annual report
2009

Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

cane is able to be versatile

Sugar manufacturing is perhaps the greenest form of making a product. From the crop to every stage of its final production, nothing is wasted.

Sugar cane

Sugar cane has a very long history of cultivation in the Indian sub-continent. The earliest reference to it is in the Atharva Veda (c. 1500-800 BC) where it was called *Ikshu*.

At this time honey was the only sweetener in the countries beyond Asia and all visitors to India were much taken with the 'reed which produced honey without bees'. The Greek historian Herodotus knew of the sugar cane in the 5th century BC and Alexander is said to have sent some home when he came to the Punjab region in 326 BC.

Production of sugar by boiling the cane juice was first discovered in India, most likely during the first millennium BC.

Jaggery

It is also called *guda*, a term which is still used in India to denote jaggery. A Persian account from the 6th century BC gives the first account of solid sugar and describes it as coming from the Indus valley. This early sugar would have resembled what is known as 'raw' sugar: dark brown sugar or gur.

Molasses

Molasses is a by-product of the sugar manufacturing process. Products produced from molasses are ethanol, butanol (a solvent), lactic acid (a solvent), citric acid (mostly for foods and drinks), glycerol, yeast and many others.

With its origin thousands of years ago in New Guinea, sugar cane plants spread along human migration routes to Asia and the Indian sub-continent. Here it was cross-bred with wild sugar cane to produce the commercial sugar cane we know today. From the cane crop to the final sugar product at every stage the manufacturing process is environment friendly.

Sugar

The word 'sugar' is thought to derive from the ancient Sanskrit *sharkara*.

Nowadays, about 70% of the world's supply of sugar is derived from sugar cane, while the remaining 30% is derived from sugar beet.

Bagasse

The fibrous residue of cane is called bagasse. It is used as a fuel for the generation of energy needed for sugar manufacture. It also serves as a fibre for paper and chip board. The fibre is separated from the pith which itself can be used as an animal feed.

Press Mud

Filter cake or press mud is another by-product. Filter cake, consisting of juice, impurities and lime is used as a soil improver. Press mud contains up to 15% cane wax. When extracted, this wax can be used in the production of polishes and wax paper. It is also widely used as fertilizer to cure saline land.

Ethanol

Pure alcohol (ethanol) is produced from molasses, which in itself has many uses. Ethanol is used as car fuel, in vinegar, cosmetics, pharmaceuticals, cleaning preparations and solvents, and coatings.

reap

Cane stems are manually harvested at the age of about 14-16 months and are bundled to be taken to a sugar mill.

Contents

Sugar cane is shredded & crushed with heavy rollers to retrieve the juice which contains sucrose.

recovery

Vision

We aim to be a leading producer and supplier of high quality sugar in Pakistan. We aspire to be known for the quality of our product. We intend to play a pivotal role in the economic and social development of Pakistan thereby improving the quality of life of its people.

refine

The clear juice is evaporated to form crystals. Sugar crystals are separated from the molasses or brown syrup by centrifugation. The sugar produced is raw, and specialties are *demerara* and *muscovado*.

Mission

As a leading producer of quality sugar in Pakistan, we shall build on our core competencies and achieve excellence in performance. In doing so, we aim to meet or exceed the expectations of all our stakeholders.

In striving to serve our stakeholders better, our goal is not only to attain technological advancements in the field of sugar technology, but also to inculcate the most efficient, ethical and time tested business practices in our management.

We shall continue to look for innovative ways to introduce alternate uses of sugar to broaden our customer base.

Baggasse is used to produce green energy.

recycle

Strategic Objectives

Effective use of resources and management of operating cost:

- Effective use of resources and optimized capacity utilization;
- Modernization of production facilities to ensure the most efficient processing of sugar cane and better sucrose recovery;
- Sustaining costs, based on strong skills of continuous improvement in operations, development and implementation of effective technical solutions;
- Further improvement in corporate governance through optimization of management processes.

Development of sugar cane and growth in sugar and allied businesses:

- Active participation in developing new varieties of sugar cane in adjoining areas;
- Search for growth opportunities for existing business through strategic acquisitions and establishing partnerships in prospective sectors of sugar and allied industry.

Sustainable development in the region in which the Company operates:

- Personnel development, creating a proper environment for growth of highly skilled professionals, ensuring safe labor environment, competitive staff remuneration and social benefits in accordance with the scope and quality of their work;
- Compliance with environmental standards, both local and at the international level;
- Helping and implementing projects that lead to social and economic development of communities.

reuse

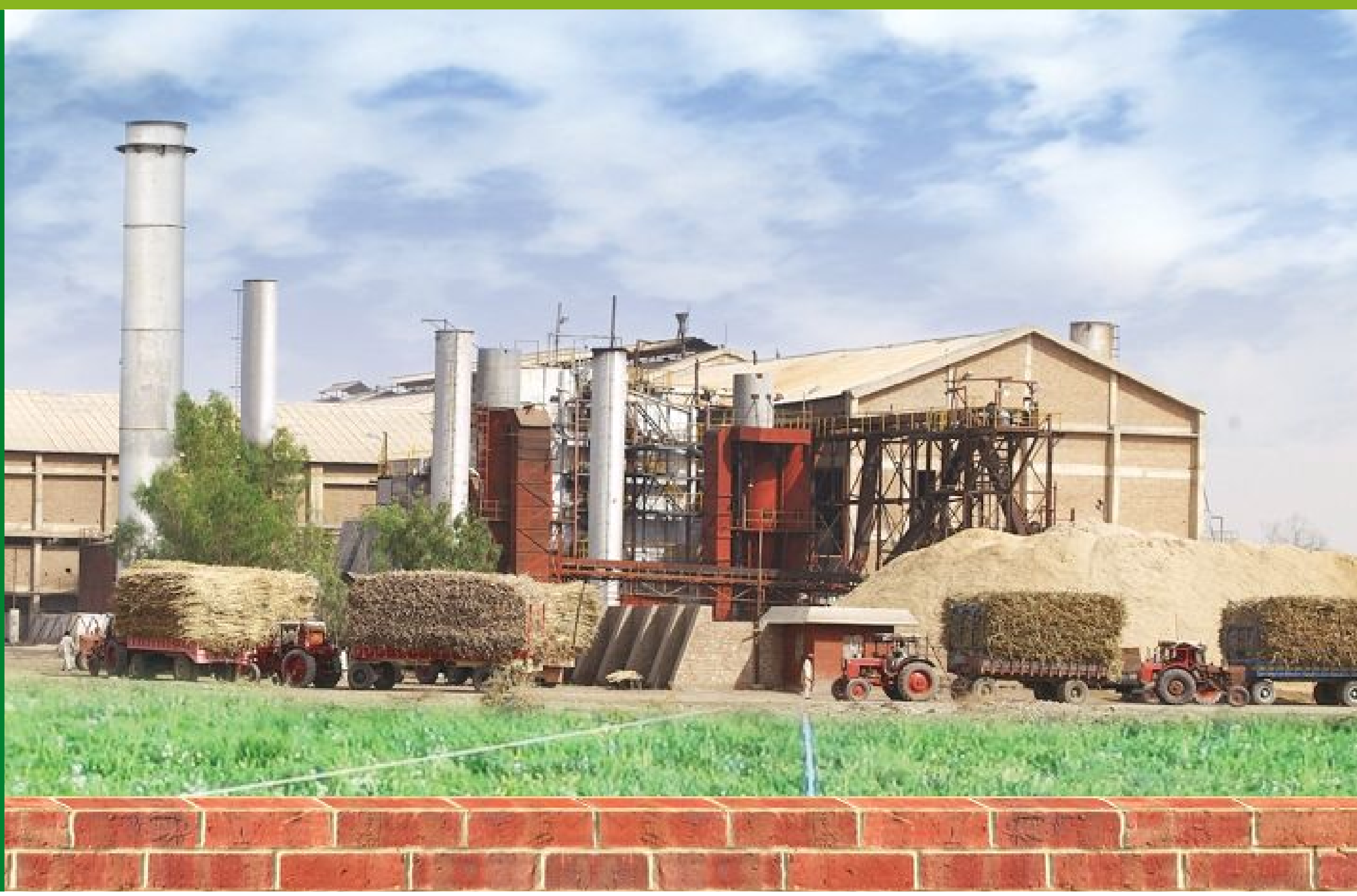
Sugar cane by-products have many uses: Molasses is used for Ethanol; baggase is used for fuel, paper and board production and animal feed; press mud contains cane wax. When extracted, this wax can be used in the production of polishes, wax paper and fertilizer.

Core Values

- Strive for excellence and build on our core competencies.
- Keep up with technological advancements and continuously update ourselves in the field of sugar technology.
- Meet & exceed the expectations of our stakeholders.
- Inculcate efficient, ethical and time tested business practices in our management.
- Work as a team and support each other.
- Keep the interest of the Company before that of the individual.

Pakistan produced 50 million tons of sugar cane in 2008-09. MSM actively invests in providing better facilities to its sugar cane growers in terms of saplings, fertilizer and crop protection.

restore



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

REGISTERED OFFICE

Modern Motors House
Beaumont Road
Karachi-75530.

FACTORY

Post Office Jamrao
District Mirpurkhas.

Notice of Annual General Meeting

Notice is hereby given that the 45th Annual General Meeting of the Company will be held on Wednesday, January 27, 2010 at 11:00 a.m. at the Registered Office of the Company at Modern Motors House, Beaumont Road, Karachi to transact the following business:

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2009 and the Reports of the Directors and the Auditors thereon.

2. To consider and approve the payment of cash dividend @ 25% (Rs. 2.50/- per share) for the financial year ended September 30, 2009 as recommended by the Board of Directors.

3. To approve the issuance of bonus shares @ 10% i.e. in the ratio of one (1) bonus share for every ten (10) shares held.

4. To appoint auditors for the year 2009/10 and to fix their remuneration.

5. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Abid A. Vazir
Company Secretary

Karachi: December 17, 2009

NOTES:

1. The register of members of the Company will be closed from Wednesday, January 13, 2010 to Wednesday, January 27, 2010 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the office of the Share Registrar of the Company M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi at the close of business on Tuesday, January 12, 2010 will be treated in time for the entitlement of 25% cash dividend and 10% bonus shares. The payment of dividend will be made on the exisiting paid-up capital of Rs. 63,888,000/-.

2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company 48 hours before the Meeting.

3. The shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.

4. The shareholders of the Company are requested to immediately notify any change in their addresses to our share registrar M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

Ordinary Business - Item no. 3

It is proposed that the following resolution be passed with regard to the issuance of bonus shares:

> " Resolved that a sum of Rs. 6,388,800/- be capitalized out of the un-appropriated profits of the Company for the year 2008-09 to issue at par 638,880 ordinary shares of Rs. 10 each. Such shares shall be distributed as bonus shares to those members whose names appear in the register of members of the Company on January 13, 2010 @ 10% (1 share for every 10 shares held); that the new shares shall rank pari passu with the existing shares of the Company for all purposes; that fraction shares arising thereof shall be disregarded and whole shares representing such fractions shall be disposed off in such manner as the Directors of the Company think fit and the proceeds shall be distributed in due proportion among the members of the Company entitled thereto in accordance with their respective rights; that the Directors be and are hereby authorized to sign the new share certificates and the common seal of the Company may be affixed in the presence of any two Directors; that the Directors be and are hereby authorized to give effect to this resolution and to do all such acts, deeds and things that may be necessary or required for the issuance, allotment or distribution of ordinary shares."

