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GRADUATION



Half Yearly Accounts
(un-audited)
March 31, 2011

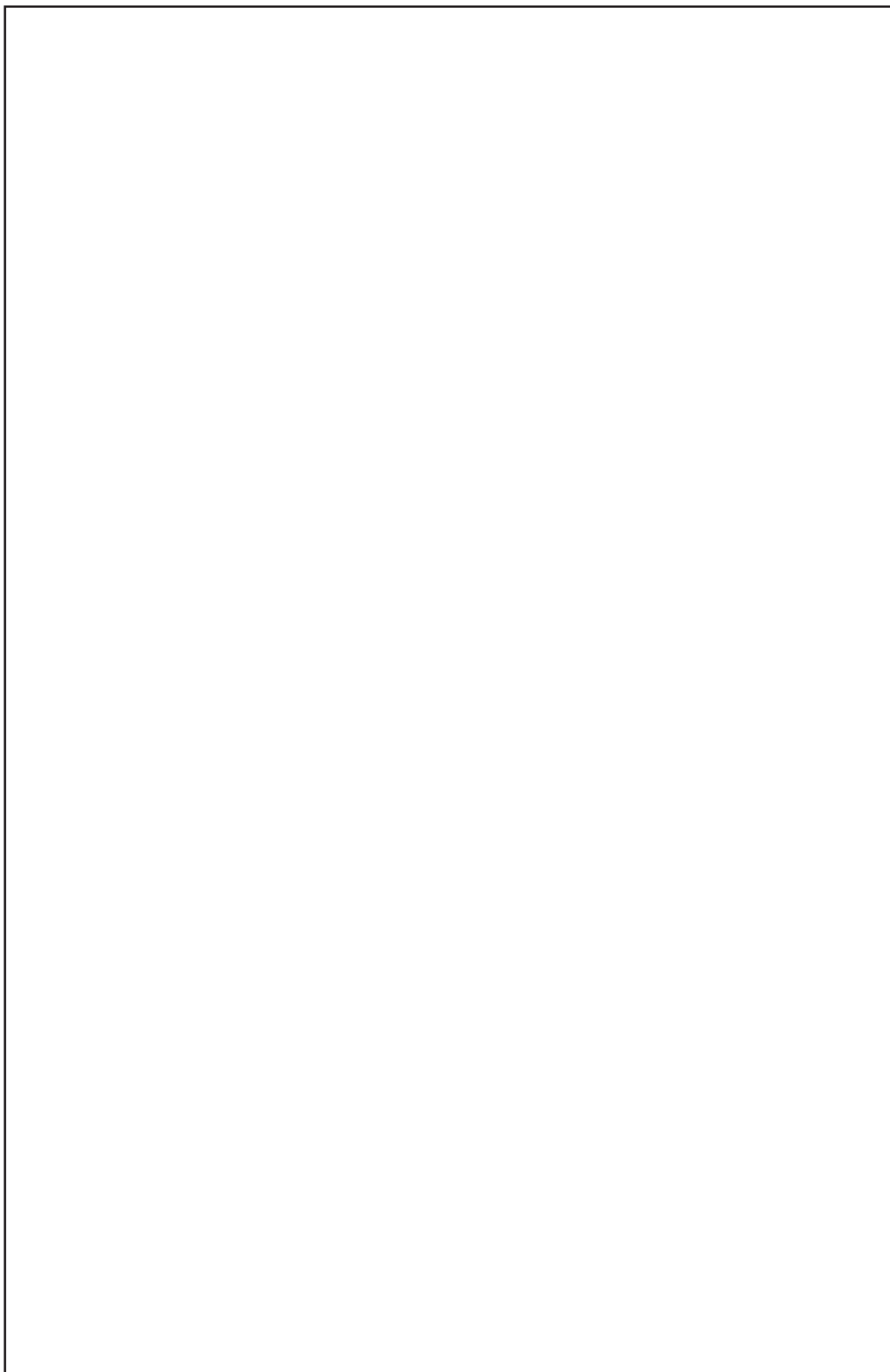


Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

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company information

BOARD OF DIRECTORS

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

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

AUDIT COMMITTEE

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

Chairman
Member
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Wasif Khalid

