

contents

02	company information
03	directors' review
04	condensed interim balance sheet
05	condensed interim profit and loss account (un-audited)
06	condensed interim statement of comprehensive income (un-audited)
07	condensed interim cash flow statement (un-audited)
08	condensed interim statement of changes in equity (un-audited)
09	notes to the condensed interim financial statements (un-audited)



company information

Board of Directors

Mr. Mahmood Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Mohammed Faruque	Director
Mr. Akbarali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Tariq Faruque	Director
Mr. Maqbool H.H. Rahimtoola (NIT)	Director
Mr. Muhammad Iqbal Hussain (NIT)	Director
Mr. Taufique Habib	Director

Audit Committee

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Tariq Faruque	Member
Mr. Maqbool H.H. Rahimtoola	Member

Human Resource and Remuneration Committee

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Member
Mr. Muhammad Iqbal Hussain	Member

Executive Director & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid A. Vazir

Auditors

Hyder Bhimji & Co.
Chartered Accountants

Cost Auditors

Tahir Jawad Imran Fecto
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Share Registrar

Central Depository
Company of Pakistan Ltd.
CDC House, 99-B,
Block-B, S.M.C.H.S.
Main Shahrah-e-Faisal,
Karachi-74400.

Bankers

Allied Bank Ltd.
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

Registered Office

Modern Motors House
Beaumont Road
Karachi-75530.

Factory

Sub Post Office Sugar Mills
Jamrao, Umerkot Road
Mirpurkhas.



directors' review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2012.

Production

The factory commenced crushing on November 29, 2012 as the plant operated for 33 days against 24 days during the same period last year. During the quarter under review, the plant crushed 178,715 metric tons of sugarcane to produce 16,700 metric tons of sugar compared to 113,914 metric tons of sugarcane crushed during the corresponding period last year to produce 9,535 metric tons of sugar. The sucrose recovery during the quarter improved to 9.76% as against 9.20% at the same period last year. The production of molasses increased to 8,195 metric tons as against 5,030 metric tons at the corresponding period last year.

Financial Performance

During the period under review, there was a decline in the sales revenue of the company by 52% i.e. Rs. 466 million from the corresponding period last year because of decrease in the quantity of sugar sold. The decline in sales turnover was also attributable to slump in the price of sugar sold because of supply glut in the market. During the period under review, the Company sold 9,053 metric tons of sugar as against 16,966 metric tons sold at the same period last year. For the season 2012/13, Sindh Government increased the price of sugarcane by 12% over last year and fixed the same at PKR 172 per maund. High cane price and drop in the sugar price resulted in the Company making an operational loss during the year. Due to decline in discount rates by State Bank of Pakistan and better working capital management by the Company, there was a decline in the finance cost during the period under review. During the period, the Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 55 million and adjusted its investment in the associate by the same amount. For the period under review, the Company made an after tax profit of Rs. 21.88 million.

	December 31, 2012	December 31, 2011
	(Rs. in million)	
Net sales	436.52	902.61
Cost of sales	(430.51)	(858.58)
Gross profit	6.01	44.03
Other income	9.17	2.50
Share of profit in an associate	55.00	11.77
Other expenses & taxes	(48.29)	(36.23)
Net profit	21.89	22.07

Acknowledgment

The management of the Company would like to thank all the financial institutions, growers, staff members, shareholders and individuals, who have been associated with the Company, for their continued support and cooperation.

On behalf of the Board of Directors


Mahmood Faruque
Chairman

Karachi: January 22, 2013



condensed interim balance sheet
as at december 31, 2012

	Note	Dec. 31, 2012 (Un-audited)	Sep. 30, 2012 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,267,699	1,259,926
Intangible asset	6	3,392	3,667
Long-term investment	7	431,209	376,209
Long-term deposits		995	732
		1,703,295	1,640,534
CURRENT ASSETS			
Stores, spare parts and loose tools		166,052	147,147
Stock-in-trade		1,061,534	630,144
Trade debts		20,175	9,766
Loans and advances		70,564	81,425
Short-term prepayments		4,919	1,514
Other receivables		11,071	23,034
Short-term investments		198,728	170,188
Taxation - net		11,434	8,118
Cash and bank balances		23,472	16,477
		1,567,949	1,087,813
TOTAL ASSETS		3,271,244	2,728,347
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	96,982	96,982
Reserves		653,846	603,420
		750,828	700,402
SURPLUS ON REVALUATION OF FIXED ASSETS		282,552	282,552
NON-CURRENT LIABILITIES			
Long-term financing		427,499	439,999
Deferred liabilities		248,876	247,090
		676,375	687,089
CURRENT LIABILITIES			
Trade and other payables		771,999	744,798
Accrued mark-up		14,357	22,456
Short-term borrowings	9	658,188	186,605
Current portion of long-term financing		116,945	104,445
		1,561,489	1,058,304
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		3,271,244	2,728,347

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


ASLAM FARUQUE
Chief Executive



Mirpurkhas Sugar Mills Limited I 04 I


TARIQ FARUQUE
Director

condensed interim profit and loss account (un-audited)
for the quarter ended december 31, 2012