Status of Special Resolutions Passed in Previous General Meetings

The Company had obtained the approval of its shareholders for investment of Rs. 128.67 million in Unicol Limited. Keeping in view the financial requirements of Unicol Limited and the availability of credit facilities from banks, the Company has so far invested Rs. 104.99 million only. The remaining amount will be invested by Mirpurkhas Sugar Mills Limited (MSM) as and when required by Unicol Limited.

Highlights of the Year

- The Company has achieved the highest sales revenue of over Rs. 2 billion since its inception in 1964.
- By improving its production efficiency, the Company achieved 10.61% sucrose recovery, the highest in its 45 year history. This recovery is 2nd highest in Sind and 5th highest in Pakistan.
- Net profit after tax has been increased by Rs.88.09 million during the year.
- The Company voluntarily operated six fair price shops in the areas of Old Mirpurkhas-Sindhri Road, Jarwari Shakh-Mirwah Road, 78 Mori-Umerkot Road, Khan-Patyoon Road, Shadi Palli-Umer Kot Road to help the common man to acquire sugar at subsidized prices for their daily consumption.
- Agreement with the SAP Pakistan to implement the ERP system throughout the Company. M/s IBM Pakistan has been engaged by the Company as the implementation partner. The implementation is expected to be completed by August 2010.

Mill Management (L-R): Sharif Khan, Mian Abdul Ghaffar, Shamim Hyder Khan Lodhi, Tahir Bashir, Hyder Bux Rustmani, Abdul Rahim Mallah, Syed Mudasser Ali Shah, Mohammad Usman Bhatti

Directors' Report to the Members
for the year ended September 30, 2009

The Board of Directors place before you the Annual Report of the Company together with the audited accounts for the year ended September 30, 2009.

OVERVIEW

During the season 2008/09, the sugar industry crushed 33.73 million metric tons of sugar cane to produce 3.19 million metric tons of sugar compared to 52.78 million metric tons cane crushed last season to produce 4.74 million metric tons of sugar. The average sucrose recovery of the industry improved to 9.45% compared to 8.98% last season. Sugar production remained affected because of lower availability of sugar cane due to unfavorable weather conditions and shortage of water during the season 2008/09.

For the season 2008/09, Sind Government fixed the price of sugar cane at an exorbitant rate of PKR 81 per 40 kg compared to PKR 63 per 40 kg last season, which resulted in substantial increase in the cost of production. Furthermore, production costs also increased due to price competition amongst the sugar manufacturers because of shortage of sugar cane.

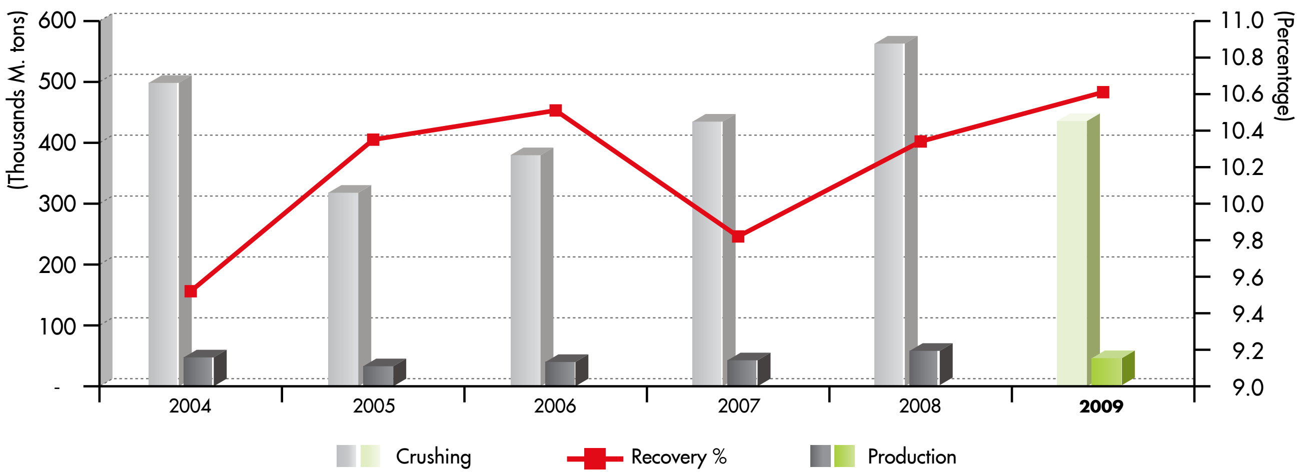
OPERATING PERFORMANCE

During the season 2008/09, the Company operated for 115 days compared with 138 days last season. The Company crushed 435,690 metric tons of sugar cane to produce 46,235 metric tons of sugar compared with 563,057 metric tons of sugar cane crushed during last season to produce 58,224 metric tons sugar. The decline in crushing and sugar production was on account of lower availability of sugar cane during the season. During the season under review, the sucrose recovery improved to 10.61% from 10.34% last season. Increased efficiencies were observed in the overall operation of the plant owing to measures taken by the management as part of its strategic objectives of continuous development.

Key comparative data for the current year and that of previous year is as follows:

	2009	2008
• Sugar cane crushed (metric tons)	435,690	563,057
• Sugar production (metric tons)	46,235	58,224
• Molasses production (metric tons)	22,509	28,770
• Sucrose recovery	10.61%	10.34%

Crushing, Recovery and Production



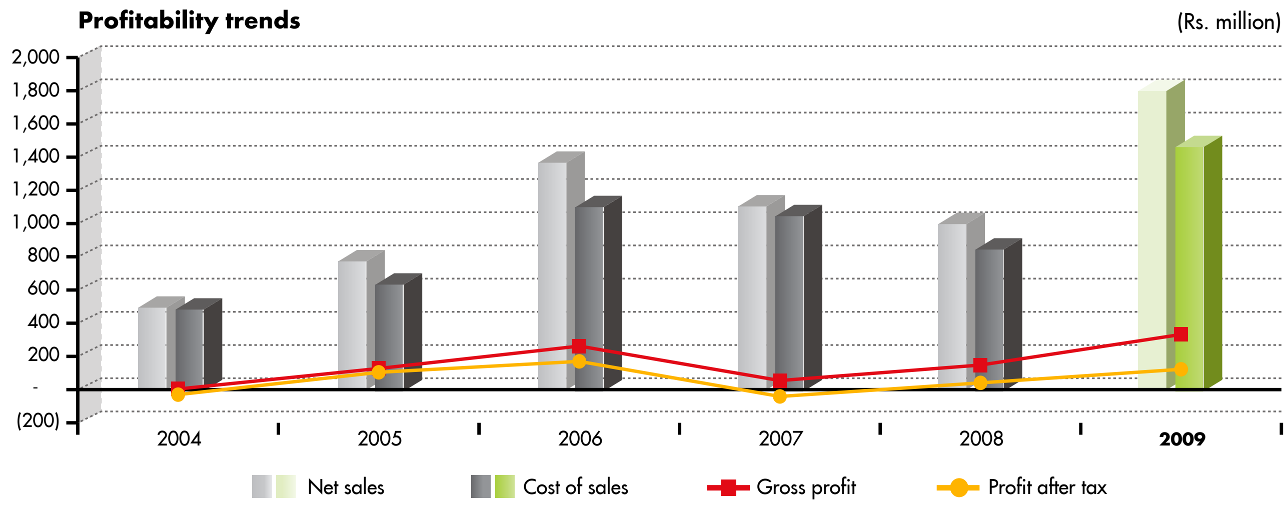
SALES

During the year 2008/09, the Company sold 59,744 metric tons of sugar compared with 45,134 metric tons last year. Sugar sold through a forward sale agreement was also lifted by the Trading Corporation of Pakistan during the year.

FINANCIAL PERFORMANCE

During the year 2008/09, the turnover of the Company increased to PKR 1,803.23 million compared with PKR 1,001.64 million last year, reflecting an increase in revenue by PKR 801.59 million. The rise in turnover was mainly on account of 32% increase in the quantity of sugar sold. During the year, there was also adjustment in selling prices made necessary by exorbitant increase in the cost of production due to higher price of cane fixed by the Sind Government and competition amongst sugar mills. During the year, the Company accounted for its one-third share of profit in the joint venture distillery - Unicol Limited amounting to PKR 32.53 million and adjusted its investment in the associate by the amount. After accounting for the factors explained above, the after tax profit for the year comes to PKR 125.44 million.

	2009	2008
	(Rupees in million)	
Net sales	1,803.23	1,001.64
Cost of sales	(1,471.62)	(853.14)
Gross profit	331.61	148.50
Other income	5.97	14.88
Share of profit in an associate	32.53	36.02
Other expenses & taxes	(244.67)	(162.05)
Net profit	125.44	37.35



UNICOL LIMITED

The joint venture distillery project set up by the Company in collaboration with Mehran Sugar Mills Ltd. and Faran Sugar Mills Ltd. is operating at 100% capacity utilization and is producing high quality ethanol for export. The distillery, during the year under review, exported 23,436 tons of ethanol and made an after tax profit of PKR 97.60 million. We are hopeful that Unicol will bring further financial benefits to the Company and its shareholders in the years to come.


Board of Directors along with Chief Financial Officer and Company Secretary

Directors' Report to the Members
for the year ended September 30, 2009

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the Company fairly present its state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- Applicable International Accounting Standards have been followed in preparation of financial statements and there has been no departure therefrom.
- The system of internal control has been effectively implemented and is continuously reviewed and monitored.
- The Company is a going concern and there are no doubts about its ability to continue.
- There has been no material departure from the best practices of the Code of Corporate Governance (CCG), as detailed in the listing regulations.
- Key operating and financial data for six (6) years in summarized form is attached.
- The Company has been declaring regular dividends to its shareholders. However, it could not do so for the years 2003/04 & 2006/07 because of operational losses.
- There is nothing outstanding against your Company on account of taxes, duties, levies and other charges except for those which are being made in the normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the funds as on September 30, 2009.

Provident Fund	PKR 97,608,035
Gratuity Fund	PKR 16,581,490

- During the year, four meetings of the Board of Directors were held. The attendance record of each Director is as follows:

Name of Director	Meetings attended
Mr. Mahmood Faruque	2
Mr. Mohammed Faruque	1
Mr. Akbarali Pesnani	4
Mr. Aslam Faruque	4
Mr. Arif Faruque	1
Mr. Tariq Faruque	3
Mr. Maqbool H.H. Rahimtoola	4
Mr. Gul Nawaz *	-
Mr. Naeemuddin Butt	-
Mr. Muhammad Iqbal Hussain *	2

** Mr. Gul Nawaz resigned from the Board on 24th December 2008. In his place, on the nomination of NIT, Mr. Muhammad Iqbal Hussain was co-opted as a Director.*

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary, except for Mr. Mohammed Faruque, who gifted 2,499 shares of the Company to his children.
- Earnings per share for the year is PKR 19.63 per share compared with PKR 5.85 last year.

