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ATION FESTIVALS SUCCESS REV  
CELEBRATING SUGAR!  
ULATIONS GRADUATION INAUG  
EID CHRISTMAS DIWALI NAUROZE  
JOY CULTURE NEW YEAR  
GRADUATION



Third Quarter Accounts  
(un-audited)

June 30, 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  
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 is pleased to present the un-audited financial results of the Company for the nine months period ended June 30, 2011.

### Production

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. Crushing for the season 2010/11 lasted for 144 days compared to 122 days last season.

### Financial Performance

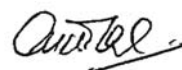
During the period under review, there was a 16.54% increase in the sales revenue of the Company from the corresponding period last year. During the period, a sharp rise was witnessed in the cost of sugarcane because of high rate fixed by the government (at PKR 127 per maund, an increase of 25% over last year) and competition for cane amongst sugar mills. Compared to the same time last year, the Company managed to sell 38,235 metric tons of sugar as against 41,533 metric tons sold last year. The finance cost increased 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 41.05 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 217.74 million for the nine months period under review.

	June 30, 2011	June 30, 2010
	(Rs. in million)	
Net sales	2,425.70	2,081.46
Cost of sales	(2,034.74)	(1,861.57)
Gross profit	390.96	219.89
Other income	3.52	1.63
Share of profit in an associate	41.05	16.68
Other expenses & taxes	(217.79)	(188.07)
Net profit	217.74	50.13
Earnings per share - basic (Rupees)	25.82	5.94

### 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: July 26, 2011

**condensed interim balance sheet**  
as at june 30, 2011

	Note	June 30, 2011 (Un-audited)	Sep. 30, 2010 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	916,232	807,230
Intangible asset	6	5,042	2,200
Long-term investment	7	217,122	176,077
Long-term deposits		732	732
		1,139,128	986,239
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		132,454	111,144
Stock-in-trade		1,125,830	125,715
Trade debts		145,869	90,979
Loans and advances		103,238	77,412
Short-term prepayments		2,840	1,380
Other receivables		25,650	6,803
Short-term investments		71,331	56,616
Cash and bank balances		23,143	31,152
		1,630,355	501,201
<b>TOTAL ASSETS</b>		<b>2,769,483</b>	<b>1,487,440</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	8	84,332	70,277
Reserves		504,542	311,318
		588,874	381,595
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
		173,056	173,056
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		66,668	88,890
Deferred liabilities		251,886	249,341
		318,554	338,231
<b>CURRENT LIABILITIES</b>			
Trade and other payables		568,104	365,993
Accrued mark-up		51,014	14,843
Taxation-net		1,632	7,400
Short-term borrowings	9	1,023,805	161,878
Current portion of long-term financing		44,444	44,444
		1,688,999	594,558
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,769,483</b>	<b>1,487,440</b>

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, 2011

for the period ended June 30, 2011

		Period ended		Quarter ended	
	Note	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
(Rupees in '000)					
Turnover - net	12	2,425,701	2,081,462	1,199,860	919,889
Cost of sales	13	(2,034,736)	(1,861,573)	(976,830)	(793,174)
Gross profit		390,965	219,889	223,030	126,715
Distribution cost		(3,818)	(3,914)	(1,743)	(949)
Administrative expenses		(62,300)	(50,749)	(18,849)	(15,960)
Other operating expenses		(15,528)	(6,011)	(10,960)	(4,829)
		(81,646)	(60,674)	(31,552)	(21,738)
Other operating income		3,518	1,634	130	616
Operating profit		312,837	160,849	191,608	105,593
Finance cost		(108,971)	(84,856)	(44,413)	(42,241)
		203,866	75,993	147,195	63,352
Share of profit in an associate		41,045	16,680	11,677	8,170
Profit before taxation		244,911	92,673	158,872	71,522
Taxation					
Current		(27,173)	(11,523)	(6,677)	(4,874)
Deferred		-	(31,023)	-	(38,226)
		(27,173)	(42,546)	(6,677)	(43,100)
Profit after taxation		217,738	50,127	152,195	28,422
Earnings per share - basic (Rupees)	14	25.82	5.94	18.05	3.37

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, 2011

	Period ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in '000)			
<b>Profit after taxation</b>	217,738	50,127	152,195	28,422
Fair value profit / (loss) on available-for-sale securities	83	(19,793)	(2,915)	(4,145)
<b>Total comprehensive income for the period</b>	<u>217,821</u>	<u>30,334</u>	<u>149,280</u>	<u>24,277</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, 2011

	June 30, 2011	June 30, 2010
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	244,911	92,673
Adjustments for :		
Depreciation	28,953	22,336
Amortisation	458	-
Dividend income from a related party	(810)	-
Share of profit in an associate	(41,045)	(16,680)
Gain on disposal of operating property, plant and equipment	(443)	(23)
Finance cost	108,971	84,856
	96,084	90,489
<b>Operating profit before working capital changes</b>	340,995	183,162
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(21,310)	34,958
Stock-in-trade	(1,000,115)	(492,245)
Trade debts	(54,890)	(38,334)
Loans and advances	(25,826)	1,868
Short-term prepayments	(1,460)	547
Other receivables	(18,847)	10,407
	(1,122,448)	(482,799)
<b>Increase in current liabilities</b>		
Trade and other payables	201,665	123,945
Short-term borrowings	861,927	424,226
	1,063,592	548,171
<b>Cash generated from operations</b>	282,139	248,534
Income tax paid - net	(32,941)	(14,112)
Decrease in long-term deposits	-	12
Increase in deferred liabilities	2,545	2,275
	(30,396)	(11,825)
<b>Net cash generated from operating activities</b>	251,743	236,709
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating property, plant and equipment	(124,712)	(175,719)
Additions to capital work in progress	(15,426)	5,158
Intangible asset acquired	(3,300)	-
Sale proceeds of operating property, plant and equipment	2,626	40
Short-term investment	(14,632)	-
Dividend received from a related party	810	-
<b>Net cash used in investing activities</b>	(154,634)	(170,521)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(72,800)	(58,194)
Long-term financing-net	(22,222)	(22,222)
Payment of dividend	(10,096)	(15,620)
<b>Net cash used in financing activities</b>	(105,118)	(96,036)
<b>Net decrease in cash and cash equivalents</b>	(8,009)	(29,848)
<b>Cash and cash equivalents at the beginning of the period</b>	31,152	35,036
<b>Cash and cash equivalents at the end of the period</b>	23,143	5,188

