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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

directors' review

The Board of Directors presents the un-audited financial results of the Company for the nine months ended June 30, 2012.

Production & Sales

Widespread rains and consequently floods in Sindh region delayed the start of the crushing season as a result of which the plant could only operate for 96 days this season compared to 144 days last season. Despite decline in the number of crushing days, 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. This was made possible because of capacity enhancement carried out by the Company this season. Last year, the Company also produced 3,688 metric tons of sugar from imported raw sugar, which was not the case this year. However, unlike Sindh, there was a bumper crop in Punjab, which had an impact on the Sindh market.

Heavy rains and floods also had a toll on the sucrose recovery as it dropped to 10.17% as against 10.41% at the same time last year. Production of molasses remained 24,500 metric tons as against 26,350 metric tons last year. During the period under review, the Company sold 27,246 metric tons of sugar as against 38,235 metric tons at the same time last year.

Financial Performance

During the nine months under review, there was 41% decline in the sales turnover of the Company from the corresponding period last year. The main reason for lower turnover was 29% decline in sugar sales together with sharp drop in its sales price during the period due to supply glut in the market. For the season 2011/12, Sind Government fixed the price of sugarcane at PKR 154 per maund, an increase of 21% over last year. On the back of an impressive performance of its associate company during the period under review, the Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 96.21 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. 104.08 million for the nine months under review.

	June 30, 2012	June 30, 2011
	(Rs. in million)	
Net sales	1,421.75	2,425.70
Cost of sales	(1,235.81)	(2,034.74)
Gross profit	185.94	390.96
Other income	4.92	3.52
Share of profit in an associate	96.21	41.05
Other expenses & taxes	(182.99)	(217.79)
Net profit	104.08	217.74
Earnings per share - basic (Rupees)	10.73	22.45

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: July 26, 2012

condensed interim balance sheet
as at June 30, 2012

	Note	June 30, 2012 (Un-audited)	Sep.30, 2011 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,144,463	963,153
Intangible asset	6	3,942	4,767
Long-term investment	7	304,719	218,903
Long-term deposits		732	732
		1,453,856	1,187,555
CURRENT ASSETS			
Stores, spare parts and loose tools		143,867	151,795
Stock-in-trade		1,653,929	886,781
Trade debts		16,740	13,481
Loans and advances		66,867	112,852
Short-term prepayments		7,937	1,251
Other receivables		33,562	26,062
Short-term investments		126,135	58,180
Taxation - net		1,137	1,059
Cash and bank balances		13,064	15,651
		2,063,238	1,267,112
		3,517,094	2,454,667
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	96,982	84,332
Reserves		562,321	411,367
		659,303	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		1,247,473	637,795
Accrued mark-up		37,913	32,309
Short-term borrowings	9	778,456	475,032
Current portion of long-term financings		74,444	44,444
		2,138,286	1,189,580
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES			
		3,517,094	2,454,667

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, 2012

	Note	Period ended		Quarter ended	
		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
(Rupees in '000)					
Turnover - net	12	1,421,745	2,425,701	422,328	1,199,860
Cost of sales	13	(1,235,809)	(2,034,736)	(361,546)	(976,830)
Gross profit		185,936	390,965	60,782	223,030
Distribution cost		(5,343)	(3,818)	(2,224)	(1,743)
Administrative expenses		(54,129)	(62,300)	(19,604)	(18,849)
Other operating expenses		(2,305)	(15,528)	337	(10,960)
		(61,777)	(81,646)	(21,491)	(31,552)
Other operating income		4,917	3,518	1,279	130
Operating profit		129,076	312,837	40,570	191,608
Finance cost		(104,562)	(108,971)	(46,515)	(44,413)
		24,514	203,866	(5,945)	147,195
Share of profit in an associate		96,211	41,045	62,745	11,677
Profit before taxation		120,725	244,911	56,800	158,872
Taxation					
Current		(16,643)	(27,173)	(4,675)	(6,677)
Profit after taxation		104,082	217,738	52,125	152,195
Earnings per share - basic (Rupees)	14	10.73	(Re-stated) 22.45	5.37	(Re-stated) 15.69

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, 2012

	Period ended		Quarter ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in '000)			
Profit after taxation	104,082	217,738	52,125	152,195
Fair value gain / (loss) on available-for-sale securities	67,955	83	32,958	(2,915)
Total comprehensive income for the period	<u>172,037</u>	<u>217,821</u>	<u>85,083</u>	<u>149,280</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, 2012

