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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

Executive Director & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & 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 Limited

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

Post Office Jamrao
District Mirpurkhas
Sindh

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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, 2012.

Production & sales

Because of delayed start of crushing this season owing to widespread rains and consequently floods in the region, the plant only operated for 96 days compared to 144 days last season. Because of capacity enhancement this season, the Company was able to crush 467,734 metric tons of sugarcane to produce 47,566 metric tons of sugar compared to 509,204 metric tons of sugarcane crushed during the corresponding period last year to produce 52,993 metric tons sugar, despite decline in the number of crushing days. Last year, the Company also produced 3,688 metric tons of sugar from imported raw sugar, which was not the case this year. Heavy rains also had a toll on the sucrose recovery as it dropped to 10.17% as against 10.41% at the same time last year. The production of molasses remained 24,500 metric tons as against 26,350 metric tons last year. During the half year under review, the Company sold 19,824 metric tons of sugar as against 20,261 metric tons at the same time last year.

Financial Performance

Against 2% decline in the quantity of sugar sold, there was 18% decline in the sales turnover of the Company from the corresponding period last year. The main reason for decline in turnover was the sharp drop in the sales price of sugar in the market during the period. For the season 2011/12, Sind Government fixed the price of sugarcane at PKR 154 per maund, an increase of 21% over last year. During the period under review, the Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 33.47 million and adjusted its investment in the associate by the same amount. After taking into consideration various expenses and government taxes, the Company was able to make an after tax profit of Rs. 51.96 million for the half year under review.

	March 31, 2012	March 31, 2011
	(Rs. in million)	
Net sales	999.41	1,225.84
Cost of sales	(874.26)	(1,057.91)
Gross profit	125.15	167.93
Other income	3.64	3.39
Share of profit in an associate	33.47	29.37
Other expenses & taxes	(110.30)	(135.15)
Net profit	51.96	65.54
Earnings per share - basic (Rupees)	5.36	6.76

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 meeting

Karachi: May 29, 2012

March 31, 2012

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 at March 31, 2012 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 the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statements of comprehensive income for the quarters ended March 31, 2012 and 2011 have not been reviewed, as we were required to review only the cumulative figures for the half year ended March 31, 2012.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 statements as of and for the half year ended March 31, 2012 is not prepared, in all material respects in accordance with approved accounting standards as applicable in Pakistan.

Karachi: May 29, 2012

Hyder Bhimji & Co.
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: M. HANIF RAZZAK

condensed interim balance sheet
as at march 31, 2012

	Note	Mar. 31, 2012 (Un-audited)	Sep.30, 2011 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,157,963	963,153
Intangible asset	6	4,217	4,767
Long-term investment	7	241,974	218,903
Long-term deposits		732	732
		1,404,886	1,187,555
CURRENT ASSETS			
Stores, spare parts and loose tools		136,889	151,795
Stock-in-trade		1,977,451	886,781
Trade debts		3,219	13,481
Loans and advances		42,381	112,852
Short-term prepayments		4,673	1,251
Other receivables		18,576	26,062
Short-term investments		93,177	58,180
Taxation - net		5,575	1,059
Cash and bank balances		21,441	15,651
		2,303,382	1,267,112
		3,708,268	2,454,667
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	96,982	84,332
Reserves		477,238	411,367
		574,220	495,699
SURPLUS ON REVALUATION OF FIXED ASSETS			
		173,056	173,056
NON-CURRENT LIABILITIES			
Long-term financings		292,223	344,445
Deferred liabilities		254,226	251,887
		546,449	596,332
CURRENT LIABILITIES			
Trade and other payables		1,100,960	637,795
Accrued mark-up		39,322	32,309
Short-term borrowings	9	1,199,817	475,032
Current portion of long-term financings		74,444	44,444
		2,414,543	1,189,580
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		3,708,268	2,454,667

March 31, 2012

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, 2012

	Note	Half year ended		Quarter ended	
		Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2011
(Rupees in '000)					
Turnover - net	12	999,417	1,225,841	96,806	550,361
Cost of sales	13	(874,263)	(1,057,906)	(15,681)	(458,732)
Gross profit		125,154	167,935	81,125	91,629
Distribution cost		(3,119)	(2,075)	(1,540)	(1,381)
Administrative expenses		(34,525)	(43,451)	(20,284)	(24,395)
Other operating expenses		(2,642)	(4,568)	(2,547)	(1,715)
		(40,286)	(50,094)	(24,371)	(27,491)
Other operating income		3,638	3,388	1,137	1,899
Operating profit		88,506	121,229	57,891	66,037
Finance cost		(58,047)	(64,558)	(26,446)	(47,242)
		30,459	56,671	31,445	18,795
Share of profit in an associate		33,466	29,368	21,696	23,555
Profit before taxation		63,925	86,039	53,141	42,350
Taxation					
Current		(11,968)	(20,496)	(2,518)	(10,609)
Deferred		-	-	(20,733)	-
		(11,968)	(20,496)	(23,251)	(10,609)
Profit after taxation		51,957	65,543	29,890	31,741
Earnings per share - basic (Rupees)	14	5.36	(Re-stated) 6.76	3.08	(Re-stated) 3.27