	Note	Dec. 31, 2012	Dec. 31, 2011
		(Rupees in '000)	
Turnover - net	12	436,519	902,611
Cost of sales	13	(430,510)	(858,582)
Gross profit		6,009	44,029
Distribution cost		(1,667)	(1,579)
Administrative expenses		(17,856)	(14,241)
Other operating expenses		(95)	(95)
		(19,618)	(15,915)
Other operating income		9,168	2,501
Operating (loss) / profit		(4,441)	30,615
Finance cost		(25,179)	(31,601)
		(29,620)	(986)
Share of profit in an associate		55,000	11,770
Profit before taxation		25,380	10,784
Taxation			
Current		(3,494)	(9,450)
Deferred		-	20,733
		(3,494)	11,283
Profit after taxation		21,886	22,067
			(Restated)
Earnings per share - basic (Rupees)	14	2.26	2.28

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

105 | December 31, 2012



condensed interim statement of comprehensive income (un-audited)
for the quarter ended december 31, 2012

	Dec. 31, 2012	Dec. 31, 2011
	(Rupees in '000)	
Profit after taxation	21,886	22,067
Fair value profit / (loss) on available-for-sale securities	28,540	(10,094)
Total comprehensive income for the quarter	<u>50,426</u>	<u>11,973</u>

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


ASLAM FARUQUE
Chief Executive



Mirpurkhas Sugar Mills Limited I 06 I


TARIQ FARUQUE
Director

condensed interim cash flow statement (un-audited)
for the quarter ended december 31, 2012

	Dec. 31, 2012	Dec. 31, 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,380	10,784
Adjustments for :		
Depreciation	13,446	10,432
Amortization	275	275
Dividend income from related parties	(8,137)	(2,137)
Share of profit in an associate	(55,000)	(11,770)
Gain on disposal of operating property, plant and equipment	(16)	-
Finance cost	25,179	31,601
	(24,253)	28,401
Operating profit before working capital changes	1,127	39,185
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(18,905)	(1,309)
Stock-in-trade	(431,390)	367,068
Trade debts	(10,409)	(19,092)
Loans and advances	10,861	18,256
Short-term prepayments	(3,405)	(12,872)
Other receivables	11,963	7,413
	(441,285)	359,464
Increase / (decrease) in current liabilities		
Trade and other payables	27,209	(81,882)
Short-term borrowings	471,583	(115,481)
	498,792	(197,363)
Cash generated from operations	58,634	201,286
Income tax paid - net	(6,810)	(9,672)
Increase in deferred liabilities	1,786	570
	(5,024)	(9,102)
Net cash generated from operating activities	53,610	192,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21,310)	(114,850)
Sale proceeds of property, plant and equipment	107	323
Increase in long-term deposits	(263)	-
Dividend received from related parties	8,137	2,137
Net cash used in investing activities	(13,329)	(112,390)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(33,278)	(38,273)
Payment of dividend	(8)	(2)
Net cash used in financing activities	(33,286)	(38,275)
Net increase in cash and cash equivalents	6,995	41,519
Cash and cash equivalents at the beginning of the quarter	16,477	15,651
Cash and cash equivalents at the end of the quarter	23,472	57,170

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

1 07 | December 31, 2012



condensed interim statement of changes in equity (un-audited)
for the quarter ended december 31, 2012

	Issued subscribed and paid-up capital	Reserves				Total
		General reserves	Unapp- ropriated profit	Fair value gain / (loss) on available -for-sale securities	Total	
(Rupees in '000)						
Balance as at October 01, 2011	84,332	34,250	344,416	32,701	411,367	495,699
Total comprehensive income for the quarter	-	-	22,067	(10,094)	11,973	11,973
Balance as at December 31, 2011	84,332	34,250	366,483	22,607	423,340	507,672
Balance as at October 01, 2012	96,982	34,250	424,461	144,709	603,420	700,402
Total comprehensive income for the quarter	-	-	21,886	28,540	50,426	50,426
Balance as at December 31, 2012	96,982	34,250	446,347	173,249	653,846	750,828

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


ASLAM FARUQUE
Chief Executive



Mirpurkhas Sugar Mills Limited I 08 I


TARIQ FARUQUE
Director

notes to the condensed interim financial statements (un-audited)

for the quarter ended december 31, 2012

1. STATUS AND NATURE OF THE BUSINESS

The Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted on Karachi Stock Exchange. Principal activity of the Company is manufacturing and selling sugar. The registered office of the Company is situated at Modern Motors House, Beaumont Road, Karachi.

2. BASIS OF PRESENTATION

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2012.

3. ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2012.