Note	June. 30, 2012	June. 30, 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	120,725	244,911
Adjustments for :		
Depreciation	37,411	28,953
Amortization	825	458
Dividend income from a related party	(2,137)	(810)
Share of profit in an associate	(96,211)	(41,045)
Gain on disposal of operating property, plant and equipment	(777)	(443)
Finance cost	104,562	108,971
	43,673	96,084
Operating profit before working capital changes	164,398	340,995
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	7,928	(21,310)
Stock-in-trade	(767,148)	(1,000,115)
Trade debts	(3,259)	(54,890)
Loans and advances	45,985	(25,826)
Short-term prepayments	(6,686)	(1,460)
Other receivables	(7,500)	(18,847)
	(730,680)	(1,122,448)
Increase in current liabilities		
Trade and other payables	609,486	201,665
Short-term borrowings	303,424	861,927
	912,910	1,063,592
Cash generated from operations	346,628	282,139
Income tax paid - net	(16,721)	(32,941)
Increase in deferred liabilities	2,339	2,545
	(14,382)	(30,396)
Net cash generated from operating activities	332,246	251,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(219,289)	(140,138)
Capital work in progress during the period	(646)	-
Intangible asset acquired	-	(3,300)
Sale proceeds of operating property, plant and equipment	1,991	2,626
Long-term investments	10,395	-
Short-term investments	-	(14,632)
Dividend received from a related party	2,137	810
Net cash used in investing activities	(205,412)	(154,634)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(98,958)	(72,800)
Long-term financings-net	(22,222)	(22,222)
Payment of dividend	(8,241)	(10,096)
Net cash used in financing activities	(129,421)	(105,118)
Net decrease in cash and cash equivalents	(2,587)	(8,009)
Cash and cash equivalents at the beginning of the period	15,651	31,152
Cash and cash equivalents at the end of the period	13,064	23,143

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, 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 period	-	-	217,738	83	217,821	217,821
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 June 30, 2011	<u>84,332</u>	<u>34,250</u>	<u>424,440</u>	<u>45,852</u>	<u>504,542</u>	<u>588,874</u>
Balance as at October 01, 2011	84,332	34,250	344,416	32,701	411,367	495,699
Total comprehensive income for the period	-	-	104,082	67,955	172,037	172,037
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 June 30, 2012	<u>96,982</u>	<u>34,250</u>	<u>427,415</u>	<u>100,656</u>	<u>562,321</u>	<u>659,303</u>

MIRPURKHAS SUGAR MILLS LTD

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, 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, 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	June 30, 2012	Sep. 30, 2011 (Audited)
(Rupees in '000)			
Opening Net Book Value (NBV)		889,924	683,949
Additions	5.1	219,289	124,934
Capital work in progress transfer		73,229	123,281
		1,182,442	932,164
Disposals during the period (NBV) / year		(1,214)	(2,183)
Depreciation charged during the period / year		(37,411)	(40,057)
		1,143,817	889,924
Capital work in progress		646	73,229
		1,144,463	963,153

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

	Additions		Disposals at book value	
	June 30, 2012	Sep. 30, 2011 (Audited)	June 30, 2012	Sep. 30, 2011 (Audited)
	(Rupees in '000)			
Land	7,447	-	-	-
Building - Factory	1,019	2,157	-	-
Building - Non-factory	-	775	-	-
Plant and machinery	276,293	230,198	-	-
Vehicles	6,839	13,160	1,214	2,022
Computers & accessories	431	1,542	-	161
Office and other equipment	489	383	-	-
	<u>292,518</u>	<u>248,215</u>	<u>1,214</u>	<u>2,183</u>

6. INTANGIBLE ASSET

	June 30, 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	(825)	(733)
	<u>3,942</u>	<u>4,767</u>

7. LONG-TERM INVESTMENT

	June 30, 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	96,211	42,826
	<u>304,719</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 period ended June 30, 2012

8. SHARE CAPITAL
8.1 Authorized capital

June 30, 2012	Sep. 30, 2011		June 30, 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

June 30, 2012	Sep. 30, 2011		June 30, 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.

June 30, 2012	Sep. 30, 2011 (Audited)
(Rupees in '000)	
7,491	2,983

10.1 The status of contingencies and other commitments as at June 30, 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

	Period ended		Quarter ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in '000)			
Turnover-net	1,421,745	2,425,701	422,328	1,199,860

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

13. COST OF SALES

Opening stock finished goods	884,253	122,921	1,933,115	2,040,509
Cost of goods manufactured	2,003,181	3,034,934	80,056	59,440
	2,887,434	3,157,855	2,013,171	2,099,949
Closing stock finished goods	(1,651,625)	(1,123,119)	(1,651,625)	(1,123,119)
	1,235,809	2,034,736	361,546	976,830

14. EARNINGS PER SHARE- Basic

Profit after taxation (Rs.'000)	104,082	217,738	52,125	152,195
Weighted average no. of shares	9,698,197	9,698,197	9,698,197	9,698,197
		(Re-stated)		(Re-stated)
Earnings per share-basic (Rupees.)	10.73	22.45	5.37	15.69

June 30, 2012

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	Period ended		Quarter ended	
		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
(Rupees in '000)					
Group companies	Goods purchased	913	294	642	102
	Services received	2,291	2,499	744	770
	Sales made	203,650	247,410	41,942	74,415
	Dividend received	12,532	810	-	-
	Dividend paid	3,695	4,618	-	-
	Investment made	-	14,632	-	14,632
Other related parties	Charge for staff provident and gratuity funds	6,572	13,034	1,187	5,986
	Insurance premium	1,032	1,447	257	534
Chief Executive	Remuneration	13,610	12,435	4,589	3,185
Directors	Remuneration	18,335	16,728	6,164	6,416
Executives	Remuneration	9,427	7,869	3,163	2,139

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, 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