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Registered Office:
Modern Motors House
Beaumont Road
Karachi-75530, Pakistan.
UAN: +92-21-111-354-111
Fax: +92-21-35688036
Website: www.gfg.com.pk



**GHULAM FARUQUE
GROUP**

rkprinterspk@gmail.com

Third Quarter Accounts
(un-audited)
June 30, 2010



Mirpurkhas
Sugar Mills
Limited

A Ghulam Faruque Group Company

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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. Naeemuddin Butt	Director

AUDIT COMMITTEE

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Tariq Faruque	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 Shahrah-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.

Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the nine months period ended June 30, 2010.

Production

During the season 2009/10, the plant operated for 121 days as against 115 days last year. During the nine months under review, the Company crushed 455,129 metric tons of sugarcane to produce 48,202 metric tons of sugar with a sucrose recovery of 10.59% compared to 435,690 metric tons of sugarcane crushed during the corresponding period last year to produce 46,235 metric tons sugar with a sucrose recovery of 10.61%. Molasses production was 22,180 metric tons as against 22,509 metric tons last year.

Financial Performance

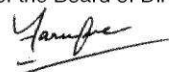
During the period under review, the Company achieved a turnover of PKR 2,081.46 million against PKR 1,243.09 million in the same period last year, reflecting a rise of 67 %. The increase in revenue was essentially on account of favorable price adjustment of sugar sold during the nine months under review. The adjustment in selling prices of sugar was necessitated by exorbitant increase in the cost of production because of high rate of sugarcane fixed by the government and competition for cane amongst sugar mills. The Company managed to sell 41,533 metric tons of sugar compared with 45,527 metric tons sold in the corresponding period. The Company also accounted for its one-third share of profit in the joint venture distillery - Unicol Limited amounting to PKR 16.68 million and adjusted its investment by the same amount. After taking into consideration above factors along with various expenses, the after tax profit comes to Rs. 50.13 million for the nine months under review.

	June 30, 2010	June 30, 2009
	(Rs. in million)	
Net sales	2,081.46	1,243.09
Cost of sales	(1,861.57)	(1,056.11)
Gross profit	219.89	186.98
Other income	1.63	3.19
Share of profit in an associate	16.68	15.53
Other expenses & taxes	(188.07)	(144.80)
Net profit	50.13	60.90

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



Mohammed Faruque
Chairman of the meeting

Karachi: July 27, 2010

Condensed Interim Balance Sheet

As at June 30, 2010

		June 30, 2010 (Un-audited)	September 30, 2009 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Long-term investment	5	733,156	584,948
Long-term deposits	6	184,471	167,791
		726	738
		918,353	753,477
CURRENT ASSETS			
Stores, spare parts and loose tools			
Stock-in-trade		85,234	120,192
Trade debts		695,416	203,171
Loans and advances		122,384	84,050
Short-term prepayments		20,643	22,511
Other receivables		2,224	2,771
Short-term investments		9,546	19,953
Taxation-net		44,035	63,828
Cash and bank balances		10,735	8,146
		5,188	35,036
		995,405	559,658
		1,913,758	1,313,135
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Reserves	7	70,277	63,888
		264,565	256,592
		334,842	320,480
SURPLUS ON REVALUATION OF FIXED ASSETS			
		129,056	129,056
NON-CURRENT LIABILITIES			
Long-term financing			
Deferred liabilities		111,112	133,334
		239,050	205,752
		350,162	339,086
CURRENT LIABILITIES			
Trade and other payables			
Accrued mark-up		416,037	291,740
Short-term borrowings		44,751	18,089
Current portion of long-term financing	8	594,466	170,240
		44,444	44,444
		1,099,698	524,513
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES			
		1,913,758	1,313,135

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 Period Ended June 30, 2010

	Note	Period ended		Quarter ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
		(Rupees '000)			
Turnover - net	11	2,081,462	1,243,090	919,889	676,656
Cost of sales	12	(1,861,573)	(1,056,108)	(793,174)	(543,408)
Gross profit		219,889	186,982	126,715	133,248
Distribution cost		(3,914)	(1,589)	(949)	(294)
Administrative expenses		(50,749)	(41,625)	(15,960)	(15,441)
Other operating expenses		(6,011)	(4,349)	(4,829)	(3,984)
		(60,674)	(47,563)	(21,738)	(19,719)
Other operating income		1,634	3,190	616	695
Operating profit		160,849	142,609	105,593	114,224
Finance cost		(84,856)	(68,497)	(42,241)	(28,449)
		75,993	74,112	63,352	85,775
Share of profit / (loss) in an associate		16,680	15,526	8,170	(7,260)
Profit before taxation		92,673	89,638	71,522	78,515
Taxation					
Current		(11,523)	(7,000)	(4,874)	(7,000)
Deferred		(31,023)	(21,739)	(38,226)	(24,761)
		(42,546)	(28,739)	(43,100)	(31,761)
Profit after taxation		50,127	60,899	28,422	46,754
Earnings per share - basic	13	Rs. 7.13	Rs. 8.66	Rs. 4.04	Rs. 6.65

