

CONDENSED INTERIM FINANCIAL INFORMATION
for the Nine Months Period Ended
March 31, 2014
(Un-Audited)



Huffaz

Seamless Pipe Industries Limited

Commitment Towards Quality!



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Corporate Directory

CHAIRMAN:

Mr. Yousuf Mohamed Y. Najibi

CHIEF EXECUTIVE:

Hafiz Abdul Majid

EXECUTIVE DIRECTOR:

Hafiz Abdul Haseeb

BOARD OF DIRECTORS:

Mr. Yousuf Mohamed Y.Najibi (UAE)

Mr. Nabil Abdul Rahman Ahmad Arif (UAE)

Mr. Abdul Aziz Eshaq A.Rahman (UAE)

Mr. Muhammad Hafiz (UK)

Mr. Arshad Ahmed (UK)

Hafiz Abdul Waheed

Hafiz Abdul Sami

Hafiz Abdul Aleem

Hafiz Abdul Majid

Hafiz Abdul Haseeb

Syed Arsalan Sadiq, FCA – Independent Director

CFO & COMPANY SECRETARY:

Mr. Usama Ahmed, FCMA

AUDIT COMMITTEE:

Syed Arsalan Sadiq Chairman / Member

Mr.Muhammad Hafiz (UK) Member

Mr. Arshad Ahmed (UK) Member

Hafiz Abdul Sami Member

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mr. Muhammad Hafiz (UK) Chairman / Member

Mr. Arshad Ahmed (UK) Member

Hafiz Abdul Aleem Member

Hafiz Abdul Majid Member

Hafiz Abdul Haseeb Member

AUDITORS:

M/s. Deloitte M. Yousuf Adil Saleem & Co.,
Chartered Accountants

LEGAL ADVISOR:

M/s. Arfin & Co., Advocate,
907 Saima Trade Center - A,
I.I. Chundrigar Road, Karachi.

REGISTRAR:

THK Associates (Pvt) Limited,
Ground Floor, State Life Building No .3,
Dr. Zia Uddin Ahmed Road, Karachi-75530.
P.O. Box No. 8533, UAN: 111-000-322
Email: secretariat@thk.com.pk, Web: www.thk.com.pk

BANKERS:

Allied Bank	Habib Metropolitan Bank
Askari Bank	Saudi Pak
Bank Alfiah	Sindh Bank
Barclays Bank	Standard Chartered
Faysal Bank	NIB Bank
Habib Bank	Dubai Islamic Bank
MCB Bank	Bank of Punjab
Meezan Bank	KASB Bank
National Bank of Pakistan	UBL Bank
Soneri Bank	

REGISTERED OFFICE:

207-210, Second Floor, Mashriq Centre,
Block 14, Gulshan-e-Iqbal, Karachi.
Tel: (92-21) 34146241-3

FACTORY:

90 KM Super High Way, Nooriabad Industrial Estate,
District Jamshoro, Sindh.

WEBSITE:

www.huffaz.com.pk





Mission & Vision

Mission

To emerge as a leader among the responsible corporate citizens, benefiting all its stakeholders through innovation in its products and services.

Vision

To maintain its position as leader in providing seamless pipes and tubes and engineering goods and services in local market.

To explore export market and get benefit of competitive advantage of its internationally recognized products.

To introduce and adopt best practices within the company to achieve its objectives.

To maintain high standard and quality of its products while bringing cost effectiveness.

To provide adequate return to its investors.

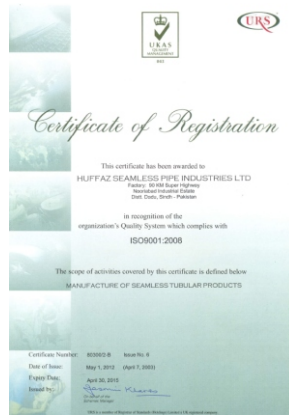
To maintain congenial relationship with all of its stakeholders particularly employees, customers and suppliers.

To establish and maintain safe, healthy and environment-friendly systems.





International Certifications



API Q1, API 5L, API 5CT, ISO 9001 : 2008, OHSAS 18001 : 2007, ISO 14001 : 2004 certifications are proof of HSP's superior quality standards and commitment to quality. Due to our superior quality standards and customer satisfaction the company was awarded the "Industrial Affairs Award 95" and "Pakistan Economic Excellency Award 1996-97"



Directors' Review

Dear shareholders,

Assalam-o-Alaikum

The Directors of the Company are pleased to present the unaudited condensed interim financial information for the nine months period ended March 31, 2014. This condensed interim financial information is presented in accordance with the requirements of Companies Ordinance, 1984 and the Code of Corporate Governance, 2012.