FUTURE PROSPECTS

The initial estimates for next year suggest that there will be a further shortage of sugar cane crop because of water scarcity compounded by fewer rains. The Sind Government has once again increased the cost of sugar cane by fixing the same at PKR 102 per 40 kg, an increase of 26% over last year. This will result in substantial increase in cost of production. The Government has completely disregarded the proposal of the PSMA to link the price of cane with the selling price of sugar. Furthermore, inflationary pressure on input items will also drive up the costs of production. The sugar industry in Pakistan is already under tremendous pressure because of credit restrictions imposed by the State Bank of Pakistan in the last financial year and initiation of enquiries against the industry by the Competition Commission of Pakistan. The Company also setup 6 fair price shops to provide sugar to the needy consumers at a discounted price.

The future prospects of the industry are completely dependant on the stability in the selling price of sugar. Increase in sugar prices is a world wide phenomenon due to lower sugar production worldwide. As a consequence prices have gone up internationally to record high of 25 years. Therefore, the landed cost of refined sugar if imported would be even higher than the prices of the locally produced sugar. We also request the Government of Sind to resolve other critical issues like Market Committee Fee and Quality Premium on a permanent basis.

AUDITORS

The present auditors M/s. Hyder Bhimji & Co. (Chartered Accountants) retire and being eligible, offer themselves for reappointment.

ACKNOWLEDGMENT

We would like to thank all the financial institutions having business relationship with us and our customers for their continued support and cooperation. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

On behalf of the Board of Directors

MAHMOOD FARUQUE
Chairman

Karachi: December 17, 2009

Statement of Compliance
with The Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the Best Practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present, the Board includes six non-executive directors, of whom two are independent.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy that occurred on the Board during the year was filled up within 30 days.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been approved by the Board of Directors and signed by the employees of the Company.

6. The Board has developed vision and mission statements / overall corporate strategy and significant policies of the Company.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors of Mirpurkhas Sugar Mills Ltd. are professionally qualified and experienced persons and are well aware of their duties and responsibilities. Further, an orientation course for Directors was arranged by the Company to apprise Directors of their duties and responsibilities.

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It presently comprises of three members, two of whom are non-executive directors including the chairman of the committee.

Statement of Compliance
with The Best Practices of Code of Corporate Governance

16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function which is working on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

21. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

For and on behalf of the Board of Directors

MAHMOOD FARUQUE
Chairman

Karachi: December 17, 2009

Statement of Compliance
with the Best Practices of Transfer Pricing

The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulations of the Karachi Stock Exchange.

For and on behalf of the Board of Directors

MAHMOOD FARUQUE
Chairman

Karachi: December 17, 2009

Review Report to the Members
on Statement of Compliance with The Best Practices of Code of Corporate Governance

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Standard Insurance House
I.I. Chundrigar Road
Karachi, Pakistan
P.O. Box 6904
Phones: 32417585 - 87
Fax: +92-21-32423954
Email: bhimji@multi.net.pk

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2009 prepared by the Board of Directors of MIRPURKHAS SUGAR MILLS LIMITED to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 (Previously Regulation No.37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended September 30, 2009.

Karachi: December 17, 2009

HYDER BHIMJI & Co.
Chartered Accountants
Engagement Partner: Hyder Ali Bhimji

Website: http://www.bhimji.com.pk
www.kreston.com

LAHORE: Amin Building, 65 The Mall. Phone: 7353392, 7352661, 7321043. Fax: 92-42-7122378

Statement of Ethics & Business Practices

Mirpurkhas Sugar Mills Limited was established with an aim of producing high quality sugar for its customers and meeting the expectations of its stakeholders. We ensure transparency and professionalism at every step of our dealings, and look after the interests of our stakeholders.

This statement of the Company is based on the following principles:

Quality of Product

- We strive to produce the highest quality of sugar for our customers.
- We believe in technology and innovation and strive to implement innovative ideas in the Company.
- We maintain all relevant technical and professional standards to be compatible with the requirements of the trade.

Dealing with Employees

- We recognize and reward employees for their performance.
- We measure the performance of our employees by their ability to meet their objectives, their conduct at work, dealings with others both within and outside the organization, their contribution towards training people and succession planning, and innovation at their work place.
- We provide a congenial work atmosphere where all employees are treated with respect and dignity and work as a team for a common goal.
- Unless specifically mentioned, all rules and regulations prevailing in the Company apply to all levels of employees of the Company.

Responsibility to Society / Interested Parties

- We have an important role towards our society, shareholders, creditors, the Government and public at large. We are objective and transparent in our dealings with all our stakeholders so as to meet the expectations of the people who rely on us.
- We meet all our obligations and ensure timely compliance.

Financial Reporting & Internal Controls

- To meet the expectations of the wide spectrum of society and Government agencies, we have implemented an effective, transparent and fair system of financial reporting and internal controls.
- To ensure efficient and effective utilization of Company's resources, we have placed financial planning and reporting at the heart of management practice as this not only serves to facilitate viable and timely decisions, but also makes Company dealings more transparent and objective oriented.
- We have a sound and efficient Internal Audit department to enhance the reliability of the financial information and data generated by the Company. It also helps in building the confidence of our external stakeholders.

Purchase of Goods & Timely Payment

- To ensure cost effectiveness, we only purchase goods and services that meet our specifications and are priced appropriately. To gauge the market conditions and availability of substitute products or services, we obtain quotations from various sources before finalizing our decision.
- We ensure timely payments, which over the years, has built trust and reliability amongst our suppliers.

Conflict of Interest

- Activities and involvements of the directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are made in the interest of the Company.

Observance to Laws of the Country

- The Company fulfills all statutory requirements of the Government and follows all applicable laws of the country.

Environmental Protection

- The Company uses all means to protect the environment and to ensure health and safety of the work force. We have, and will continue to attain, necessary technology to ensure protection of the environment and well being of the people living in adjoining areas of our plant.

Objectives of the Company

- We at Mirpurkhas Sugar Mills Limited, recognize the need of working at the highest standards to meet the expectations of all our stakeholders.
- We conduct the business of the Company with integrity and supply only quality and credible information.
- We produce and supply goods and information with great care and competence, to ensure that customers and creditors receive the best quality and care.
- We respect the confidentiality of the information acquired during the course of our work with our business associates, and refrain from acting in any manner which could discredit the Company.
- Our organization is free of all vested interests that could affect its integrity, objectivity and independence.

Corporate Social Responsibility

For the land that has so generously given to the Group's development, we have expressed our gratitude by the reintoduction of indigenous flora and fauna, by encouraging reforestation, by re-establishing herds of the majestic Urial Sheep, the Hog Deer, the Chinkara Gazelle and by repopulating flocks of partridge and peacock, all victims of over hunting.

Each industry within the group actively develops housing and, more importantly through expansion, generates continous opportunities for local employment.

We recognize our on-going commitment to the people and localities which support our businesses.

The Ghulam Faruque Group has spurred the setup of local infrastructure in collaboration with the Aga Khan University Hospital, Marie Adelaide Leprosy Centre, Layton Rahmatullah Benevolent Trust for eye clinics and The Citizen's Foundation for education.

Six Years' Statistics

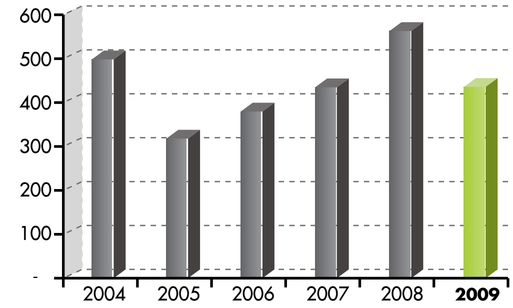
		2009	2008	2007	2006	2005	2004
Production Data							
Sugar cane crushed	(M. Tons)	435,690	563,057	434,778	379,618	317,931	498,424
Sucrose recovery	(%)	10.61	10.34	9.82	10.51	10.35	9.52
Sugar production	(M. Tons)	46,235	58,224	42,685	39,910	32,913	47,456
Molasses production	(M. Tons)	22,509	28,770	21,450	18,437	15,353	24,858
Operating Results							
Net sales	(Rs. '000)	1,803,234	1,001,635	1,108,436	1,371,398	774,017	496,833
Cost of sales	(Rs. '000)	1,471,620	853,136	1,056,801	1,109,903	645,194	494,053
Gross profit	(Rs. '000)	331,614	148,499	51,635	261,495	128,823	2,780
Operating profit / (loss)	(Rs. '000)	268,278	83,154	15,200	266,862	136,730	(217)
Profit / (loss) before tax	(Rs. '000)	214,218	62,882	(50,519)	211,687	101,942	(31,091)
Profit / (loss) after tax	(Rs. '000)	125,440	37,350	(40,610)	169,252	104,005	(31,100)
*Proposed dividend:**							
Cash	(Rs. '000)	15,972	6,389	-	14,375	7,986	-
Bonus shares	(Rs. '000)	6,389	-	-	-	-	-
Valuation							
Earnings per share (before tax)	(Rupees)	33.53	9.84	(7.91)	33.13	15.96	(4.87)
Earnings per share (after tax)	(Rupees)	19.63	5.85	(6.36)	26.49	16.28	(4.87)
Cash dividend per share*	(Rupees)	2.50	1.00	-	2.25	1.25	-
Bonus issue*	(%)	10.00					
Dividend yield ratio	(%)	4.93	0.97	-	2.93	5.90	-
Dividend payout ratio	(%)	17.83	17.11	-	8.49	7.68	-
Market price per share	(Rupees)	71.00	102.60	170.00	76.90	21.20	17.20
Price earning ratio	(Times)	3.62	17.54	(26.73)	2.90	1.30	(3.53)
Break-up value per share	(Rupees)	50.16	34.10	48.91	55.92	38.92	18.63
Financial Position							
Reserves	(Rs. '000)	256,592	153,942	248,579	293,371	184,765	55,110
Current assets	(Rs. '000)	559,658	699,305	511,186	463,083	364,007	387,826
Current liabilities	(Rs. '000)	524,513	620,048	540,053	461,999	357,746	495,061
Working capital	(Rs. '000)	35,145	79,257	(28,867)	1,084	6,261	(107,235)
Property, plant & equipment	(Rs. '000)	584,948	417,044	398,069	322,115	308,051	309,608
Total assets	(Rs. '000)	1,313,135	1,252,409	1,004,232	1,067,982	940,254	989,554
Long term debt	(Rs. '000)	133,334	177,778	31,826	114,880	217,314	221,162
Shareholders' equity	(Rs. '000)	320,480	217,830	312,467	357,259	248,653	118,998
Share capital	(Rs. '000)	63,888	63,888	63,888	63,888	63,888	63,888
Financial Performance							
Profitability							
Gross margin	(%)	18.39	14.83	4.66	19.07	16.64	0.56
Operating margin	(%)	14.88	8.30	1.37	19.46	17.66	(0.04)
Pre tax margin	(%)	11.88	6.28	(4.56)	15.44	13.17	(6.26)
Net margin	(%)	6.96	3.73	(3.66)	12.34	13.44	(6.26)
Net profit / (loss) to total assets	(%)	9.55	2.98	(4.04)	15.85	11.06	(3.14)
Return on equity	(%)	39.14	17.15	(13.00)	47.38	41.83	(26.13)
Return on assets	(%)	9.55	2.98	(4.04)	15.85	11.06	(3.14)
Increase / (decrease) in net sales	(%)	80.03	(9.64)	(19.17)	77.18	55.79	(21.63)
Sugar cane cost to cost of goods manufactured	(%)	93.38	92.63	91.41	88.48	89.36	87.34
Labour cost to net sales	(%)	5.78	8.52	6.02	4.13	5.82	8.79
Administrative expenses to net sales	(%)	2.92	4.51	3.80	2.25	3.29	5.49
Distribution cost to net sales	(%)	0.14	3.26	0.13	0.15	0.13	0.13
Finance cost to net sales	(%)	4.80	5.62	5.41	4.02	4.49	6.21
Other operating expenses to net sales	(%)	0.78	0.23	0.03	0.91	1.12	0.35
Operating performance/ Liquidity							
Total assets turnover	(Times)	1.37	0.80	1.10	1.28	0.82	0.50
Fixed assets turnover	(Times)	3.08	2.40	2.78	4.26	2.51	1.60
Inventory turnover	(Times)	4.67	2.80	4.06	4.15	2.80	2.72
Current ratio	(Times)	1.07	1.13	0.95	1.00	1.02	0.78
Quick ratio	(Times)	0.45	0.31	0.50	0.16	0.34	0.15
Leverage							
Long term debt to equity	(Times)	0.42	0.82	0.10	0.32	0.87	1.86
Total debt to total assets	(%)	65.77	78.89	64.25	62.19	68.97	83.62
Interest coverage	(Times)	3.47	2.12	0.16	4.84	3.93	(0.01)