COMPANY SECRETARY

Mr. Abid A. Vazir

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

LEGAL ADVISOR

K.M.S. Law Associates

SHARE REGISTRAR

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

BANKERS

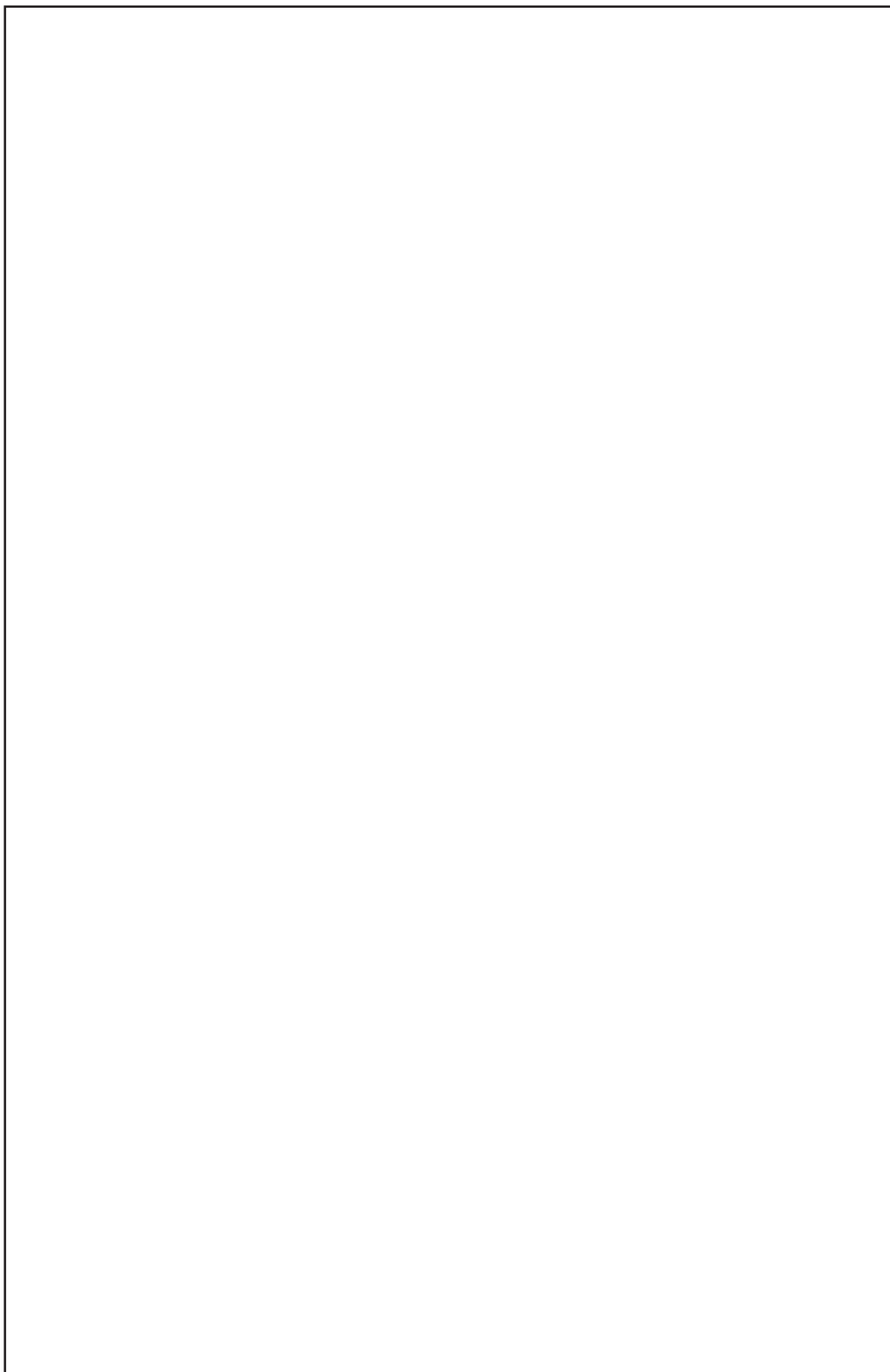
Allied Bank Ltd.
Bank Alfalah Ltd.
Bank AL Habib Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