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 Period Ended June 30, 2010

	Period ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	(Rupees ` 000)			
Profit after taxation	50,127	60,899	28,422	46,754
Fair value loss on available-for-sale securities	(19,793)	(19,214)	(4,145)	(239)
Total comprehensive income for the period	<u>30,334</u>	<u>41,685</u>	<u>24,277</u>	<u>46,515</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 Period Ended June 30, 2010

	June 30, 2010	June 30, 2009
	----- (Rupees `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	92,673	89,638
Adjustments for :		
Depreciation	22,336	16,828
Dividend income from a related party	-	(486)
Share of profit in an associate	(16,680)	(15,526)
Gain on disposal of operating property, plant and equipment	(23)	(129)
Finance cost	84,856	68,497
	90,489	69,184
Operating profit before working capital changes	183,162	158,822
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	34,958	1,988
Stock-in-trade	(492,245)	(92,631)
Trade debts	(38,334)	(91,782)
Loans and advances	1,868	4,781
Short-term prepayments	547	1,604
Other receivables	10,407	(4,242)
	(482,799)	(180,282)
Increase / (decrease) in current liabilities		
Trade and other payables	123,945	(156,871)
Short-term borrowings	424,226	371,972
	548,171	215,101
Cash generated from operations	248,534	193,641
Income tax paid - net	(14,112)	(700)
Decrease in long-term deposits	12	102
Increase / (decrease) in deferred liabilities	2,275	(12,083)
	(11,825)	(12,681)
Net cash generated from operating activities	236,709	180,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(175,719)	(17,379)
Additions to capital work in progress	5,158	(79,227)
Sale proceeds of operating property, plant and equipment	40	165
Dividend received from a related party	-	486
Net cash used in investing activities	(170,521)	(95,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(58,194)	(50,024)
Long-term financing-net	(22,222)	(31,826)
Payment of dividend	(15,620)	(6,129)
Net cash used in financing activities	(96,036)	(87,979)
Net decrease in cash and cash equivalents	(29,848)	(2,974)
Cash and cash equivalents at the beginning of the period	35,036	13,297
Cash and cash equivalents at the end of the period	5,188	10,323

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 Period Ended June 30, 2010

	Issued subscribed and paid-up capital	Reserves			Total	Total
		General reserves	Unappropriated profit	Fair value gain / (loss) on available-for- sale securities		
(Rupees ' 000)						
Balance as at October 01, 2008	63,888	14,250	70,310	69,382	153,942	217,830
Total comprehensive income	-	-	60,899	(19,214)	41,685	41,685
Cash dividend for the year ended Sep. 30, 2008 @ Re.1 per share (10%)	-	-	(6,389)	-	(6,389)	(6,389)
Transfer to General reserve	-	20,000	(20,000)	-	-	-
Balance as at June 30, 2009	63,888	34,250	104,820	50,168	189,238	253,126
Balance as at October 01, 2009	63,888	34,250	169,361	52,981	256,592	320,480
Total comprehensive income	-	-	50,127	(19,793)	30,334	30,334
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 June 30, 2010	70,277	34,250	197,127	33,188	264,565	334,842

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 Period Ended June 30, 2010

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, 2009.

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, 2009, except for the followings:

IAS 1 (revised), "Presentation of financial statements" prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. This condensed interim financial information has been prepared under revised disclosure requirements.

4. TAXATION

a) Current

The provision for current taxation for the period represents the minimum tax on turnover as per the provision of Income Tax Ordinance, 2001 and the final liability will be determined on the basis of annual results.