** post balance sheet event*

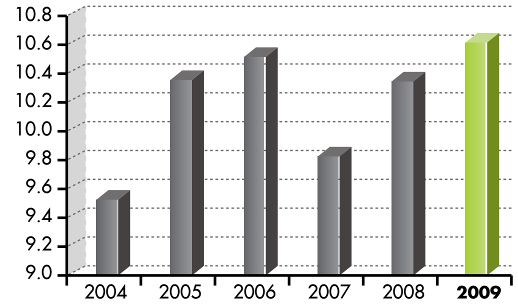
Production and Financial Highlights

Production

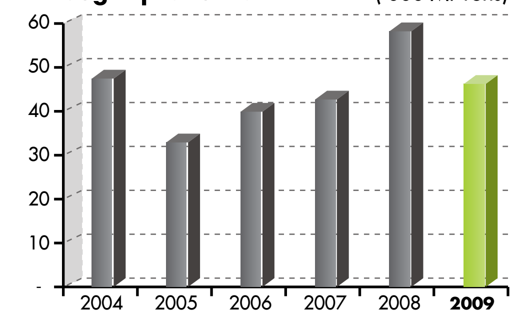
Cane crushed ('000 M. Tons)



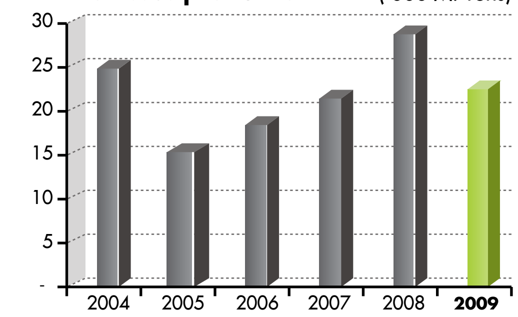
Recovery (%)



Sugar production ('000 M. Tons)

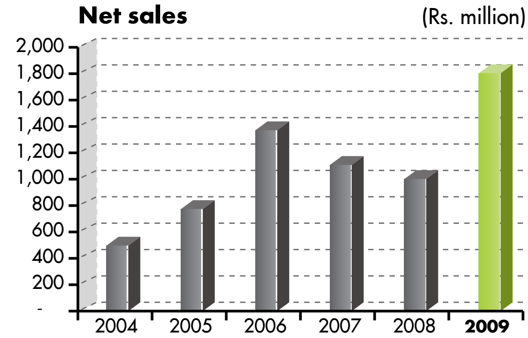


Molasses production ('000 M. Tons)

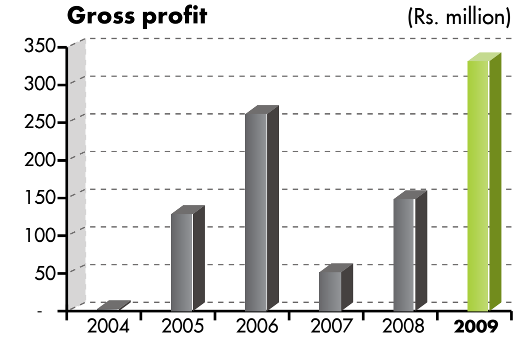


Financial

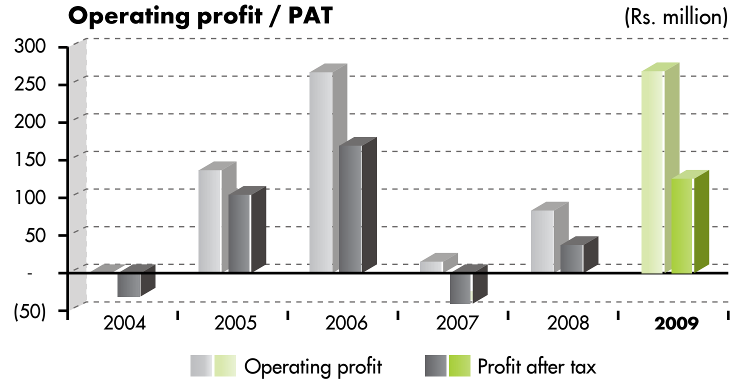
Net sales (Rs. million)



Gross profit (Rs. million)

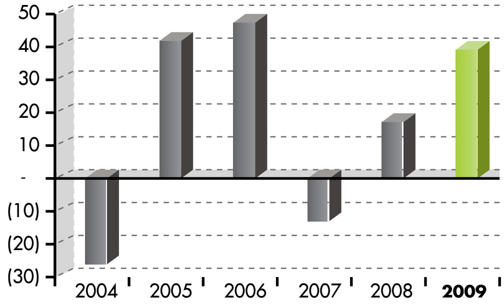


Operating profit / PAT (Rs. million)

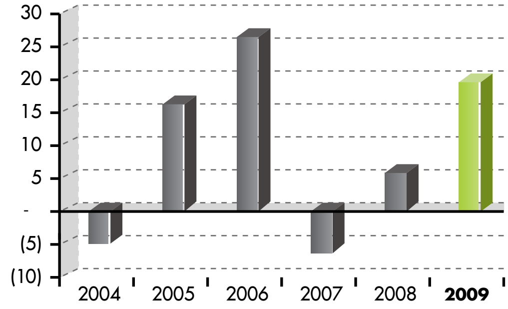


Financial Highlights

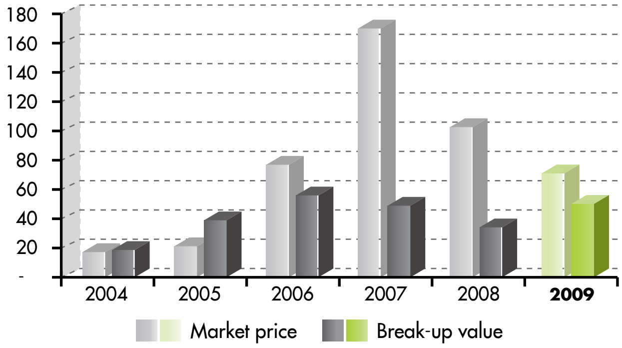
Return on equity (%)



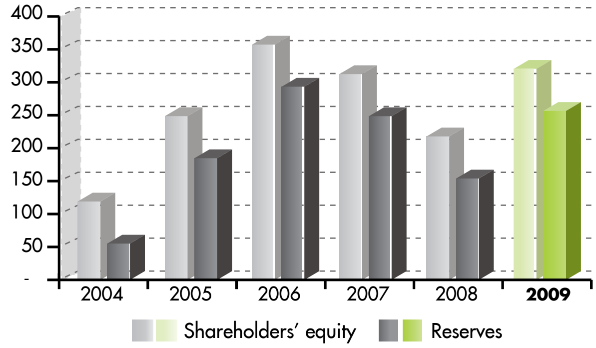
Earning per share (Rupees)



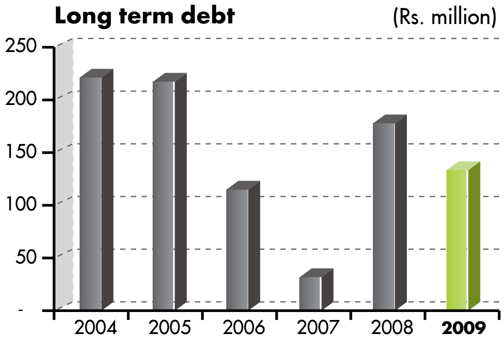
Market price / Break-up value (Rupees / share)



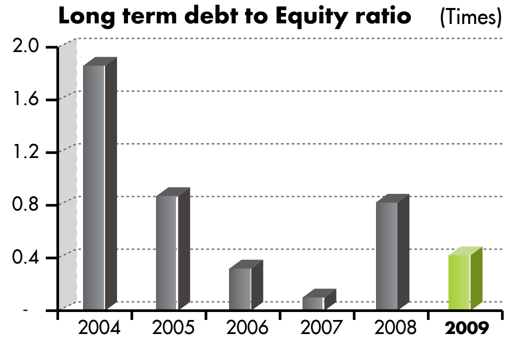
Shareholders' equity / Reserves (Rs. million)



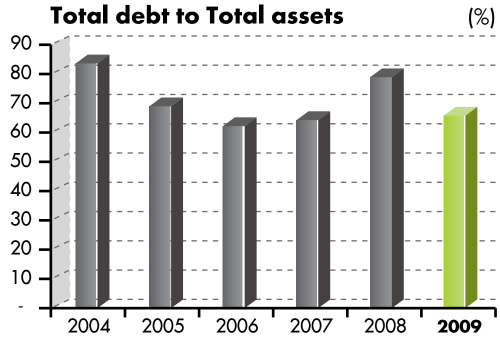
Long term debt (Rs. million)



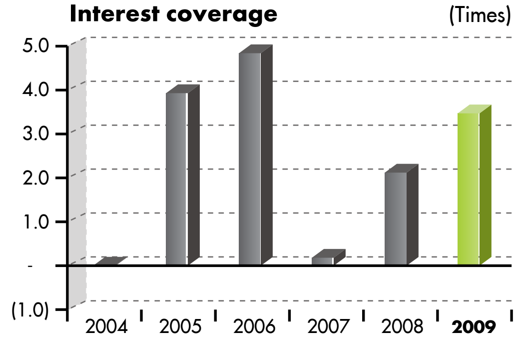
Long term debt to Equity ratio (Times)

