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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	Director
Mr. Muhammad Iqbal Hussain	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

MCB Bank Ltd.  
Habib Bank Ltd.  
United Bank Ltd.  
NIB Bank Ltd.  
Bank Al-Habib Ltd.  
Allied Bank Ltd.  
National Bank of Pakistan

### 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, duly reviewed by the auditors, for the half year ended March 31, 2009.

### Overview

For the season 2008/09, the Sindh Government had fixed the price of sugarcane at Rs. 81 per maund compared to Rs. 63 per maund for last season. Due to shortage of cane during the season under review, the quantum of crushing done by the company was low compared to last season. During the half year under review, because of exorbitant price of sugarcane the cost of production remained considerably higher than last year.

### Production

Key comparative data for the current period and that of the corresponding period last year is as follows:

	<u>Mar. 31, 2009</u>	<u>Mar. 31, 2008</u>
Crushing days	115	138
Sugar cane crushed (metric tons)	435,690	563,057
Sucrose recovery	10.61%	10.34%
Sugar production (metric tons)	46,235	58,224
Molasses production (metric tons)	22,509	28,770

### Financial Performance

There was an increase of Rs. 186 million i.e. 49% in the sales revenue when compared to the corresponding period last year. The increase in revenue was on account of adjustment in the selling price of sugar because of massive rise in the cost of sugarcane during the season. During the half year under review, the company managed to sell 21,968 metric tons of sugar compared with 18,345 metric tons sold in the corresponding period last year. The overall cost of production remained high due to increase in the rate of sugarcane fixed by the government. The company has also taken its share of profit of Rs. 22.79 million, being its one-third share in Unicol Limited, and adjusted its investment in the associate by the same amount. After taking into consideration the above factors along with various expenses and government taxes, the after tax profit comes to Rs. 14.14 million for the half year under review.

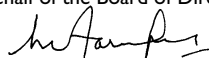
	<u>Mar. 31, 2009</u> (Rs. in million)	<u>Mar. 31, 2008</u> (Rs. in million)	<u>Variance</u> (In %)
Net Sales	566.43	380.53	49%
Cost of Sales	(512.70)	(320.97)	60%
Gross Profit	53.73	59.56	(10%)
Other income	2.49	10.37	(76%)
Share of profit in associate	22.79	6.62	244%
Other expenses & taxes	(64.87)	(57.44)	13%
Net Profit	<u>14.14</u>	<u>19.11</u>	(26%)

The sugarcane crop during 2008/09 was less by 30%, and cost of production was significantly higher. However, due to efficient operations and stable sugar prices, we are confident that the company will be able to post reasonably good results in the next quarter and the financial year ending September 30, 2009.

### 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



MAHMOOD FARUQUE

Chairman

Karachi: May 18, 2009



# 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, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended, together with notes forming part thereof for the half year then ended (hereinafter referred to as the financial information). 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 information based on our review. The figures for the quarters ended March 31, 2008 and 2009 in the accompanying condensed interim profit & loss account have not been reviewed, as we are required to review only the cumulative figures for the six months ended March 31, 2009.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410. "Review of 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 the Auditing Standards 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 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Karachi: May 18, 2009

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



# Condensed Interim Balance Sheet

As at March 31, 2009

	Note	Mar. 31, 2009 (Un-audited)	Sep. 30, 2008 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	453,179	417,044
Long-term investment	6	158,043	135,257
Long-term deposits		803	803
		612,025	553,104
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		67,228	75,483
Stock-in-trade		1,050,946	426,595
Loans and advances		61,522	43,087
Trade deposits and short-term prepayments		68,142	48,743
Other receivables		3,196	91
Short-term investments		61,254	80,229
Taxation-net		12,273	11,780
Cash and bank balances		15,990	13,297
		1,340,551	699,305
<b>TOTAL ASSETS</b>		<b>1,952,576</b>	<b>1,252,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		63,888	63,888
Reserves		142,723	153,942
		206,611	217,830
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		46,559	46,559
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		155,556	177,778
Deferred liabilities		125,088	190,194
		280,644	367,972
<b>CURRENT LIABILITIES</b>			
Trade and other payables		850,506	456,517
Accrued mark-up		26,520	9,729
Short-term borrowings		497,292	99,754
Current portion of long-term financing		44,444	54,048
		1,418,762	620,048
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,952,576</b>	<b>1,252,409</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 half year ended March 31, 2009