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

	June 30, 2010	Sep. 30, 2009
	----- (Rupees `000) -----	
Operating property, plant and equipment	646,706	493,340
Capital work in progress	86,450	91,608
	733,156	584,948

Notes To The Condensed Interim Financial Statements (Un-audited)

For the Period Ended June 30, 2010

5.1 Additions & disposals in operating property, plant and equipment

	Additions		Disposals at book value	
	June 30, 2010	Sep. 30, 2009	June 30, 2010	Sep. 30, 2009
	(Rupees ` 000)			
Land - Free hold	7,545	3,500	-	-
Building - Factory	4,117	-	-	-
Building - Non-factory	-	1,345	-	-
Plant and machinery	155,392	19,634	-	5,508
Furniture & fittings	247	-	-	-
Vehicles	4,699	2,283	17	55
Computers & accessories	3,059	804	-	-
Office and other equipment	660	57	-	-
	175,719	27,623	17	5,563

6. LONG-TERM INVESTMENT

The Company holds 33.33 percent (2009: 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, 2009. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended June 30, 2010.

7. SHARE CAPITAL

7.1 Authorized capital

June 30, 2010	Sep. 30, 2009		June 30, 2010	Sep. 30, 2009
Number of shares			(Rupees ` 000)	
15,000,000	15,000,000	Ordinary Shares of Rs.10/- each	150,000	150,000

7.2 Issued subscribed and paid-up capital

June 30, 2010	Sep. 30, 2009		June 30, 2010	Sep. 30, 2009
Number of shares			(Rupees ` 000)	
1,770,000	1,770,000	Issued for cash	17,700	17,700
4,618,800	4,618,800	Issued as fully paid bonus shares:	46,188	46,188
638,880	-	-Opening balance	6,389	-
5,257,680	4,618,800	-Issued during the year	52,577	46,188
7,027,680	6,388,800		70,277	63,888

8. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of running finance facilities aggregating Rs.1,399 million (2009: Rs.749 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.



Notes To The Condensed Interim Financial Statements (Un-audited)

For the Period Ended June 30, 2010

9. CONTINGENCIES AND COMMITMENTS

	Note	June 30, 2010	Sep. 30, 2009
		----- (Rupees `000) -----	
Letters of credit issued by a commercial bank.	9.1	53,204	-

9.1 These represents commitments relating to capital expenditure Rs. 48.83 million & spare parts Rs.4.37 million.

9.2 The status of other contingencies and commitments as at June 30, 2010 is same as reported in the annual financial statements for the year ended September 30, 2009 except for the following :

9.2.1 The Company challenged the levy of professional tax under Finance Act, 1999 in the Honourable Sindh High Court. Accepting Company's contention, the Honourable High Court granted relief. The Government has filed appeal against the judgement in the Honourable Supreme Court of Pakistan, which has been dismissed during the current year. No provision has been made since 1999-2000 for levy totalling Rs. 0.77 million (2008: Rs. 0.69 million). The Company is confident that the same is not likely to materialize.

9.2.2 During the year the Company has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the vary jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. Therefore, there are no financial implications related to this at the moment.

10. 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.

	Period ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	----- (Rupees `000) -----			
11. TURNOVER-NET	2,081,462	1,243,090	919,889	676,656

Included herein are local sales net of sales tax.

12. COST OF SALES

	Period ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	----- (Rupees `000) -----			
Opening stock finished goods	198,540	425,460	1,378,699	1,018,788
Cost of goods manufactured	2,323,221	1,145,366	74,663	39,338
	2,521,761	1,570,826	1,453,362	1,058,126
Closing stock finished goods	(660,188)	(514,718)	(660,188)	(514,718)
	1,861,573	1,056,108	793,174	543,408

Notes To The Condensed Interim Financial Statements (Un-audited)

For the Period Ended June 30, 2010

13. EARNINGS PER SHARE- Basic

	Period ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Profit after taxation (Rs.'000)	50,127	60,899	28,422	46,754
Weighted average no. of shares	7,027,680	7,027,680	7,027,680	7,027,680
Earnings per share	Rs.7.13	Rs. 8.66	Rs.4.04	Rs. 6.65

14. 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	Period ended		Quarter ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
		(Rupees '000)			
Group companies	Goods purchased	264	2,646	154	21
	Services received	1,800	878	617	293
	Sales made	149,397	157,617	37,547	33,849
	Dividend received	-	486	-	-
	Dividend paid	6,997	2,798	-	-
Other related parties	Charge for staff provident and gratuity funds	4,015	2,426	1,277	798
	Insurance premium	1,281	1,010	284	403
Chief Executive	Remuneration	12,308	9,020	3,770	3,480
Directors	Remuneration	16,358	12,620	5,120	4,680
Executives	Remuneration	11,007	8,964	2,189	3,136

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.

15. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on July 27, 2010 by the Board of Directors of the Company.

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged in cash flow statement for the purpose of comparison.

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