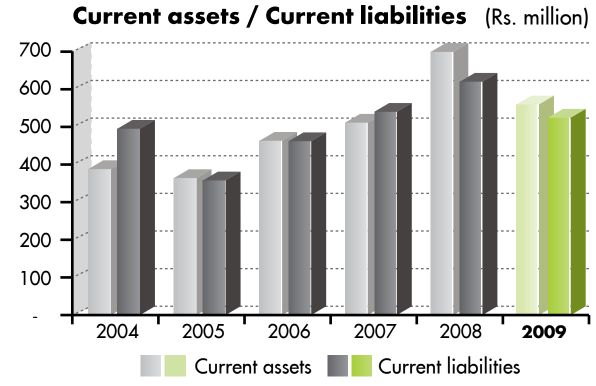


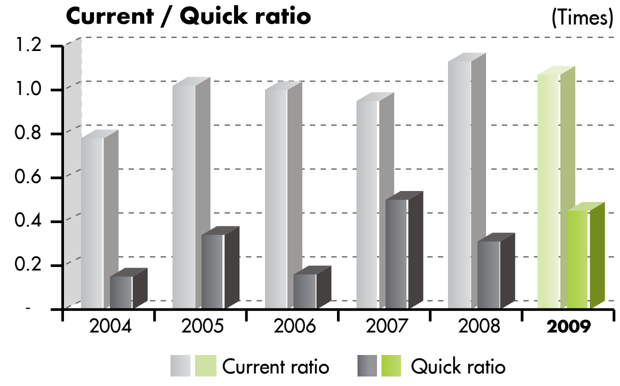
Total debt to Total assets (%)

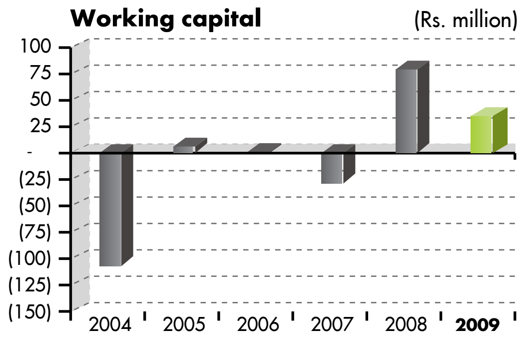


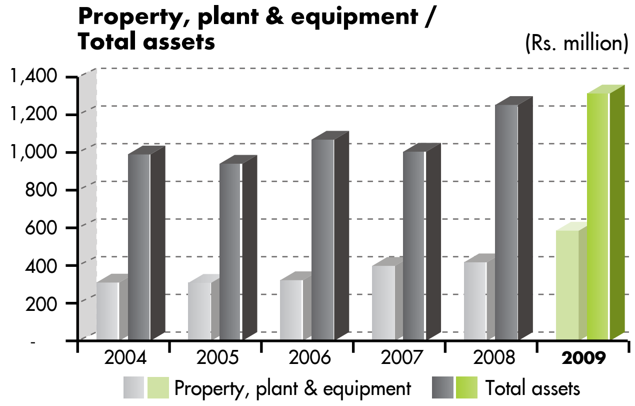
Interest coverage (Times)

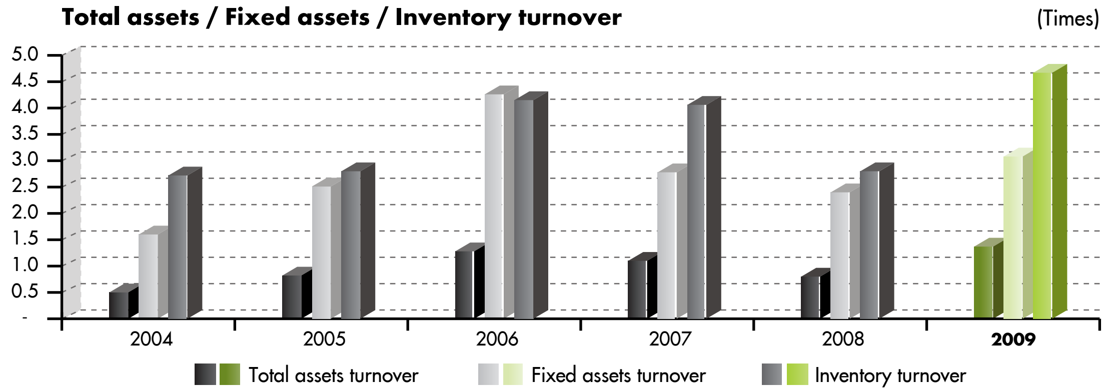



Current assets / Current liabilities (Rs. million)
700
600
500
400
300
200
100
-
2004
2005
2006
2007
2008
2009
Current assets
Current liabilities


Current / Quick ratio (Times)
1.2
1.0
0.8
0.6
0.4
0.2
-
2004
2005
2006
2007
2008
2009
Current ratio
Quick ratio


Working capital (Rs. million)
100
75
50
25
-
(25)
(50)
(75)
(100)
(125)
(150)
2004
2005
2006
2007
2008
2009


Property, plant & equipment / Total assets (Rs. million)
1,400
1,200
1,000
800
600
400
200
-
2004
2005
2006
2007
2008
2009
Property, plant & equipment
Total assets


Total assets / Fixed assets / Inventory turnover (Times)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
-
2004
2005
2006
2007
2008
2009
Total assets turnover
Fixed assets turnover
Inventory turnover

Finance Team (Clock-wise): Ayaz Ahmed Khan, Waseem Akhtar, Wasif Khalid, Mohammad Riaz Tabani, Mohammad Naeem

Management Team (Standing L-R) Syed Zafar Imam, Wasif Khalid, Shakeel Akhter, (Seated L-R) Amir Saleem, Syed Shaukat Bukhari, Abid A. Vazir, Masihur Rehman.

Statement of Value Addition

	2009		2008	
	(Rupees in '000)			
VALUE ADDED				
Gross sales	2,062,055		1,128,856	
Material and services	(1,407,947)		(849,825)	
	654,108		279,031	
Other income	5,973		14,879	
Share of profit in an associate	32,534		36,020	
	692,615		329,930	
DISTRIBUTION				
EMPLOYEES REMUNERATION	89,264	13%	58,840	18%
GOVERNMENT AS:				
Sales tax, special excise duty, & company taxation	359,096		161,330	
Workers' funds	13,465		2,022	
	372,561	54%	163,352	49%
CHARITY & DONATIONS	318	*	48	*
SHAREHOLDERS AS:				
Cash dividend**	15,972		6,389	
Bonus shares**	6,389		-	
	22,361	3%	6,389	2%
FINANCE COST	86,594	12%	56,292	17%
RETAINED IN BUSINESS				
Depreciation	18,438		14,048	
Retained profit	103,079		30,961	
	121,517	18%	45,009	14%
	692,615	100%	329,930	100%

* *negligible*
** *post balance sheet event*

Distribution 2009

Distribution 2008

	Employees	Government	Shareholders	Finance cost	Retained in business
2009	13%	54%	3%	12%	18%
2008	18%	49%	2%	17%	14%

Auditors' Report to the Members

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Standard Insurance House
I.I. Chundrigar Road
Karachi, Pakistan
P.O. Box 6904
Phones: 32417585 - 87
Fax: +92-21-32423954
Email: bhimji@multi.net.pk

We have audited the annexed Balance Sheet of MIRPURKHAS SUGAR MILLS LIMITED as at September 30, 2009 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

   ii). the expenditure incurred during the year was for the purpose of the Company's business; and

   iii). the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2009 and of the profits, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that ordinance.

Hyder Bhimji & Co.

Karachi: December 17, 2009

HYDER BHIMJI & Co.
Chartered Accountants
Engagement Partner: Hyder Ali Bhimji

Website: http://www.bhimji.com.pk
www.kreston.com

LAHORE: Amin Building, 65 The Mall. Phone: 7353392, 7352661, 7321043. Fax: 92-42-7122378

Balance Sheet
as at September 30, 2009

	Note	2009	2008
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	584,948	417,044
Long-term investment	5	167,791	135,257
Long-term deposits	6	738	803
		753,477	553,104
CURRENT ASSETS			
Stores, spare parts and loose tools	7	120,192	75,483
Stock-in-trade	8	203,171	426,595
Trade debts	9	84,050	16,036
Loans and advances	10	22,511	27,051
Trade deposits and short-term prepayments	11	2,771	17,548
Other receivables	12	19,953	31,286
Short-term investments	13	63,828	80,229
Taxation-net	14	8,146	11,780
Cash and bank balances	15	35,036	13,297
		559,658	699,305
TOTAL ASSETS		1,313,135	1,252,409
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	63,888	63,888
Reserves	17	256,592	153,942
		320,480	217,830
SURPLUS ON REVALUATION OF FIXED ASSETS	18	129,056	46,559
NON-CURRENT LIABILITIES			
Long-term financing	19	133,334	177,778
Deferred liabilities	20	205,752	190,194
		339,086	367,972
CURRENT LIABILITIES			
Trade and other payables	21	291,740	456,517
Accrued mark-up	22	18,089	9,729
Short-term borrowings	23	170,240	99,754
Current portion of long-term financing	19	44,444	54,048
		524,513	620,048
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		1,313,135	1,252,409

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

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Profit & Loss Account
for the year ended September 30, 2009

	Note	2009	2008
		(Rupees in '000)	
Turnover - net	25	1,803,234	1,001,635
Cost of sales	26	(1,471,620)	(853,136)
Gross profit		331,614	148,499
Distribution cost	27	(2,571)	(32,673)
Administrative expenses	28	(52,647)	(45,219)
Other operating expenses	29	(14,091)	(2,332)
		(69,309)	(80,224)
Other operating income	30	5,973	14,879
Operating profit		268,278	83,154
Finance cost	31	(86,594)	(56,292)
		181,684	26,862
Share of profit in an associate		32,534	36,020
Profit before taxation		214,218	62,882
Taxation			
Current		(10,860)	(2,454)
Prior		(278)	555
Deferred		(77,640)	(23,633)
	32	(88,778)	(25,532)
Profit after taxation		125,440	37,350
Earnings per share - basic	33	Rs. 19.63	Rs. 5.85

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

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Cash Flow Statement
for the year ended September 30, 2009