The Company's turnover for the nine months period ended March 31, 2014 is below the turnover of the corresponding period mainly due to lower sales volume, production outage due to maintenance of plant and inordinate delay in transportation of raw material on the part of the suppliers. The depressed volume was due to slack demand from Oil and Gas Sector as the overall economy is waiting for the evolution of the laws and regulatory framework governing the upstream sectors and policy initiatives and regulatory and procedural measures by the Government in the post-election scenario.

Macro indicators of Pakistan are encouraging; however security challenges continue to weigh on the economy. The government has received some surprise inflows from bilateral and friendly countries which helped build FX reserves. The GDP growth is expected to remain modest in Fiscal year 2014-2015 due to macroeconomic imbalances. The government has embarked upon a program of fiscal and structural reform supported by an Extended Fund Facility Arrangement with the International Monetary Fund to restore macroeconomic balance, relieve energy shortages and guide the economy toward faster and more sustainable growth.

Considering above, it is expected that growth will be observed in the Oil and Gas Sector with the consequent result that more orders from the said Sector will be coming in. With the available orders in hand, the Company is confident that the last quarter of the year will be reflecting substantial growth as compared to elapsed three quarters of this year. The Company has taken measures and built up inventory in order to cater to this expected increase in demand.

The fall in market price of raw material in the international market and rising parity of Pakistani Rupee v/s Dollar are also encouraging factors for the Company. If the pattern continues, the Company will be able to pass on the benefit of reduction of prices to the customers. This would provide boom to the demand of the Company's products both in the national and the international market.

The reduction in depreciation charge during the period by Rs. 161.945 million has impacted our production cost positively. This matter is disclosed in note 3.2 to the condensed interim financial information that the management has revised



depreciation rates on certain classes of property, plant and equipment. The change in accounting estimate is accounted for prospectively in accordance with the requirements of International Accounting Standard-8 "Accounting Policies, Change in Accounting Estimates and Errors".

An increase in Other Operating Income is a direct result of decline in dollar rate during the three months by 8.1% i.e. from Rs. 106.5 per USD to Rs. 97.9 per USD and income generated by sale of our engineering workshop's scrap.

The Company should also be appreciated for saving Finance cost by Rs. 23 million from the corresponding period. The decrease is a direct effect of repayment of Long term and Short term borrowings which were appearing at Rs. 14 million and Rs. 70.543 million on the balance sheet as at March 31, 2013.

In this way, your Company ended the third quarter with a net loss after tax of Rs 36.422 million.

The Board of Directors of the Company places on record its gratitude to valued shareholders, banks, financial institutions and customers whose co-operation, continued support and patronage have enabled the Company to improve continuously. During the period under review, relation between the management and the employees remained cordial and we wish to place on record our appreciation for the dedication and hard work of the staff and workers of the Company.

For and on behalf of the Board of Directors



HAFIZ ABDUL MAJID
Chief Executive

Karachi: April 29, 2014



Condensed Interim Balance Sheet

As At March 31, 2014

		March 31, 2014 Un-Audited	June 30, 2013 Audited (Restated)
	Note	..... (Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	6,014,619	6,143,804
Long-term deposits		15,003	15,003
		<u>6,029,622</u>	<u>6,158,807</u>
Current Assets			
Stores and spares		73,007	83,546
Stock-in-trade	6	746,981	489,369
Trade debts		171,014	179,542
Loans and advances		16,008	26,545
Trade deposits		1,396	1,300
Other receivables	7	416,934	123,893
Advance tax - net of provision		7,200	12,051
Cash and bank balances		1,061	215,216
		<u>1,433,601</u>	<u>1,131,462</u>
		<u>7,463,223</u>	<u>7,290,269</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized		700,000	700,000
70,000,000 ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up capital		554,844	554,844
55,484,303 ordinary shares of Rs. 10/- each			
Share premium		109,437	109,437
General reserves		40,000	40,000
Unappropriated profit		514,079	468,177
TOTAL EQUITY		<u>1,218,360</u>	<u>1,172,458</u>
Surplus on revaluation of property, plant and equipment - net of tax		3,356,342	3,438,666
Non-Current Liabilities			
Long-term financing	8	—	—
Liabilities against assets subject to finance lease		13,008	28,795
Deferred liabilities		1,685,803	1,716,397
		<u>1,698,811</u>	<u>1,745,192</u>
Current Liabilities			
Trade and other payables	9	1,102,678	845,441
Short-term sponsors' advances		44,167	23,581
Current portion of non-current liabilities		40,703	50,964
Accrued mark-up		2,162	13,967
		<u>1,189,710</u>	<u>933,953</u>
TOTAL LIABILITIES		<u>2,888,521</u>	<u>2,679,145</u>
TOTAL EQUITY AND LIABILITIES		<u>7,463,223</u>	<u>7,290,269</u>
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Hafiz Abdul Majid
Chief Executive