	Half year ended		Quarter ended	
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009	Mar. 31, 2008
	(Rupees in '000)			
<b>Turnover - net</b>	566,434	380,526	167,329	31,159
Cost of sales	(512,700)	(320,963)	(146,512)	15,804
<b>Gross profit</b>	53,734	59,563	20,817	46,963
Distribution cost	(1,295)	(783)	(343)	(379)
Administrative expenses	(26,184)	(23,430)	(13,796)	(11,346)
Other operating expenses	(365)	(1,306)	361	(1,230)
	(27,844)	(25,519)	(13,778)	(12,955)
Other operating income	2,495	10,368	205	5,372
<b>Operating profit</b>	28,385	44,412	7,244	39,380
Finance cost	(40,048)	(29,350)	(26,887)	(18,823)
	(11,663)	15,062	(19,643)	20,557
Share of profit / (loss) in an associate	22,786	6,618	(25,643)	8,937
<b>Profit / (loss) before taxation</b>	11,123	21,680	(45,286)	29,494
<b>Taxation</b>				
- Current	-	(2,572)	49	(355)
- Deferred	3,022	-	5,930	-
	3,022	(2,572)	5,979	(355)
<b>Profit / (loss) after taxation</b>	14,145	19,108	(39,307)	29,139
Earnings per share - basic (Rs.)	2.21	2.99	(6.15)	4.56

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, 2009

	Mar. 31, 2009	Mar. 31, 2008
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,123	21,680
Adjustments for :		
Depreciation	11,134	10,514
Dividend income from a related party	(486)	(3,946)
Share of (profit) / loss in an associate	(22,786)	(6,618)
Gain on disposal of operating property, plant and equipment	(129)	(2,025)
Finance cost	40,048	29,350
	27,781	27,275
<b>Operating profit before working capital changes</b>	38,904	48,955
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	8,255	(5,261)
Stock-in-trade	(624,351)	(690,579)
Loans and advances	(18,435)	(28,549)
Trade deposits and short-term prepayments	(19,399)	(16,760)
Other receivables	(3,105)	1,840
	(657,035)	(739,309)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	393,699	474,558
Short-term borrowings	397,538	290,359
	791,237	764,917
<b>Cash generated from operations</b>	173,106	74,563
Finance cost paid	(23,257)	(23,157)
Income tax paid - net	(493)	(7,722)
(Decrease) / increase in deferred liabilities	(62,084)	2,807
	(85,834)	(28,072)
<b>Net cash generated from operating activities</b>	87,272	46,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating property, plant and equipment	(11,861)	(2,219)
Addition to capital work in progress	(35,444)	-
Sale proceeds of operating property, plant and equipment - owned	165	3,843
Long-term investment	-	(5,000)
Dividend received from a related party	486	3,946
<b>Net cash (used in) / generated from investing activities</b>	(46,654)	570
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease rentals paid	-	(104)
Long-term financing-net	(31,826)	(50,993)
Payment of dividend	(6,099)	-
<b>Net cash used in financing activities</b>	(37,925)	(51,097)
<b>Net increase / (decrease) in cash and cash equivalents</b>	2,693	(4,036)
<b>Cash and cash equivalents at the beginning of the period</b>	13,297	10,064
<b>Cash and cash equivalents at the end of the period</b>	15,990	6,028