	Note	2009	2008
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		214,218	62,882
Adjustments for :			
Depreciation	4.1.1	21,632	22,006
Dividend income from a related party	30	(486)	(3,946)
Share of profit in an associate	5.1.2	(32,534)	(36,020)
Gain on disposal of property, plant and equipment	30	(1,764)	(2,025)
Finance cost	31	86,594	56,292
		73,442	36,307
Operating profit before working capital changes		287,660	99,189
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(38,080)	(18,707)
Stock-in-trade		223,424	(242,796)
Trade debts		(68,014)	(16,036)
Loans and advances		4,540	(1,757)
Trade deposits and short-term prepayments		14,777	(2,799)
Other receivables		11,333	(26,595)
		147,980	(308,690)
Increase / (decrease) in current liabilities			
Trade and other payables		(164,919)	331,965
Short-term borrowings		70,486	(220,607)
		(94,433)	111,358
Cash generated from / (used in) operations		341,207	(98,143)
Income tax paid - net		(7,504)	(10,082)
Decrease / (increase) in long-term deposits		65	(63)
(Decrease) / increase in deferred liabilities		(62,082)	93,233
		(69,521)	83,088
Net cash generated from / (used in) operating activities		271,686	(15,055)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4.1	(27,623)	(43,363)
Additions to capital work-in-progress	4.4	(91,608)	-
Sale proceeds of property, plant and equipment	4.2	7,327	4,407
Long-term investment		-	(5,000)
Dividend received from a related party	30	486	3,946
Net cash used in investing activities		(111,418)	(40,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		-	(191)
Finance cost paid		(78,234)	(58,663)
Long-term financing-net		(54,048)	117,181
Payment of dividend		(6,247)	(29)
Net cash (used in) / generated from financing activities		(138,529)	58,298
Net increase in cash and cash equivalents		21,739	3,233
Cash and cash equivalents at the beginning of the year		13,297	10,064
Cash and cash equivalents at the end of the year		35,036	13,297

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

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Statement of Changes in Equity
for the year ended September 30, 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)					
Balance as at October 01, 2007	63,888	14,250	201,369	32,960	248,579	312,467
Fair value changes on available-for-sale securities	-	-	(131,987)	-	(131,987)	(131,987)
Profit after taxation for the year	-	-	-	37,350	37,350	37,350
Balance as at September 30, 2008	63,888	14,250	69,382	70,310	153,942	217,830
Balance as at October 01, 2008	63,888	14,250	69,382	70,310	153,942	217,830
Fair value changes on available-for-sale securities	-	-	(16,401)	-	(16,401)	(16,401)
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 after taxation for the year	-	-	-	125,440	125,440	125,440
Balance as at September 30, 2009	63,888	34,250	52,981	169,361	256,592	320,480

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

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

1 STATUS AND NATURE OF BUSINESS

Mirpurkhas Sugar Mills Limited (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 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, (the Ordinance), provisions and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for derivatives financial instruments and investments which are stated at their fair value, certain inventories which are valued at Net Realizable Value (NRV), certain employees benefits that are based on actuarial valuation and free hold land which stands at revalued amount.

3.2 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

a) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.4 to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

b) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in note 5 and 13 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

3.3 **Taxation**

a) Current

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. Provision for tax on other income and local sales is based on taxable income at the rate applicable for the current tax year, after considering the rebates and tax credits available, if any.

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.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

c) Sales tax

Revenues, expenses and assets are recognized net off amount of sales tax except:

- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables or payables that are stated with the amount of sales tax included.

  The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.4 **Employees retirement benefits**

a) Provident fund scheme

The Company operates an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

b) Gratuity scheme

The Company operates an approved and funded gratuity scheme for all of its eligible permanent employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

The PUC method used the following significant assumptions for the valuation of the scheme.

Principal actuarial assumptions used are as follows:

	2009	2008
	(% per annum)	
Valuation discount rate	12	14
Expected rate of return on plan assets	14	10
Expected rate of salary increase	11	13

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10 percent of the higher of defined benefit obligation and the fair value of plan assets as of the end of the previous reporting period. These gains or losses are recognized over the expected remaining working lives of the employees participating in the scheme.

Past service cost is recognized as an expense on a straight line basis over the average period until the benefit become vested. If benefits already have been vested, immediately following the introduction of, or change to the scheme, past service costs are recognized immediately.

The amount recognized in balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of plan assets.

Based on the actuarial valuation of gratuity scheme as of September 30, 2009, the fair value of scheme's assets and the present value of obligation under the scheme at the Balance Sheet date were as follows:

	2009	2008
Staff Gratuity Fund Liability:	(Rupees in '000)	
Present value of defined benefit obligation	17,599	14,781
Fair value of plan assets	(16,582)	(17,291)
Unrecognized actuarial (loss) / gain	(769)	2,510
Liability recognized as at September 30	248	-
Amount charged to profit and loss account:		
Current service cost	1,245	1,048
Interest cost	2,069	1,349
Expected return on plan assets	(2,421)	(3,501)
Actuarial (gain) / loss recognized during the year	(111)	1,104
	782	-
Movement in the liability recognized in the balance sheet:		
Balance as at October 1	-	(4,605)
Net Charge for the year	782	(1,364)
Contribution to the fund	(534)	5,969
Balance as at September 30	248	-
Movement in the present value of defined benefit obligation:		
Balance as at October 1	14,781	13,494
Current service cost	1,245	1,048
Interest cost	2,069	1,349
Benefits paid during the year	(1,201)	(1,450)
Actuarial losses	705	340
Balance as at September 30	17,599	14,781
Movement in the fair value of plan assets:		
Balance as at October 1	17,291	35,010
Expected return	2,421	3,501
Contributions	534	(4,605)
Benefits paid during the year	(1,201)	(10,450)
Actuarial losses	(2,463)	(6,165)
Balance as at September 30	16,582	17,291
Composition of plan assets are as follows :		
Special saving certificates	4,114	-
Mutual funds	-	3,242
Listed securities	12,136	12,598
Amount in bank	332	1,451
	16,582	17,291

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

The return on plan assets was assumed on the basis of market conditions. Actual return on plan assets during 2009 was Rs. (0.041) million (2008: Rs. (2.66) million)

Comparison with past years :

	2009	2008	2007	2006	2005
	(Rupees in '000)				
Present value of defined benefit obligation	17,599	14,781	13,494	19,370	18,649
Fair value of plan assets	(16,582)	(17,291)	(35,011)	(23,865)	(22,587)
	1,017	2,510	(21,517)	(4,495)	(3,938)
Experience adjustments arising on plan liabilities	705	340	1,632	(604)	(215)
Experience adjustments arising on plan assets	(2,463)	(6,165)	9,926	(180)	929
	(1,758)	(5,825)	11,558	(784)	714

3.5 **Property, plant and equipment**

a) Owned assets

These are stated at cost less accumulated depreciation except for free hold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of free hold land is carried out once in every three years.

Depreciation is charged, on systematic basis over the useful life of the assets, to income applying reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the enterprise. Additions to fixed assets are depreciated quarterly while no depreciation is charged on fixed assets disposed off during the quarter.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of assets, if any, are recognized when incurred.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

b) Assets subject to finance lease

Assets subject to finance lease are initially stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated on the same basis as for owned assets.

3.6 **Investments**

a) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the profit and loss account. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held. Profit / loss from material transactions with associate is eliminated. The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

b) Available-for-sale securities

Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of equity until the investment is derecognized at which time the cumulative gain or loss recorded in equity is recognized in profit and loss account.

c) Held-to-maturity investments

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Company has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable cost and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

d) Designated investments at fair value through profit or loss

Designated investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to profit and loss account.

3.7 **Stores, spare parts and loose tools**

Stores and spare parts are valued at moving average cost except for those items in-transit, which are valued at cost. Loose tools are recorded at actual cost. Provision for slow moving items and obsolescence is shown as deduction there from.

3.8 **Stock-in-trade**

Stock in trade is valued at the lower of average manufacturing cost and NRV. The cost of sugar in process includes cost of sugarcane and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.9 **Trade debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written-off, when there is no realistic prospect of recovery.

3.10 **Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.11 **Revenue recognition**

a) Sales are recorded on dispatch of goods to customers.

b) Income / return on investments, loans and advances and bank deposits is recognized on accrual basis.

c) Dividend income on equity investment is recognized, when the right to receive the same is established.

d) Capital gains or losses on sales of investment are recognized in the period in which they arise.

e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

3.12 **Foreign currency transactions and translations**

The financial statements are presented in Pak. Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into Pak. Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak. Rupees at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates to monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.13 **Provisions**

Provisions are recognized when Company has a present obligation legal or constructive as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.14 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.15 **Related party transactions**

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.

3.16 **Financial instruments**

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

3.17 **Offsetting of financial assets and liabilities**

A financial asset and financial liability is only offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Incomes and expenses arising from such assets and liabilities are also accordingly offset.

3.18 **Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the commercial banks.

3.19 **Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

	Note	2009	2008
		(Rupees in '000)	

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
Property, plant and equipment - owned	4.1	493,340	417,044
Capital work-in-progress	4.4	91,608	-
		584,948	417,044

4.1 **Following are statements of property, plant and equipment for current and prior year:**

2009 Description	COST / REVALUATION			DEPRECIATION				Book value as at Sep. 30, 2009	Depreciation rate % per annum
	As at Oct. 01, 2008	Additions / revaluation / (disposals) / transfers	As at Sep. 30, 2009	As at Oct. 01, 2008	Adjustment for depreciation on (disposals) / (transfers)	For the year	As at Sep.30, 2009		
	(Rupees in '000)								
OWNED ASSETS									
Free hold land (Note 4.3)	48,157	3,500 82,497 1,000	135,154	-	-	-	-	135,154	-
Building on free hold land:									
- Factory	23,274	-	23,274	18,916	-	436	19,352	3,922	10
- Non factory	21,176	1,345 (1,000)	21,521	16,463	(939)	(369)	16,094	5,427	10
Plant & machinery	670,226	19,634 (7,026) (8,615)	674,219	332,673	(1,518) (1,986)	17,234	346,403	327,816	5
Furniture & fittings	3,543	-	3,543	2,868	-	67	2,935	608	10
Vehicles	32,844	2,283 (220)	34,907	17,397	(165)	3,234	20,466	14,441	20
Office & other equipment	12,609	57	12,666	8,381	-	429	8,810	3,856	10
Computers & accessories	10,594	804	11,398	8,681	-	601	9,282	2,116	25
	822,423	27,623 82,497 (7,246) (8,615)	916,682	405,379	(4,608)	21,632	423,342	493,340	

2008 Description	COST			DEPRECIATION				Book value as at Sep. 30, 2008	Depreciation rate % per annum
	As at Oct. 01, 2007	Additions / (disposals)/ transfers	As at Sep. 30, 2008	As at Oct. 01, 2007	Adjustment for depreciation on (disposals) / (transfers)	For the year	As at Sep.30, 2008		
	(Rupees in '000)								
OWNED ASSETS									
Free hold land (Note 4.3)	48,157	-	48,157	-	-	-	-	48,157	-
Building on free hold land:									
-Factory	21,030	2,244	23,274	18,588	-	328	18,916	4,358	10
-Non factory	20,925	251	21,176	15,960	-	503	16,463	4,713	10
Plant & machinery	639,196	35,490 (4,460)	670,226	318,731	(2,662)	16,604	332,673	337,553	5
Furniture & fittings	3,558	10 (25)	3,543	2,815	(22)	75	2,868	675	10
Vehicles	28,989	3,571 (1,438) 1,722	32,844	13,861	934 (872)	3,474	17,397	15,447	20
Office & other equipment	11,650	1,011 (52)	12,609	7,958	(37)	460	8,381	4,228	10
Computers & accessories	9,808	786	10,594	8,119	-	562	8,681	1,913	25
Total Owned Assets	783,313	43,363 (5,975) 1,722	822,423	386,032	(3,593) 934	22,006	405,379	417,044	
ASSETS SUBJECT TO FINANCE LEASE									
Vehicles	1,722	(1,722)	-	934	(934)	-	-	-	20
	785,035	45,085 (7,697)	822,423	386,966	(3,593)	22,006	405,379	417,044	