Usama Ahmed
Chief Financial Officer



Hafiz Abdul Sami
Director



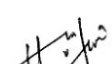
Condensed Interim Profit and Loss Account (Un-Audited)

For the Nine Months Period Ended March 31, 2014

	Note	Nine months period ended		Third quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
.....(Rupees in '000').....					
Net sales		872,250	1,635,203	305,683	631,349
Cost of sales	11	(870,111)	(1,567,358)	(307,271)	(543,375)
Gross profit / (loss)		2,139	67,845	(1,588)	87,974
Selling and distribution cost		(5,343)	(5,171)	(1,528)	(1,586)
Administrative expenses		(33,819)	(30,465)	(11,536)	(8,200)
		(39,162)	(35,636)	(13,064)	(9,786)
		(37,023)	32,209	(14,652)	78,188
Other operating income / (charges)	12	10,289	(21,328)	27,228	(5,679)
Other income		2,836	538	1,026	—
		(23,898)	11,419	13,602	72,509
Finance cost	13	(25,800)	(49,094)	(8,723)	(12,730)
(Loss) / profit before taxation		(49,698)	(37,675)	4,879	59,779
Taxation	14	13,276	39,723	(2,732)	9,809
(Loss) / profit for the period		(36,422)	2,048	2,147	69,588
..... (Rupees)					
(Loss) / earnings per share - basic and diluted		(0.66)	0.04	0.04	1.25
.....(Rupees in '000').....					
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)		140,989	362,437	68,624	190,694

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Hafiz Abdul Majid
Chief Executive


Usama Ahmed
Chief Financial Officer


Hafiz Abdul Sami
Director

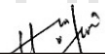


Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Nine Months Period Ended March 31, 2014

	Nine months period ended		Third quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
.....(Rupees in '000').....				
(Loss) / profit for the period	(36,422)	2,048	2,147	69,588
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	(36,422)	2,048	2,147	69,588

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Hafiz Abdul Majid
Chief Executive


Usama Ahmed
Chief Financial Officer


Hafiz Abdul Sami
Director





Condensed Interim Cash Flow Statement (Un-Audited)

For the Nine Months Period Ended March 31, 2014

	Nine months period ended	
	March 31, 2014	March 31, 2013
	..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(49,698)	(37,675)
Adjustments for:		
Depreciation	164,887	351,018
Gain on disposal of property, plant and equipment	(782)	—
Finance cost	25,800	49,094
Workers' welfare fund	1,409	5,195
Provision for leave encashment	479	265
Provision of staff gratuity	12,046	21,423
	203,839	426,995
Operating profit before working capital changes	154,141	389,320
Changes in working capital		
Decrease / (increase) in current assets		
Stores and spares	10,539	(10,194)
Stock-in-trade	(257,612)	377,892
Trade debts	8,528	36,472
Loans and advances, trade deposits and other receivables	(282,600)	(52,386)
	(521,145)	351,784
(Decrease) / increase in current liabilities		
Trade and other payables	261,818	(135,510)
Cash (used in) / generated from operations	(105,186)	605,594
Finance cost paid	(37,605)	(46,696)
Leave encashment paid	(637)	(149)
Staff gratuity paid	(3,998)	(14,785)
Workers' Welfare Fund	(5,171)	—
Income tax paid	(20,515)	(36,395)
	(67,926)	(98,025)
Net cash (used in) / generated from operating activities	(173,112)	507,569
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(35,870)	(58,798)
Proceeds from disposal of property, plant and equipment	950	—
Long term deposit	—	60
Net cash used in investing activities	(34,920)	(58,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment made for liabilities against assets subject to finance lease	(11,788)	(11,725)
Long term financing	(14,260)	(14,189)
Short-term borrowings	—	(63,976)
Short-term sponsors' advances received / (paid)	20,586	(750)
Dividends paid	(661)	(37,369)
Net cash used in financing activities	(6,123)	(128,009)
Net (decrease) / increase in cash and cash equivalent	(214,155)	320,822
Cash and cash equivalents at the beginning of the period	215,216	29,190
Cash and cash equivalent at the end of the period	1,061	350,012

