance with the provisions of the Companies Ordinance, 1984.