	Note	2009	2008
		(Rupees in '000)	
4.1.1 Depreciation charged for the year has been allocated as follows:			
Manufacturing expenses	26	19,964	20,406
Administrative expenses	28	1,668	1,600
		21,632	22,006
4.1.2 Reconciliation of carrying amount:			
Carrying amount at beginning of the year		417,044	398,069
Additions during the year		27,623	43,363
Transfer from assets subject to finance lease		-	1,722
Revaluation of land		82,497	-
Depreciation for the year		(21,632)	(22,006)
Disposals / transfers during the year at carrying amount		(12,192)	(4,104)
		493,340	417,044

4.2 **Disposal of property, plant and equipment**

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Sold to
	(Rupees in '000)						
PLANT & MACHINERY							
Gear Box (SF 2 WDN)	7,026	1,518	5,508	7,083	1,575	Insurance claim	EFU General Insurance Ltd.
	7,026	1,518	5,508	7,083	1,575		
Aggregate of assets disposed-off having book value below Rs.50,000 each							
VEHICLES	220	165	55	244	189	Negotiation	Various
2009	7,246	1,683	5,563	7,327	1,764		
2008	5,975	3,593	2,382	4,407	2,025		

4.3 This includes Rs.129.05 million (2008 : Rs. 46.56 million) in respect of revaluation surplus (Refer note no.18). Had the revaluation not been carried out the freehold land would have been stated at Rs. 1.39 million (2008 : Rs. 1.39 million).

	Note	**2009**	2008
		(Rupees in '000)	
4.4 **Capital work-in-progress**			
Civil work		691	-
Plant and machinery		90,917	-
		91,608	-

5 LONG TERM INVESTMENT - In associate

	Note	2009	2008
Unicol Limited 10,499,998 (2008: 10,499,998) fully paid ordinary shares of Rs.10/- each Equity held : 33.33 % (2008 : 33.33%)	5.1	135,257	105,000
Share of profit	5.1.2	32,534	30,257
		167,791	135,257

5.1 **Unicol Limited**

The Company holds 33.33 % (2008: 33.33 %) 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). The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2009.

	Note	2009	2008
		(Rupees in '000)	
5.1.1 The Company's interest in assets & liabilities is as follows:			
Tangible fixed assets		277,266	287,633
Other long term assets		19,754	20,149
Current assets		140,669	104,213
		437,689	411,995
Long term liabilities		(82,998)	(136,907)
Current liabilities		(186,900)	(139,831)
		(269,898)	(276,738)
Net assets		167,791	135,257
5.1.2 The Company's share in profit and loss is as follows:			
Sales		420,861	297,814
Cost of goods sold		(345,385)	(233,894)
		75,476	63,920
Other expenses, income and taxes		(42,942)	(27,900)
		32,534	36,020

6 LONG TERM DEPOSITS

These represent deposits paid by the Company for obtaining various services.

7 STORES, SPARE PARTS AND LOOSE TOOLS

		2009	2008
Stores		27,357	36,651
Spare parts		98,343	44,292
Loose tools		492	540
		126,192	81,483
Provision for obsolescence		(6,000)	(6,000)
		120,192	75,483

8 STOCK-IN-TRADE

	Note	2009	2008
Sugar	26	198,540	425,460
Sugar in process	26	1,693	1,135
Molasses		2,938	-
		203,171	426,595

9 TRADE DEBTS - Unsecured considered good

	Note	2009	2008
Unicol Limited		77,476	16,036
Others		6,574	-
	9.1	84,050	16,036

9.1 Trade receivable are non-interest bearing and aging analysis of trade debts is as follows:

		2009	2008
Neither past due nor impaired		84,050	16,036

	2009	2008
	(Rupees in '000)	

10 LOANS AND ADVANCES - Unsecured

	2009	2008
Considered good:		
Against expenses	33	44
To suppliers	16,794	14,652
To employees classified as recoverable within next twelve months	461	1,244
To Provident fund trust	1,171	1,753
Against letters of credit	78	4,881
To sugar cane growers	3,974	4,477
	22,511	27,051
Considered doubtful:		
Sugar cane growers	5,400	5,400
Provision there against	(5,400)	(5,400)
	-	-
	22,511	27,051

11 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2009	2008
Deposits	-	11,894
Prepayments	2,771	5,654
	2,771	17,548

12 OTHER RECEIVABLES

	2009	2008
Sales tax on sale of sugar	15,930	28,993
Special excise duty	2,053	2,202
Miscellaneous	1,970	91
	19,953	31,286

13 SHORT TERM INVESTMENTS

	2009	2008
Available-for-sale securities - Related party		
Quoted:		
Cherat Cement Company Limited 3,427,502 (2008: 3,427,502) fully paid ordinary shares of Rs.10/- each Equity held : 3.58 % (2008: 3.58%)	52,269	54,497
Cherat Papersack Limited 405,000 (2008: 324,000) fully paid ordinary shares of Rs.10/- each Equity held : 4.41% (2008: 4.41%)	11,559	25,732
	63,828	80,229

14 TAXATION - NET

	2009	2008
Income tax - net of provision	8,146	11,780

	Note	2009	2008
		(Rupees in '000)	

15 CASH AND BANK BALANCES

	Note	2009	2008
With banks in:			
Current accounts		26,607	2,684
PLS accounts	15.1	7,097	10,474
		33,704	13,158
Cash in hand		1,332	139
		35,036	13,297

15.1 Effective profit rate in respect of PLS accounts is 5 % per annum (2008: 1 to 5% per annum).

16 SHARE CAPITAL

16.1 **Authorized capital**

2009	2008		2009	2008
Number of shares			(Rupees in '000)	
15,000,000	15,000,000	Ordinary shares of Rs. 10/- each	150,000	150,000

16.2 **Issued, subscribed and paid-up capital**

Fully paid ordinary shares of Rs. 10/- each

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
6,388,800	6,388,800		63,888	63,888

16.3 Following is the detail of shares held by the related parties:

Name of related parties	Number of shares	
Faruque (Private) Limited	2,646,500	2,646,500
Greaves Pakistan (Private) Limited	152,446	151,646
	2,798,946	2,798,146

17 RESERVES

The detailed reconciliation of reserves is disclosed in the statement of changes in equity.

18 SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2009	2008
Surplus on revaluation of free hold land	18.1	129,056	46,559

18.1 It represents revaluation of free hold land which has been carried out by independent valuers M/s Engineering Pakistan Int'l (Pvt.) Limited as of July 21, 2009 to determine the present (realizable) market value by enquiring from local active realtors. Revaluation surplus was credited to surplus on revaluation of fixed assets account.

	Note	2009	2008
		(Rupees in '000)	

19 LONG TERM FINANCING - Secured

	Note	2009	2008
From banks :			
Term Loan			
Finance - I		-	31,826
Finance - II	19.1	177,778	200,000
		177,778	231,826
Less: Current maturity		44,444	54,048
		133,334	177,778

19.1 This term loan carries mark-up at 6 months average KIBOR + 1% and is chargeable and payable quarterly. The term loan had a grace period of one year and is repayable in 9 quarterly installments which commenced from September 23, 2009 and is secured by registered pari passu equitable hypothecation charge over the plant and machinery of the Company.

20 DEFERRED LIABILITIES

	Note	2009	2008
Quality premium	24.1.2 and 24.1.3	78,985	143,246
Market committee fee	24.1.4	20,750	18,571
Surcharge on cess payable		3,547	3,547
Deferred tax liability - net	20.1	102,470	24,830
		205,752	190,194

20.1 DEFERRED TAX LIABILITY - NET

	2009	2008
Taxable temporary differences arising in respect of :		
- Accelerated tax depreciation allowance	136,227	110,815
Deductible temporary differences arising in respect of :		
- Unabsorbed tax losses	(9,133)	(71,170)
- Liabilities written back	(1,575)	(1,575)
- Turnover tax	(23,049)	(13,240)
	(33,757)	(85,985)
	102,470	24,830

21 TRADE AND OTHER PAYABLES

	Note	2009	2008
Creditors			
- For goods supplied		82,086	39,708
- Others		57	383
Accrued liabilities		9,204	6,253
Advances from customers			
- Trading Corporation of Pakistan		8	225,989
- Others		173,436	178,724
Deposits		165	143
Unclaimed dividend		2,368	2,226
Other liabilities	21.1	24,416	3,091
		291,740	456,517

		Note	2009	2008
			(Rupees in '000)	
21.1	**Other liabilities**			
	Suppliers income tax		107	103
	Staff income tax		104	86
	Sales tax		6,937	-
	Special excise duty		1,538	-
	Workers' profit participation fund	21.1.1	9,757	1,444
	Workers' welfare fund		3,708	578
	Others		2,265	880
			24,416	3,091

			2009	2008
21.1.1	**Workers' profit participation fund**			
	Balance as on October 01		1,444	-
	Less: Payment made during the year		1,444	-
			-	-
	Add: Contribution for the year		9,757	1,444
			9,757	1,444

22 ACCRUED MARK-UP

	2009	2008
On long-term financing	6,907	1,901
On short-term borrowings	11,182	7,828
	18,089	9,729

23 SHORT TERM BORROWINGS-SECURED

These represent utilized portion of running finance facilities aggregating Rs. 749 million (2008 : 749 million) obtained from various commercial banks. These carry mark-up ranging from 1 month KIBOR + 2% to 2.5% and 3 month KIBOR + 0.90% to 1.50% per annum. These facilities are secured against registered first pari passu hypothecation charge over various assets of the Company. These facilities are repayable / renewable annually.

24 CONTINGENCIES AND COMMITMENTS

24.1 **CONTINGENCIES:**

24.1.1 The Company has filed suits before the Honourable High Court of Sind against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the accounts. The management of the Company is of the view that outcome of the suit would be in favour of the Company.

24.1.2 The sugar mills in Sind are required to pay quality premium to the cane growers at the rate of fifty (50) paisas per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on over all sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sind, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Punjab government is not charging any quality premium in view of an earlier decision of Lahore High Court in a similar case in which the Court had declared the demand of quality premium as unlawful. The Company has recognised the financial impact, as a matter of prudence as described in note 24.1.3.

24.1.3 The Company has challenged in the Honorable High Court of Sind, the issue of Notification No. 8 (142) SO (EXT) / 95 – XXI dated 24th December, 2002 issued by the Secretary to the Government of Sind, Agriculture Department in connection with the fixation of sugar cane price and payment of quality premium. Pending judgement of the Sind High Court, the Company has provided the liability in this regard, As judgement is still pending the government has suspended the levy of quality premium for crushing season 2008-09.

24.1.4 The Company has filed a case in the Honourable High Court of Sind against the levy of market committee fee by the Government of Sind on sugar cane purchased at the factory. The Sind High Court has granted status quo. Full provision of Rs.20.75 million (2008: Rs.18.57 million) has been made as a matter of prudence, which includes Rs.2.18 million for the crushing season 2008-09.