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Hafiz Abdul Majid
Chief Executive


Usama Ahmed
Chief Financial Officer


Hafiz Abdul Sami
Director



Condensed Interim Statement of Changes in Equity (Un-Audited)

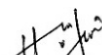
For the Nine Months Period Ended March 31, 2014

	Issued, Subscribed and Paid-up Capital	Share Premium	General Reserve	Unappropriated Profit	Total
..... (Rupees '000)					
Balance as at July 01, 2012 - as previously reported	554,844	109,437	40,000	259,194	963,475
Change in accounting policy with respect to recognition of remeasurements of defined benefit obligations - net of tax	—	—	—	5,429	5,429
Balance as at July 01, 2012 - Restated	554,844	109,437	40,000	264,623	968,904
Total comprehensive income for the period					
Profit for the period	—	—	—	2,048	2,048
Other comprehensive income	—	—	—	—	—
	—	—	—	2,048	2,048
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	—	—	—	181,018	181,018
Balance as at March 31, 2013 - Restated	554,844	109,437	40,000	447,689	1,151,970
Balance as at July 01, 2013 - as previously reported	554,844	109,437	40,000	465,476	1,169,757
Change in accounting policy with respect to recognition of remeasurements of defined benefit obligations - net of tax (note 3.1.2)	—	—	—	2,701	2,701
Balance as at July 01, 2013 - Restated	554,844	109,437	40,000	468,177	1,172,458
Total comprehensive income for the period					
Loss for the period	—	—	—	(36,422)	(36,422)
Other comprehensive income	—	—	—	—	—
	—	—	—	(36,422)	(36,422)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	—	—	—	82,324	82,324
Balance as at March 31, 2014	554,844	109,437	40,000	514,079	1,218,360

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Hafiz Abdul Majid
Chief Executive



Usama Ahmed
Chief Financial Officer



Hafiz Abdul Sami
Director



Notes to the Condensed Interim Financial Information (Un-Audited) For the Nine Months Period Ended March 31, 2014

1. STATUS AND NATURE OF BUSINESS

Huffaz Seamless Pipe Industries Limited ("the Company") was incorporated in Pakistan on October 09, 1983 as a public company limited by shares. The shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. The principal object and business of the Company is manufacturing and selling of seamless steel pipes and tubes (tubular products). The Company also has a coating facility capable of applying three layer high density polyethylene coating, polypropylene coating and tape coating on steel pipes. The Registered Office of the Company is situated at 207-210, Mashriq Center, Block 14, Gulshan-e-Iqbal, Karachi and the factory of the Company is located at Nooriabad, District Jamshoro, Sindh.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the Company for the nine months period ended March 31, 2014 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi and Lahore Stock Exchanges vide section 245 of the Companies Ordinance, 1984. Further, the figures in the condensed interim financial information for the quarters ended March 31, 2013 and March 31, 2014 have not been reviewed by the auditors.

2.3 This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, estimates, judgments and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of annual financial statements of the Company for the year ended June 30, 2013, except as follows:

3.1 Change in accounting policies

3.1.1 IAS 1 - Presentation of Financial Statements - Presentation of items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, remeasurements on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis, i.e., the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

The above change does not have any impact on this condensed interim financial information.

3.1.2 IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the Company has adopted IAS 19 Employees Benefits (as revised in 2011) along with related consequential amendments.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension and gratuity assets or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus.



Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or assets. These changes have had an impact on the amounts recognized in the profit and loss account and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparatives on the retrospective basis in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Effect of retrospective application of change in accounting policy is as follows:

Effect on balance sheet:	Balance as reported earlier	Effect of change in accounting policy	Restated balance
	..... Rupees in '000		
June 30, 2013			
Deferred liabilities			
Staff gratuity	(83,418)	4,130	(79,288)
Deferred tax liability	(1,635,680)	(1,429)	(1,637,109)
	(1,719,098)	2,701	(1,716,397)
Unappropriated profit	465,476	2,701	468,177

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), does not have material impact on the profit and loss account and other comprehensive income for the period ended March 31, 2013.

The effect of change in accounting policy for year ended June 30, 2012 was not material, therefore, third balance sheet for the year 2012 has not been presented. During the period, actuarial gain / loss has not arisen as the Company has not carried out actuarial valuation as at period end.