4. TAXATION

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 0.5% of turnover tax, calculated at applicable tax rates under section 113 of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

5. PROPERTY, PLANT AND EQUIPMENT

Note

		Dec. 31, 2012	Sep. 30, 2012 (Audited)
		(Rupees in '000)	
Opening net book value		1,259,926	889,924
Additions to operating property, plant & equipment	5.1	7,453	405,683
		1,267,379	1,295,607
Disposals during the period		(91)	(2,681)
Depreciation charged during the period		(13,446)	(51,595)
		1,253,842	1,241,331
Capital work in progress		13,857	18,595
		1,267,699	1,259,926



5.1 Additions / revaluation & disposals in operating property, plant and equipment

	Additions / revaluation		Disposals at book value	
	Dec. 31, 2012	Sep. 30, 2012 (Audited)	Dec. 31, 2012	Sep. 30, 2012 (Audited)
	(Rupees in '000)			
Free hold land	5,830	116,943	-	-
Building - Factory	-	1,019	-	-
Building - Non factory	-	-	-	-
Plant and machinery	-	276,292	-	-
Vehicles	1,222	10,058	91	2,568
Computers & accessories	79	505	-	113
Office and other equipment	322	866	-	-
	<u>7,453</u>	<u>405,683</u>	<u>91</u>	<u>2,681</u>

6. INTANGIBLE ASSET

Opening Value
Amortization charged during the period

Dec. 31, 2012	Sep. 30, 2012 (Audited)
(Rupees in '000)	
3,667	4,767
(275)	(1,100)
<u>3,392</u>	<u>3,667</u>

7. LONG-TERM INVESTMENT

Unicol Limited (Fully paid ordinary shares of Rs. 10/- each)
Dividend received

Share of profit

376,209	218,903
-	(11,550)
<u>376,209</u>	<u>207,353</u>
55,000	168,856
<u>431,209</u>	<u>376,209</u>

The Company holds 33.33 percent (Sep. 2012: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no. 3.6(a) to the annual financial statements for the year ended September 30, 2012. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the quarter ended December 31, 2012

8. SHARE CAPITAL

8.1 Authorized capital

Dec. 31, 2012	Sep. 30, 2012		Dec. 31, 2012	Sep. 30, 2012 (Audited)
Number of shares			(Rupees in '000)	
<u>15,000,000</u>	<u>15,000,000</u>	Ordinary shares of Rs.10/- each	<u>150,000</u>	<u>150,000</u>

8.2 Issued subscribed and paid-up capital

1,770,000	1,770,000	Issued for cash	17,700	17,700
7,928,198	6,663,215	Issued as fully paid bonus shares:	79,292	66,632
-	1,264,983	-Opening balance	-	12,650
7,928,198	7,928,198	-Issued during the year	79,292	79,292
<u>9,698,198</u>	<u>9,698,198</u>		<u>96,982</u>	<u>96,982</u>



9. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of running finance facilities aggregating Rs.1,969 million (Sep. 2012: Rs.1,969 million) obtained from various commercial banks. These facilities are secured against registered first pari passu hypothecation charge over various assets of the Company. These facilities are repayable / renewable annually.

10. CONTINGENCIES AND COMMITMENTS

Dec. 31, 2012	Sep. 30, 2012 (Audited)
(Rupees in '000)	
182	62,696

10.1 Letters of credit issued by various commercial banks.

10.2 The status of other contingencies and commitments as at December 31, 2012 & September 30, 2012 is same except for note no.25.1.7 of the annual audited financial statements for the year ended September 30, 2012 which is as follow:

The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On 4th December 2012, the said petition filed in the Honourable High Court of Sindh has been allowed in favour of the Company. Furthermore, the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour as the amount is insignificant and is not likely to materialize.

11. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

12. TURNOVER - NET

Included herein are local sales net of federal excise duty and sales tax.

Quarter ended	
Dec. 31, 2012	Dec. 31, 2011
(Rupees in '000)	
436,519	902,611

13. COST OF SALES

Opening stock finished goods
Cost of goods manufactured

Closing stock finished goods

Quarter ended	
Dec. 31, 2012	Dec. 31, 2011
(Rupees in '000)	
627,727	884,253
800,718	412,805
1,428,445	1,297,058
(997,935)	(438,476)
430,510	858,582



14. EARNINGS PER SHARE- Basic

	Quarter ended	
	Dec. 31, 2012	Dec. 31, 2011
Profit after taxation (Rs.'000)	21,886	22,067
Weighted average number of ordinary shares in issue during the period	9,698,198	9,698,198 (Restated)
Earnings per share (Rs.)	2.26	2.28

There is no dilutive effect on basic earnings per share of the Company.

15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, key management personnels and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of transactions	Quarter ended	
		Dec. 31, 2012	Dec. 31, 2011
		(Rupees in '000)	
Group companies	Goods purchased	3,146	197
	Services received	1,463	809
	Sales made	43,827	11,855
	Dividend received	8,137	2,137
Other related parties	Charge for staff provident and gratuity funds	1,311	1,185
	Insurance premium	292	349
Key management personnels	Remuneration	11,691	10,437

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

16. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on January 22, 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, unless otherwise stated.


ASLAM FARUQUE
Chief Executive



Mirpurkhas Sugar Mills Limited | 12 |


TARIQ FARUQUE
Director