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, 2011

	Issued subscribed and paid-up capital	Reserves			Total
		General reserves	Unapp- ropriated profit	Fair value gain / (loss) on available -for-sale securities	
	(Rupees in '000)				
<b>Balance as at October 01, 2009</b>	<b>63,888</b>	<b>34,250</b>	<b>169,361</b>	<b>52,981</b>	<b>256,592</b>
Total comprehensive income	-	-	50,127	(19,793)	30,334
Cash dividend for the year ended Sep. 30, 2009 @ Rs.2.50 per share (25%)	-	-	(15,972)	-	(15,972)
Issue of bonus shares @ 10% i.e 01 share for every 10 shares held	6,389	-	(6,389)	-	-
<b>Balance as at June 30, 2010</b>	<b>70,277</b>	<b>34,250</b>	<b>197,127</b>	<b>33,188</b>	<b>264,565</b>
<b>Balance as at October 01, 2010</b>	<b>70,277</b>	<b>34,250</b>	<b>231,299</b>	<b>45,769</b>	<b>311,318</b>
Total comprehensive income	-	-	217,738	83	217,821
Cash dividend for the year ended Sep. 30, 2010 @ Rs.1.50 per share (15%)	-	-	(10,542)	-	(10,542)
Issue of bonus shares @ 20% i.e 02 shares for every 10 shares held	14,055	-	(14,055)	-	-
<b>Balance as at June 30, 2011</b>	<b>84,332</b>	<b>34,250</b>	<b>424,440</b>	<b>45,852</b>	<b>504,542</b>

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, 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 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	June 30, 2011	Sep. 30, 2010
		(Rupees in '000)	
Opening Net book value		683,949	493,340
Additions to operating property, plant & equipment	5.1	124,712	178,516
Transfer / revaluation of property, plant & equipment	5.1	123,088	44,000
		931,749	715,856
Disposals during the period (NBV)		(2,183)	(41)
Depreciation charged during the period		(28,953)	(31,866)
		900,913	683,949
Capital work in progress		15,619	123,281
		916,232	807,230

5.1 Additions / revaluation & disposals in operating property, plant and equipment	Additions		Disposals at book value	
	June 30, 2011	Sep. 30, 2010	June 30, 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	13,095	5,694	2,023	41
Computers & accessories	1,296	3,351	160	-
Office and other equipment	279	2,172	-	-
	247,800	222,516	2,183	41

## 6. INTANGIBLE ASSET

	June 30, 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	(458)	-
	5,042	2,200

## 7. LONG-TERM INVESTMENT

Unicol Limited (Fully paid ordinary shares of Rs. 10/- each)	176,077	167,791
Share of profit	41,045	8,286
	217,122	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 period ended June 30, 2011.

## 8. SHARE CAPITAL

### 8.1 Authorized capital

June 30, 2011	Sep. 30, 2010		June 30, 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

June 30, 2011	Sep. 30, 2010		June 30, 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	June 30, 2011	Sep. 30, 2010
		(Rupees in '000)	
Letters of credit issued by a commercial bank.	10.1	12,984	2,775

**10.1** These represents commitments relating to capital expenditure Rs. 10.09 million & spare parts Rs.2.89 million.

**10.2** The status of other contingencies and commitments as at June 30, 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 annual financial statements.

**12. TURNOVER-NET**

	Period ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in '000)			
Included herein are local sales net of sales tax and special excise duty.	2,425,701	2,081,462	1,199,860	919,889

**13. COST OF SALES**

Opening stock finished goods	122,921	198,540	2,040,509	1,378,699
Cost of goods manufactured	3,034,934	2,323,221	59,440	74,663
	3,157,855	2,521,761	2,099,949	1,453,362
Closing stock finished goods	(1,123,119)	(660,188)	(1,123,119)	(660,188)
	2,034,736	1,861,573	976,830	793,174

**14. EARNINGS PER SHARE- Basic**

Profit after taxation (Rs.'000)	217,738	50,127	152,195	28,422
Weighted average no. of shares	8,433,216	8,433,216	8,433,216	8,433,216
Earnings per share (Rs.)	25.82	5.94	18.05	3.37

## 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	Period ended		Quarter ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
		(Rupees in '000)			
Group companies	Goods purchased	294	264	102	154
	Services received	2,499	1,800	770	617
	Sales made	247,410	149,397	74,415	37,547
	Dividend received	810	-	-	-
	Dividend paid	4,618	6,997	-	-
	Investment made	14,632		14,632	
Other related parties	Charge for staff provident and gratuity funds	13,034	4,015	5,986	1,277
	Insurance premium	1,447	1,281	534	284
Chief Executive	Remuneration	12,435	12,308	3,185	3,770
Directors	Remuneration	16,728	16,358	4,616	5,120
Executives	Remuneration	7,869	11,007	2,139	2189

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 July 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

Beaumont Road

Karachi-75530 Pakistan

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**Fax:** +92-21-35688036

**Web:** [www.gfg.com.pk](http://www.gfg.com.pk)

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NEW YEAR

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