REGISTERED OFFICE

Modern Motors House
Beaumont Road
Karachi-75530

FACTORY

Post Office Jamrao
District Mirpurkhas
Sindh



directors' review

The Board of Directors presents the un-audited financial results of the Company, duly reviewed by the auditors, for the half year ended March 31, 2011.

Production

Crushing for the season 2010/11, which commenced on 5th November 2010, lasted for 144 days compared to 122 days last season. During the period under review, the company crushed 509,204 metric tons of sugarcane to produce 52,993 metric tons of sugar compared to 455,129 metric tons of sugarcane crushed during the corresponding period last year to produce 48,202 metric tons sugar. The company also produced 3,688 metric tons of sugar from imported raw sugar. The sucrose recovery during the season remained at 10.41% as against 10.59% at the same time last year. The production of molasses rose to 26,350 metric tons as against 22,180 metric tons last year.

Financial Performance

There was a 6% increase i.e. PKR 64.27 million in the sales revenue of the company from the corresponding period last year. There was a sharp increase in the cost of sugarcane because of high rate fixed by the Government and competition for cane amongst sugar mills. For the season 2010/11, Sind Government fixed the price of sugarcane at PKR 127 per maund, an increase of 25% over last year. During the period, the company managed to sell 20,261 metric tons of sugar compared with 24,561 metric tons sold at the same time last year. There was increase in finance cost due to higher working capital requirement and rise in interest rates. After accounting for its one-third share of profit in Unicol Limited amounting to PKR 29.37 million and adjusting its investment in the associate by the same amount with various expenses and government taxes, the after tax profit comes to PKR 65.54 million for the half year under review.

	March 31, 2011	March 31, 2010
	(Rs. in million)	
Net sales	1,225.84	1,161.57
Cost of sales	(1,057.91)	(1,068.40)
Gross profit	167.93	93.17
Other income	3.39	1.02
Share of profit in an associate	29.37	8.51
Other expenses & taxes	(135.15)	(80.99)
Net profit	65.54	21.71
Earnings per share - basic (Rupees)	7.77	2.57

Acknowledgment

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

On behalf of the Board of Directors



AKBARALI PESNANI
Chairman of the meeting

Karachi: May 26, 2011

Auditors Report to the Members

On review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **MIRPURKHAS SUGAR MILLS LIMITED** as of March 31, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, together with notes forming part thereof (hereinafter referred to as the financial information), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of condensed interim profit and loss account for the quarters ended March 31, 2010 and 2011 have not been reviewed, as we were required to review only the cumulative figures for the half year ended March 31, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410. "Review of condensed Interim Financial Information performed by the Independent Auditor of the Entity." A review of Condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as applicable in Pakistan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Karachi: May 26, 2011



HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: HYDER ALI BHIMJI - FCA

condensed interim balance sheet
as at march 31, 2011

us at March 31, 2011

	Note	Mar. 31, 2011 (Un-audited)	Sep. 30, 2010 (Audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	915,110	807,230
Intangible asset	6	5,317	2,200
Long-term investment	7	205,445	176,077
Long-term deposits		732	732
		1,126,604	986,239
CURRENT ASSETS			
Stores, spare parts and loose tools		112,005	111,144
Stock-in-trade		2,109,046	125,715
Trade debts		164,960	90,979
Loans and advances		43,393	77,412
Short-term prepayments		5,674	1,380
Other receivables		75,077	6,803
Short-term investments		59,614	56,616
Cash and bank balances		20,142	31,152
		2,589,911	501,201
TOTAL ASSETS		3,716,515	1,487,440
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	84,332	70,277
Reserves		355,262	311,318
		439,594	381,595
SURPLUS ON REVALUATION OF FIXED ASSETS			
		173,056	173,056
NON-CURRENT LIABILITIES			
Long-term financing		66,668	88,890
Deferred liabilities		251,886	249,341
		318,554	338,231
CURRENT LIABILITIES			
Trade and other payables		1,133,749	365,993
Accrued mark-up		42,200	14,843
Taxation-net		5,445	7,400
Short-term borrowings	9	1,559,473	161,878
Current portion of long-term financing		44,444	44,444
		2,785,311	594,558
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		3,716,515	1,487,440

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

condensed interim profit and loss account (un-audited)
for the half year ended march 31, 2011

		Note	Half year ended		Quarter ended	
			Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2010
(Rupees in '000)						
Turnover - net	12	1,225,841	1,161,573	550,361	472,094	
Cost of sales	13	(1,057,906)	(1,068,399)	(458,732)	(458,477)	
Gross profit		167,935	93,174	91,629	13,617	
Distribution cost		(2,075)	(2,965)	(1,381)	(1,145)	
Administrative expenses		(43,451)	(34,789)	(24,395)	(20,714)	
Other operating expenses		(4,568)	(1,182)	(1,715)	2,772	
		(50,094)	(38,936)	(27,491)	(19,087)	
Other operating income		3,388	1,018	1,899	395	
Operating profit / (loss)		121,229	55,256	66,037	(5,075)	
Finance cost		(64,558)	(42,615)	(47,242)	(33,443)	
		56,671	12,641	18,795	(38,518)	
Share of profit / (loss) in an associate		29,368	8,510	23,555	(1,695)	
Profit / (loss) before taxation		86,039	21,151	42,350	(40,213)	
Taxation						
Current		(20,496)	(6,649)	(10,609)	2,237	
Deferred		-	7,203	-	10,834	
		(20,496)	554	(10,609)	13,071	
Profit / (loss) after taxation		65,543	21,705	31,741	(27,142)	
Earnings per share - basic (Rupees)	14	7.77	2.57	3.76	(3.22)	

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

condensed interim statement of comprehensive income (un-audited)
for the half year ended march 31, 2011

	Half year ended		Quarter ended	
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2010
	(Rupees in '000)			
Profit / (loss) after taxation	65,543	21,705	31,741	(27,142)
Fair value profit / (loss) on available- for-sale securities	2,998	(15,648)	(16,421)	(2,996)
Total comprehensive income / (loss) for the period	<u>68,541</u>	<u>6,057</u>	<u>15,320</u>	<u>(30,138)</u>

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

condensed interim cash flow statement (un-audited)
for the half year ended march 31, 2011