3.2 Change in accounting estimate

During the period, management has revised the depreciation rate of its plant and machinery, factory building and coating sheds from 10%, 5% and 5% to 5%, 2.5% and 2.5% respectively. Management believes that the said change in estimate reflects more accurately the pattern of consumption of economic benefits of the respective assets. These changes have been accounted for prospectively in accordance with the requirements of International Accounting Standard (IAS) - 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Had the Company not made the above referred changes in accounting estimates, depreciation for the period would have been higher by Rs. 161.945 million.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
		..... Rupees in '000	
Operating fixed assets	5.1	5,977,661	6,122,982
Capital work-in-progress		36,958	20,822
		6,014,619	6,143,804



5.1 Details of additions and disposals to operating fixed assets are as under:

	Nine months period ended March 31, 2014 (Un-Audited)		Nine months period ended March 31, 2013 (Un-Audited)	
	Additions/ Transfers	Disposals at Book Value	Additions/ Transfers	Disposals at Book Value
	Rupees in '000			
Building - factory	8,829	—	7,491	—
Plant and machinery	3,635	—	29,206	—
Furniture and fixtures	—	—	13	—
Office equipment	84	—	194	—
Electric and gas appliances	6,382	—	648	—
Air conditioners	147	—	—	—
Motor vehicles	91	168	—	—
Computer and allied equipment	566	—	125	—
	19,734	168	37,677	—

5.2 Additions to capital work-in-progress and transfer to operating fixed assets during the period are as follows:

	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
	Rupees in '000	
Additions	16,136	30,453
Transfers	—	(14,249)
	16,136	16,204

6. STOCK-IN-TRADE

	March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
	Rupees in '000	
Raw material	13,903	34,565
Work-in-process	158,544	91,687
Finished goods	499,878	297,467
Rejection / scrap material	74,656	65,650
	746,981	489,369

7. OTHER RECEIVABLES

	March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
Advance sales tax	—	449
Margin against letter of credit	387,703	89,521
Margin against guarantee	29,231	33,923
	416,934	123,893



		March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
	Note	.....Rupees in '000.....	
8. LONG-TERM FINANCING			
Secured			
Musharaka facility		14,106	28,366
Current portion shown under current liabilities	8.1	(14,106)	(28,366)
		<u>—</u>	<u>—</u>
<p>8.1 This represents long term financing of Rs. 127.703 million obtained under the diminishing musharaka to finance imported plant and machinery. Principal amount is repayable in eighteen quarterly instalments from March 5, 2010. Mark-up is payable quarterly at 6 months KIBOR plus 1.5% determined semi annually. The facility is secured against exclusive charge of Rs. 170 million over the Coating Plant.</p>			
		March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
	Note	.....Rupees in '000.....	
9. TRADE AND OTHER PAYABLES			
Trade creditors		23,287	21,434
Accrued liabilities		32,875	17,722
Sales tax payable		49,707	88,012
Tax deducted at source		10,664	8,972
Workers' Profit Participation Fund	9.1	214,710	195,676
Workers' Welfare Fund		1,409	5,171
Unclaimed dividend		17,588	18,249
Bills payable		379,088	235,626
Advance from customers		364,252	245,313
Provision for compensated absences		8,687	8,845
Others		411	421
		<u>1,102,678</u>	<u>845,441</u>
9.1 Workers' Profit Participation Fund			
Balance as at July 01		195,676	174,322
Interest on funds utilized in the Company's business for the period / year	13	19,034	21,354
Balance at the end of the period / year		<u>214,710</u>	<u>195,676</u>



10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Guarantees as at March 31, 2014 amounting to Rs. 67.770 million (June 30, 2013: Rs. 62.048 million) have been furnished in favour of various customers. Guarantee amounting to Rs. 51.839 million (June 30, 2013: Rs. 17.073 million) had expired. However these have not been released till March 31, 2014.

10.2 Commitments

10.2.1 Commitments under letters of credit as at March 31, 2014 amounted to Rs.197.792 million (June 30, 2013: Rs. 202.712 million).