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, 2012

	Half year ended		Quarter ended	
	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2011
	(Rupees in '000)			
Profit after taxation	51,957	65,543	29,890	31,741
Fair value gain / (loss) on available-for-sale securities	34,997	2,998	45,091	(16,421)
Total comprehensive income for the half year	<u>86,954</u>	<u>68,541</u>	<u>74,981</u>	<u>15,320</u>

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


ASLAM FARUQUE
Chief Executive


TARIQ FARUQUE
Director

March 31, 2012

condensed interim cash flow statement (un-audited)
for the half year ended march 31, 2012

Note	Mar. 31, 2012	Mar. 31, 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	63,925	86,039
Adjustments for :		
Depreciation	23,234	17,880
Amortization	550	183
Dividend income from a related party	(2,137)	(810)
Share of profit in an associate	(33,466)	(29,368)
Gain on disposal of operating property, plant and equipment	(777)	(443)
Finance cost	58,047	64,558
	45,451	52,000
Operating profit before working capital changes	109,376	138,039
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	14,906	(861)
Stock-in-trade	(1,090,670)	(1,983,331)
Trade debts	10,262	(73,981)
Loans and advances	70,471	34,019
Short-term prepayments	(3,422)	(4,294)
Other receivables	7,486	(68,274)
	(990,967)	(2,096,722)
Increase / (decrease) in current liabilities		
Trade and other payables	462,925	767,291
Short-term borrowings	724,785	1,397,595
	1,187,710	2,164,886
Cash generated from operations	306,119	206,203
Income tax paid - net	(16,484)	(22,451)
Increase in deferred liabilities	2,339	2,545
	(14,145)	(19,906)
Net cash generated from operating activities	291,974	186,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(219,258)	(127,943)
Intangible asset acquired	-	(3,300)
Sale proceeds of operating property, plant and equipment	1,991	2,626
Long-term investment	10,395	-
Dividend received from a related party	2,137	810
Net cash used in investing activities	(204,735)	(127,807)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(51,034)	(37,201)
Long-term financings-net	(22,222)	(22,222)
Payment of dividend	(8,193)	(10,077)
Net cash used in financing activities	(81,449)	(69,500)
Net increase / (decrease) in cash and cash equivalents	5,790	(11,010)
Cash and cash equivalents at the beginning of the period	15,651	31,152
Cash and cash equivalents at the end of the period	21,441	20,142

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, 2012

	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, 2010	70,277	34,250	231,299	45,769	311,318	381,595
Total comprehensive income for the half year	-	-	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	<u>84,332</u>	<u>34,250</u>	<u>272,245</u>	<u>48,767</u>	<u>355,262</u>	<u>439,594</u>
Balance as at October 01, 2011	84,332	34,250	344,416	32,701	411,367	495,699
Total comprehensive income for the half year	-	-	51,957	34,997	86,954	86,954
Cash dividend for the year ended Sep. 30, 2011 @ Re.1 per share (10%)	-	-	(8,433)	-	(8,433)	(8,433)
Issue of bonus shares @ 15% i.e 1.50 shares for every 10 shares held	12,650	-	(12,650)	-	(12,650)	-
Balance as at March 31, 2012	<u>96,982</u>	<u>34,250</u>	<u>375,290</u>	<u>67,698</u>	<u>477,238</u>	<u>574,220</u>

March 31, 2012

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, 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 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, 2011.

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, 2011.

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 1% of turnover tax, calculated at applicable tax rates under section 113 of the Income Tax Ordinance, 2001, whichever is higher as worked out in the financial statements. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years arising from amendments made 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	Mar. 31, 2012	Sep. 30, 2011 (Audited)
(Rupees in '000)			
Opening net book value (NBV)		889,924	683,949
Additions	5.1	219,258	124,934
Capital work in progress transfer		73,229	123,281
		<u>1,182,411</u>	<u>932,164</u>
Disposals during the period (NBV) / year		(1,214)	(2,183)
Depreciation charged during the period / year		(23,234)	(40,057)
		<u>1,157,963</u>	<u>889,924</u>
Capital work in progress		-	73,229
		<u>1,157,963</u>	<u>963,153</u>