	Mar. 31, 2011	Mar. 31, 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	86,039	21,151
Adjustments for :		
Depreciation	17,880	14,371
Amortization	183	-
Dividend income from a related party	(810)	-
Share of profit in an associate	(29,368)	(8,510)
Gain on disposal of operating property, plant and equipment	(443)	(23)
Finance cost	64,558	42,615
	52,000	48,453
Operating profit before working capital changes	138,039	69,604
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(861)	49,141
Stock-in-trade	(1,983,331)	(1,239,099)
Trade debts	(73,981)	(63,200)
Loans and advances	34,019	7,293
Short-term prepayments	(4,294)	(2,196)
Other receivables	(68,274)	9,498
	(2,096,722)	(1,238,563)
Increase / (decrease) in current liabilities		
Trade and other payables	767,291	168,626
Short-term borrowings	1,397,595	1,223,340
	2,164,886	1,391,966
Cash generated from operations	206,203	223,007
Income tax paid - net	(22,451)	(13,977)
Decrease in long-term deposits	-	37
Increase in deferred liabilities	2,545	(38,251)
	(19,906)	(52,191)
Net cash generated from operating activities	186,297	170,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(123,370)	(95,330)
Additions to capital work in progress	(4,573)	(24,645)
Intangible asset acquired	(3,300)	-
Sale proceeds of operating property, plant and equipment	2,626	40
Dividend received from a related party	810	-
Net cash used in investing activities	(127,807)	(119,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(37,201)	(28,102)
Long-term financing-net	(22,222)	(22,222)
Payment of dividend	(10,077)	(12,830)
Net cash used in financing activities	(69,500)	(63,154)
Net decrease in cash and cash equivalents	(11,010)	(12,273)
Cash and cash equivalents at the beginning of the period	31,152	35,036
Cash and cash equivalents at the end of the period	20,142	22,763

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

condensed interim statement of changes in equity (un-audited)
for the half year ended march 31, 2011

	Issued subscribed and paid-up capital	Reserves			Total	Total
		General reserves	Unapp- ropriated profit	Fair value gain / (loss) on available -for-sale securities		
(Rupees in '000)						
Balance as at October 01, 2009	63,888	34,250	169,361	52,981	256,592	320,480
Total comprehensive income	-	-	21,705	(15,648)	6,057	6,057
Cash dividend for the year ended Sep. 30, 2009 @ Rs.2.50 per share (25%)	-	-	(15,972)	-	(15,972)	(15,972)
Issue of bonus shares @ 10% i.e 01 share for every 10 shares held	6,389	-	(6,389)	-	(6,389)	-
Balance as at March 31, 2010	70,277	34,250	168,705	37,333	240,288	310,565
Balance as at October 01, 2010	70,277	34,250	231,299	45,769	311,318	381,595
Total comprehensive income	-	-	65,543	2,998	68,541	68,541
Cash dividend for the year ended Sep. 30, 2010 @ Rs.1.50 per share (15%)	-	-	(10,542)	-	(10,542)	(10,542)
Issue of bonus shares @ 20% i.e 02 shares for every 10 shares held	14,055	-	(14,055)	-	(14,055)	-
Balance as at March 31, 2011	84,332	34,250	272,245	48,767	355,262	439,594

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

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

for the half year ended march 31, 2011

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 but subject to limited scope review by auditors 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, 2010.

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, 2010.

4. TAXATION

a) Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or one percent of turnover under section 113 of the income tax ordinance, 2001 whichever is higher. The Company falls under the final tax regime under sections 150, 154 and 169 of the Income Tax Ordinance, 2001 to the extent of dividend income and direct export sales.

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	Mar. 31, 2011	Sep. 30, 2010
		(Rupees in '000)	
Opening net book value (NBV)		683,949	493,340
Additions to operating property, plant & equipment	5.1	123,370	178,516
Transfer / revaluation of property, plant & equipment	5.1	123,085	44,000
		930,404	715,856
Disposals during the period (NBV)		(2,183)	(41)
Depreciation charged during the period		(17,880)	(31,866)
		910,341	683,949
Capital work in progress		4,769	123,281
		915,110	807,230

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

	Additions		Disposals at book value	
	Mar. 31, 2011	Sep. 30, 2010	Mar. 31, 2011	Sep. 30, 2010
	(Rupees in '000)			
Land - Free hold	-	51,544	-	-
Building - Factory	2,157	4,116	-	-
Building - Non-factory	775	-	-	-
Plant and machinery	230,198	155,392	-	-
Furniture & fittings	-	247	-	-
Vehicles	12,171	5,694	2,023	41
Computers & accessories	875	3,351	160	-
Office and other equipment	279	2,172	-	-
	246,455	222,516	2,183	41