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, 2009

Issued subscribed and paid-up capital	Reserves				Total	
	General reserves	Fair value gain / (loss) on available-for-sale securities	Unappropriated profit	Total		
(Rupees in '000)						
<b>Balance as at October 01, 2007</b>	<b>63,888</b>	<b>14,250</b>	<b>201,369</b>	<b>32,960</b>	<b>248,579</b>	<b>312,467</b>
Fair value changes on available-for-sale securities	-	-	(95)	-	(95)	(95)
Profit for the half year ended March 31, 2008	-	-	-	19,108	19,108	19,108
<b>Balance as at March 31, 2008</b>	<b>63,888</b>	<b>14,250</b>	<b>201,274</b>	<b>52,068</b>	<b>267,592</b>	<b>331,480</b>
<b>Balance as at October 01, 2008</b>	<b>63,888</b>	<b>14,250</b>	<b>69,382</b>	<b>70,310</b>	<b>153,942</b>	<b>217,830</b>
Fair value changes on available-for-sale securities	-	-	(18,975)	-	(18,975)	(18,975)
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)	-	-
Profit for the half year ended March 31, 2009	-	-	-	14,145	14,145	14,145
<b>Balance as at March 31, 2009</b>	<b>63,888</b>	<b>34,250</b>	<b>50,407</b>	<b>58,066</b>	<b>142,723</b>	<b>206,611</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 half year ended March 31, 2009

## 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, 2008.

## 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, 2008.

## 4. TAXATION

### a) Current

Effective from tax year 2009 an amendment was made in the Income Tax Ordinance 2001 through Finance Act 2008 whereas minimum tax payable on declared turnover under section 113 was withdrawn. Since the Company has no taxable income during current year hence no charge for current year taxation on normal income is provided in these condensed interim financial statements.

### 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

Operating property, plant and equipment  
Capital work in progress

Mar. 31, 2009	Sep. 30, 2008
(Rupees in '000)	
417,735	417,044
35,444	-
<u>453,179</u>	<u>417,044</u>

### 5.1 Additions & disposals in operating property, plant and equipment

	Additions		Disposals at book value	
	Mar. 31, 2009	Sep. 30, 2008	Mar. 31, 2009	Sep. 30, 2008
(Rupees in '000)				
Building - Factory	-	2,244	-	-
Building - Non-factory	1,345	251	-	-
Plant and machinery	9,947	35,490	-	1,798
Furniture & fittings	-	10	-	3
Vehicles	246	3,571	36	566
Computers & accessories	266	786	-	-
Office and other equipment	57	1,011	-	15
	<u>11,861</u>	<u>43,363</u>	<u>36</u>	<u>2,382</u>



## 6. LONG-TERM INVESTMENT

The Company holds 33.33 percent (2008: 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, 2008. 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, 2009.

## 7. CONTINGENCIES AND COMMITMENTS

Mar. 31, 2009	Sep. 30, 2008
(Rupees in '000)	
21,817	20,943

7.1 Letters of credit issued by a commercial bank.

7.2 The status of other contingencies and commitments as at March 31, 2009 is same as reported in the annual financial statements for the year ended September 30, 2008.

## 8. 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.

## 9. 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, 2009	Mar. 31, 2008	Mar. 31, 2009	Mar. 31, 2008
(Rupees in '000)					
Group companies	Goods purchased	2,625	1,236	1,910	-
	Services received	585	699	293	282
	Sales made	123,768	52,007	78,228	35,249
	Investment made	-	5,000	-	-
	Dividend received	486	3,946	-	-
	Dividend paid	2,798	-	2,798	-
Other related parties	Charge for staff provident and gratuity funds	1,628	1,383	822	723
	Insurance premium	607	733	441	526
Chief Executive	Remuneration	5,540	4,040	3,395	2,270
Directors	Remuneration	7,940	6,140	4,595	3,320
Executives	Remuneration	5,828	2,475	3,652	1,357

In addition, certain actual administrative expenses are being shared amongst the group companies.

## 10. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on May 18, 2009 by the Board of Directors of the Company.

## 11. 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