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

	Additions		Disposals at book value	
	Mar. 31, 2012	Sep. 30, 2011 (Audited)	Mar. 31, 2012	Sep. 30, 2011 (Audited)
	(Rupees in '000)			
Land	7,447	-	-	-
Building - factory	1,019	2,157	-	-
Building - non-factory	-	775	-	-
Plant and machinery	276,292	230,198	-	-
Vehicles	6,839	13,160	1,214	2,022
Computers & accessories	401	1,542	-	161
Office and other equipment	489	383	-	-
	<u>292,487</u>	<u>248,215</u>	<u>1,214</u>	<u>2,183</u>

6. INTANGIBLE ASSET

	Mar. 31, 2012	Sep. 30, 2011 (Audited)
	(Rupees in '000)	
Opening value	4,767	2,200
Additions during the period / year	-	3,300
	<u>4,767</u>	<u>5,500</u>
Amortization charged during the period / year	(550)	(733)
	<u>4,217</u>	<u>4,767</u>

7. LONG-TERM INVESTMENT

	Mar. 31, 2012	Sep. 30, 2011 (Audited)
Unicol Limited (Fully paid ordinary shares of Rs. 10/- each)	218,903	176,077
Dividend received	(10,395)	-
	<u>208,508</u>	<u>176,077</u>
Share of profit	33,466	42,826
	<u>241,974</u>	<u>218,903</u>

The Company holds 33.33 percent (Sep. 2011: 33.33 percent) interest in Unicol Limited, which is a (Un-quoted) public limited 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 audited financial statements for the year ended September 30, 2011, while 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, 2012.

8. SHARE CAPITAL

8.1 Authorized capital

Mar. 31, 2012	Sep. 30, 2011		Mar. 31, 2012	Sep. 30, 2011 (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

Mar. 31, 2012	Sep. 30, 2011		Mar. 31, 2012	Sep. 30, 2011 (Audited)
Number of shares				
1,770,000	1,770,000	Issued for cash	17,700	17,700
6,663,215	5,257,680	Issued as fully paid bonus shares:		
1,264,982	1,405,535	-Opening balance	66,632	52,577
7,928,197	6,663,215	-Issued during the year	12,650	14,055
			<u>79,282</u>	<u>66,632</u>
<u>9,698,197</u>	<u>8,433,215</u>		<u>96,982</u>	<u>84,332</u>

9. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of available running finance facilities aggregating to Rs.1,969 million (Sep. 2011: Rs.1,569 million) 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

Letters of credit issued by commercial bank.

Mar. 31, 2012	Sep. 30, 2011 (Audited)
(Rupees in '000)	
3,129	2,983

10.1 The status of contingencies and other commitments as at March 31, 2012 is same as reported in the annual financial statements for the year ended September 30, 2011.

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 annual financial statements.

12. TURNOVER-NET

Turnover-net

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

13. COST OF SALES

Opening stock finished goods

Cost of goods manufactured

Closing stock finished goods

14. EARNINGS PER SHARE- Basic

Profit after taxation (Rs.'000)

Weighted average no. of shares

Earnings per share-basic (Rupees.)

	Half Year ended		Quarter ended	
	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2011
(Rupees in '000)				
Turnover-net	999,417	1,225,841	96,806	550,361
Opening stock finished goods	884,253	122,921	438,476	310,439
Cost of goods manufactured	1,923,125	2,975,494	1,510,320	2,188,802
	2,807,378	3,098,415	1,948,796	2,499,241
Closing stock finished goods	(1,933,115)	(2,040,509)	(1,933,115)	(2,040,509)
	874,263	1,057,906	15,681	458,732
Profit after taxation (Rs.'000)	51,957	65,543	29,890	31,741
Weighted average no. of shares	9,698,197	9,698,197	9,698,197	9,698,197
Earnings per share-basic (Rupees.)	5.36	(Re-stated) 6.76	3.08	(Re-stated) 3.27

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 transactions	Half Year ended		Quarter ended	
		Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2011
(Rupees in '000)					
Group companies	Goods purchased	271	192	74	106
	Services received	1,547	1,729	738	773
	Sales made	161,708	172,995	149,853	170,148
	Dividend received	12,532	810	10,395	-
	Dividend paid	3,695	4,618	3,695	-
Other related parties	Charge for staff provident and gratuity funds	6,570	7,048	5,385	6,074
	Insurance premium	775	913	426	539
Chief Executive	Remuneration	9,021	9,250	4,590	5,285
Directors	Remuneration	12,171	12,112	6,165	6,716
Executives	Remuneration	6,264	5,730	3,164	3,220

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 29, 2012 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

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