6. INTANGIBLE ASSET

	Mar. 31, 2011	Sep. 30, 2010
	(Rupees in '000)	
Opening value	2,200	-
Additions during the period	3,300	2,200
	5,500	2,200
Amortization charged during the period	(183)	-
	5,317	2,200

7. LONG-TERM INVESTMENT

	Mar. 31, 2011	Sep. 30, 2010
	(Rupees in '000)	
Unicol Limited (Fully paid ordinary shares of Rs. 10/- each)	176,077	167,791
Share of profit	29,368	8,286
	205,445	176,077

The Company holds 33.33 percent (Sep. 2010: 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.3.7(a) to the annual financial statements for the year ended September 30, 2010. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the half year ended March 31, 2011.

8. SHARE CAPITAL

8.1 Authorized capital

Mar. 31, 2011	Sep. 30, 2010		Mar. 31, 2011	Sep. 30, 2010
Number of shares			(Rupees in '000)	
15,000,000	15,000,000	Ordinary Shares of Rs.10/- each	150,000	150,000

8.2 Issued subscribed and paid-up capital

Mar. 31, 2011	Sep. 30, 2010		Mar. 31, 2011	Sep. 30, 2010
Number of shares			(Rupees in '000)	
1,770,000	1,770,000	Issued for cash	17,700	17,700
		Issued as fully paid bonus shares:		
5,257,680	4,618,800	-Opening balance	52,577	46,188
1,405,536	638,880	-Issued during the year	14,055	6,389
6,663,216	5,257,680		66,632	52,577
8,433,216	7,027,680		84,332	70,277

9. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of running finance facilities aggregating Rs.1,669 million (Sep. 2010: Rs.1,199 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

	Note	Mar. 31, 2011	Sep. 30, 2010
		(Rupees in '000)	
Letters of credit issued by a commercial bank.	10.1	27,964	2,775

10.1 These represents commitments relating to capital expenditure Rs. 23.34 million & spare parts Rs.4.62 million.

10.2 The status of other contingencies and commitments as at March 31, 2011 is same as reported in the annual financial statements for the year ended September 30, 2010.

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

	Half year ended		Quarter ended	
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2010
	(Rupees in '000)			
Included herein are local sales net of sales tax and special excise duty	1,225,841	1,161,573	550,361	472,094

13. COST OF SALES

Opening stock finished goods	122,921	198,540	310,439	301,274
Cost of goods manufactured	2,975,494	2,248,558	2,188,802	1,535,902
	3,098,415	2,447,098	2,499,241	1,837,176
Closing stock finished goods	(2,040,509)	(1,378,699)	(2,040,509)	(1,378,699)
	1,057,906	1,068,399	458,732	458,477

14. EARNINGS PER SHARE- BASIC

Profit / (loss) after taxation	65,543	21,705	31,741	(27,142)
Weighted average no. of shares	8,433,216	8,433,216	8,433,216	8,433,216
Earnings per share (Rs.)	7.77	2.57	3.76	(3.22)

15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors, executives and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties. Material transactions with related parties are given below :

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2010
(Rupees in '000)					
Group companies	Goods purchased	192	110	106	11
	Services received	1,729	1,183	773	593
	Sales made	172,995	111,850	170,148	86,850
	Dividend received	810	-	-	-
	Dividend paid	4,618	6,997	-	6,997
Other related parties	Charge for staff provident and gratuity funds	7,048	2,738	6,074	1,749
	Insurance premium	913	997	539	382
Chief Executive	Remuneration	9,250	8,538	5,285	4,944
Directors	Remuneration	12,112	11,238	6,716	6,294
Executives	Remuneration	5,730	8,818	3,220	4,950