10.2.2 As at period end, the Company has unutilised Murabaha facility of Rs. 50 million expiring upto July 04, 2014.

10.2.3 Aggregate commitments for rentals under Ijarah agreements as at March 31, 2014 are as follows:

	March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
	..... Rupees in '000.	
Not later than one year	744	744
Over one year to five year	151	718
	<u>895</u>	<u>1,462</u>

	Nine months period ended		Third quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
Note	..... Rupees in '000			

11. COST OF SALES

Opening stock of finished goods	297,467	375,312	449,680	292,540
Cost of goods manufactured	1,072,522	1,589,775	357,469	648,564
	<u>1,369,989</u>	<u>1,965,087</u>	<u>807,149</u>	<u>941,104</u>
Closing stock of finished goods	(499,878)	(397,729)	(499,878)	(397,729)
Total Cost of Sales	<u>870,111</u>	<u>1,567,358</u>	<u>307,271</u>	<u>543,375</u>



	Nine months period ended		Third quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
Note	..... Rupees in '000			
11.1 Cost of goods manufactured				
Raw material consumed 11.1.1	707,911	771,947	183,220	254,616
Depreciation	164,058	350,181	54,745	117,906
Other manufacturing expenses	276,416	293,703	115,616	109,240
	1,148,385	1,415,831	353,581	481,762
Rejection / scrap material				
Opening	65,650	71,466	70,362	87,486
Closing	(74,656)	(45,008)	(74,656)	(45,008)
	(9,006)	26,458	(4,294)	42,478
Work in process				
Opening	91,687	310,895	166,726	287,733
Closing	(158,544)	(163,409)	(158,544)	(163,409)
	(66,857)	147,486	8,182	124,324
	1,072,522	1,589,775	357,469	648,564
11.1.1 Raw material consumed				
Opening stock	34,565	394,543	25,841	130,791
Purchases	687,249	545,582	171,282	292,003
	721,814	940,125	197,123	422,794
Closing stock	(13,903)	(168,178)	(13,903)	(168,178)
	707,911	771,947	183,220	254,616
12. OTHER OPERATING (INCOME) / CHARGES				
Workers' welfare fund	1,409	5,195	982	3,248
Exchange (gain) / loss	(11,698)	16,133	(28,210)	2,431
	(10,289)	21,328	(27,228)	5,679



	Nine months period ended		Third quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
Note	..... Rupees in '000			
13. FINANCE COST				
Lease financial charges	3,081	5,017	862	1,204
Musharaka markup	1,670	4,802	344	1,418
Interest on workers' profit participation fund	9.1 19,034	16,016	6,335	5,339
Mark-up on Short term borrowings	111	21,144	43	4,683
Bank charges	1,904	2,115	1,139	86
	<u>25,800</u>	<u>49,094</u>	<u>8,723</u>	<u>12,730</u>
14. TAXATION				
Current				
– for the year	23,107	58,863	16,349	25,218
– for prior year	2,259	—	1,201	—
	<u>25,366</u>	<u>58,863</u>	<u>17,550</u>	<u>25,218</u>
Deferred	(38,642)	(98,586)	(14,818)	(35,027)
	<u>(13,276)</u>	<u>(39,723)</u>	<u>2,732</u>	<u>(9,809)</u>

- 14.1** The return of income has been filed up to and including tax year 2013 (corresponding to financial year ended June 30, 2013), while income tax assessments have been finalized up to and including tax year 2013. Audit immunity for the tax year 2013 has been filed with the FBR.



15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Company, companies in which directors hold directorship, related group companies, key management personnel and staff retirement benefit funds.

Transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	<i>Nine months period ended</i>	
			March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
..... (Rupees in '000)				
Hafiz Abdul Waheed and Brothers (Pvt.) Limited	Associated undertaking	Sale of goods	123,338	155,329
		Receipts in respect of sale of goods	123,250	153,660
Huffaz Corporation (Pvt.) Limited	Associated company	Sale of goods	42,278	62,229
		Receipts in respect of sale of goods	65,400	60,760
Directors	Related party	Sponsors' advances received	20,586	1,050
		Sponsors' advances paid	—	1,800
Remuneration of key management personnel	Related party	Remuneration	14,925	13,715

Balance receivable/(payable) as at March 31, 2014 with related parties are as follows:

Name	Nature of relationship	March 31, 2014	June 30, 2013
		(Un-Audited)	(Audited)
..... (Rupees in '000)			
Hafiz Abdul Waheed and Brothers (Pvt.) Limited	Associated company	346	258
Huffaz Corporation (Pvt.) Limited	Associated company	(23,122)	—
Directors	Related party	(44,167)	(23,581)

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 29, 2014.


Hafiz Abdul Majid
Chief Executive


Usama Ahmed
Chief Financial Officer


Hafiz Abdul Sami
Director

Karachi: April 29, 2014





 **Huffaz**
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Commitment Towards Quality!

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