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

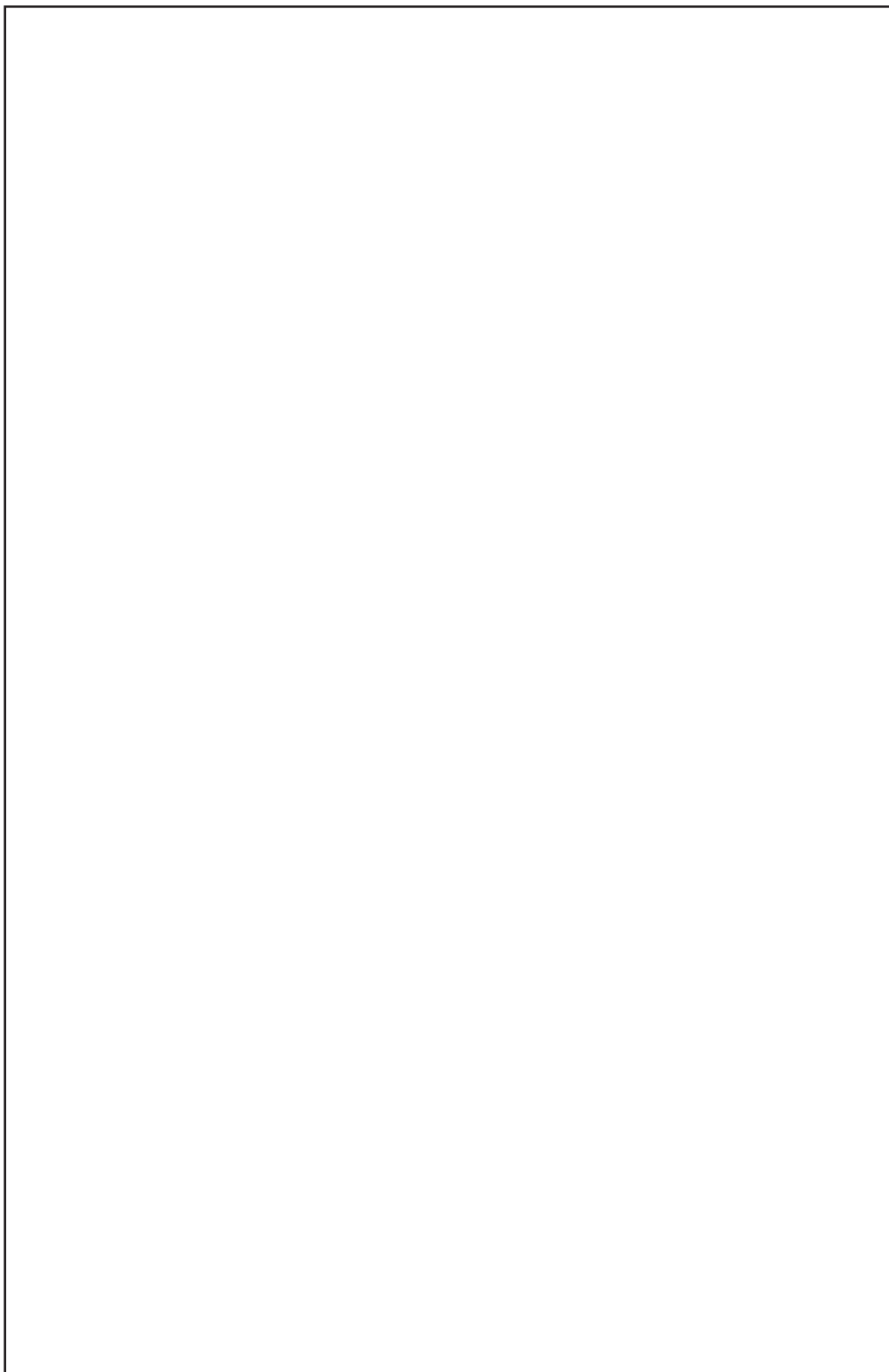
These condensed interim financial statements have been authorized for issue on May 26, 2011 by the Board of Directors of the Company.

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


TARIQ FARUQUE
 Director





GHULAM FARUQUE
GROUP

Registered Office

Modern Motors House

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