24.1.5 a) The Company challenged levy of further sales tax @1.5 % under the Sales Tax Act 1990, amounting to Rs.4.89 million in the Sind High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honourable Supreme Court, and got stay order. The Honourable Supreme Court of Pakistan has set asided the case and referred it to the tribunal level where it has been decided in favour of the Company. No provision is made in this regard since the management is confident that the outcome would be in Company's favour.

b) The amendment brought in vide Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the High Court on levy of further tax @3% w.e.f 18 June 2001 does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the additional tax and penalties. In previous years, Honourable Supreme Court of Pakistan had set asided the case and referred it to the tribunal level, where the Company appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for as refund an amount of Rs.50.97 million being the further Sales Tax paid in this behalf.

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

		2009	2008
		(Rupees in '000)	
24.2	**COMMITMENTS**		
24.2.1	Letters of credit issued by commercial banks	-	20,943
24.2.2	Corporate guarantee issued on behalf of Unicol Limited	138,000	138,000

		Note	2009	2008
			(Rupees in '000)	
25	**TURNOVER - NET**			
	Local sales		2,062,055	927,144
	Less: Sales tax		240,789	119,314
	Special excise duty		18,032	7,907
			258,821	127,221
			1,803,234	799,923
	Export sales		-	201,712
			1,803,234	1,001,635
26	**COST OF SALES**			
	Sugar cane cost (including procurement and development expenses)		1,162,321	1,017,975
	Stores and spare parts consumed		67,075	45,414
	Packing material and expenses		16,718	17,686
	Salaries, wages and other benefits	26.1	104,254	85,301
	Water, fuel and power		10,990	8,918
	Insurance		2,384	2,127
	Repairs and maintenance		8,551	4,068
	Vehicles expenses		6,458	5,163
	Sugar handling expenses		1,497	623
	Other expenses		5,807	6,455
	Depreciation	4.1.1	19,964	20,406
			1,406,019	1,214,136
	Sugar-in-process - opening		1,135	1,312
	- closing	8	(1,693)	(1,135)
			(558)	177
			1,405,461	1,214,313
	Less: - sale of molasses	26.2	143,203	104,665
	- stock adjustment		2,938	(2,884)
	- sale of bagasse	26.2	14,620	13,539
			160,761	115,320
	Cost of goods manufactured		1,244,700	1,098,993
	Finished goods - opening		425,460	179,603
	- closing	8	(198,540)	(425,460)
			226,920	(245,857)
			1,471,620	853,136

26.1 This includes Rs. 2.15 million (2008: Rs.1.54 million) in respect of staff retirement benefits.

26.2 These figures are net off sales tax and special excise duty of Rs. 6.29 million (2008 : Rs. 2.68 million) in respect of molasses and Rs. 2.49 million (2008 : Rs. 2.06 million) in respect of bagasse.

	Note	2009	2008
		(Rupees in '000)	

27 DISTRIBUTION COST

	Note	2009	2008
Salaries, wages and other benefits	27.1	1,078	328
Insurance		688	2,402
Sugar dispatch expenses		400	29,625
Forwarding expenses		323	244
Brokerage and commission		82	74
		2,571	32,673

27.1 This includes Rs. 0.049 million (2008: Rs. 0.013 million) in respect of staff retirement benefits.

28 ADMINISTRATIVE EXPENSES

	Note	2009	2008
Salaries, wages and other benefits	28.1	32,141	29,491
Directors' fee		120	190
Rent, rates and taxes		937	941
Communication expense		1,177	976
Conveyance and travelling		4,001	2,437
Printing and stationery		951	1,020
Entertainment		430	566
Vehicles expenses		2,185	1,863
Insurance		1,069	1,006
Repairs and maintenance		2,824	1,303
Subscription		340	557
Legal and professional charges		2,960	1,928
General expenses		233	138
Utilities		1,611	1,203
Depreciation	4.1.1	1,668	1,600
		52,647	45,219

28.1 This includes Rs. 1.89 million (2008: Rs. 1.24 million) in respect of staff retirement benefits.

29 OTHER OPERATING EXPENSES

	Note	2009	2008
Auditors' remuneration	29.1	308	262
Workers' profit participation fund	21.1	9,757	1,444
Workers' welfare fund		3,708	578
Charity and donation	29.2	318	48
		14,091	2,332

		Note	2009	2008
			(Rupees in '000)	
29.1	**Auditors' Remuneration**			
	Annual audit fee		173	150
	Other services		50	50
	Out of pocket expenses		85	62
			308	262

29.2 None of the Directors or their spouses had any interest in the donees.

30 OTHER OPERATING INCOME

	Note	2009	2008
Income from financial assets			
Dividend income from a related party		486	3,946
Profit on PLS and deposit accounts with banks		2,543	95
Mark-up on provident fund balance		232	205
Mark-up on growers' loans		87	221
		3,348	4,467
Income from non-financial assets			
Gain on disposal of property, plant and equipment	4.2	1,764	2,025
Other			
Miscellaneous		861	4,207
Exchange gain on export sales		-	4,180
		861	8,387
		5,973	14,879

31 FINANCE COST

	2009	2008
Mark-up on long-term financing	31,762	8,155
Mark-up on short-term borrowings	54,076	43,130
Financial charges on finance lease	-	4
Bank charges	756	5,003
	86,594	56,292

32 PROVISION FOR TAXATION

The Finance Act 2009 has reintroduced the concept of minimum tax on resident companies effective tax year 2010. The provision for current taxation for the year represents the minimum tax on turnover. The assessment of the Company have been finalized up to tax year 2009.

32.1 **Relationship between tax expense and accounting profit**

	2009	2008
Profit before taxation	214,218	62,882
Tax calculated @ 35% (2008: 35%)	(1,002)	-
Effects of turnover tax	(9,810)	-
Effect of income appearing under final tax regime	(48)	(2,454)
Tax effects of prior years' tax adjustments	(278)	555
Computational adjustments	(15,602)	(9,988)
Tax effect of carried forward unabsorbed business losses	(62,038)	(13,645)
	(88,778)	(25,532)

	2009	2008
	(Rupees in '000)	

33 EARNINGS PER SHARE- basic

	2009	2008
Profit after taxation	125,440	37,350
	Number of shares	
Weighted average number of ordinary shares in issue during the year	6,388,800	6,388,800
Earnings per share - basic	Rs. 19.63	Rs. 5.85

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to the following financial risks from the use of financial instruments :

Market risk including currency risk, interest rate risk and price risk
Credit risk
Liquidity risk

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Company overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity. It is the company policy that no trading in derivatives for speculative purpose shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

34.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. The company is exposed to market risks such as interest rate risk and price risk.

Financial instruments affected by market risk include short-term investments (available- for- sale), long-term financing and short-term borrowings.

34.1.1 Foreign currency risk

Foreign currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to the risk arises mainly from future economic transactions, receivables and payables that exist due to transaction in foreign exchange.

34.1.2 Interest rate risk

Interest rate risk is the risk that fair value of future cash flows of the financial instruments will fluctuate due to change in the market interest rates. The Company interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in functional currency. Applicable interest rates of financial instruments are given in respective notes.

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 10.05 million (2008: Rs.7.60 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variables remain constant.

34.1.3 Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk). The company has exposed to other price risk like equity risk that arise from Company's investment in listed securities that are classified as available-for-sale investments. Listed securities are susceptible to market price risk arising from uncertainties about future returns of the investment securities.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.63.83 million (2008: Rs.80.23 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.6.38 million (2008: Rs.8.02 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would have an impact on equity with the same amount but will not have an effect on income unless there is an impairment charge associated with it.

34.2 **Credit risk**

Credit risk is the risk of financial loss to the Company if counter parties to a financial instrument fail to meet their contractual obligations. The Company does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.9 of this financial statements. The Company exposure to credit risk is minimal as the Company receives advance against sale of goods to customers.

The maximum exposure to credit risk at the reporting date is as follows :

	2009	2008
	(Rupees in '000)	
Long-term deposits	738	803
Trade debts	84,050	16,036
Advances	20,768	19,129
Short-term investments	63,828	80,229
Bank balances	33,704	13,158
	203,088	129,355

34.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates :

	2009	2008
	(Rupees in '000)	
Trade debts		
Customers with no default in the past one year	84,050	16,036
Advances		
Counter parties without credit rating	20,768	19,129
Short-term investments		
Counter parties without credit rating	63,828	80,229
Cash at bank		
A1 +	33,704	13,158

34.3 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at balance sheet date, the Company has unused credit facilities of Rs. 579 million (2008 : Rs.649 million)

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST BEARING			NON-INTEREST BEARING			2009	2008
	Less than one year	One to five years	Sub total (a)	Less than one year	One to five years	Sub total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long term financing	44,444	133,334	177,778	-	-	-	177,778	231,826
Deferred liabilities	-	-	-	-	103,282	103,282	103,282	165,364
Short-term borrowings	170,240	-	170,240	-	-	-	170,240	99,754
Trade & other payables	-	-	-	269,800	-	269,800	269,800	454,495
Accrued mark-up	-	-	-	18,089	-	18,089	18,089	9,729
	214,684	133,334	348,018	287,889	103,282	391,171	739,189	961,168

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements

34.4 **Fair value of financial instruments**

The carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

34.5 **Capital risk management**

The Company's objective when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios as at Sep. 30, 2009 and 2008 were as follows:

	2009	2008
	(Rupees in '000)	
Total long-term debt	177,778	231,826
Share capital	63,888	63,888
Reserves	256,592	153,942
Total equity	320,480	217,830
Total equity and long-term debt	498,258	449,656
Gearing ratio	35.68%	51.56%

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	10,340	13,534	7,656	7,375	10,182	4,656
Housing allowance	1,204	2,641	2,509	1,080	2,343	1,785
Utilities	250	569	557	250	530	397
Leave fare assistance	625	625	-	-	-	-
Retirement benefits	663	958	582	531	531	286
	13,082	18,327	11,304	9,236	13,586	7,124
No. of persons	1	2	6	1	2	3

The Chief Executive, Directors and Executives are provided with the use of Company maintained cars and are also provided with the residential telephone facility which is reimbursed at actual to the extent of their entitlements.

36 TRANSACTIONS WITH RELATED PARTIES :

Related parties comprise of related group companies, associated companies, Directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of Directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below :

Relationship	**Nature of transaction**	2009	2008
		(Rupees in '000)	
Group companies	Services received	1,563	1,393
	Goods purchased	2,978	7,637
	Goods sold	161,272	119,868
	Dividend received	486	3,946
	Dividend paid	2,799	-
	Investment made	-	5,000
Other related parties	Insurance premium	1,428	1,730
	Contribution to staff provident and gratuity funds	4,089	2,793

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

37 RECENT ACCOUNTING DEVELOPMENTS

37.1 **Standards or interpretations not yet effective**

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

	Standard or interpretation	Effective date (accounting period beginning on or after)
IAS 1	Presentation of Financial Statements (Revised)	January 01, 2009
IAS 27	Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32	Financial Instruments (Amended)	January 01, 2009
IAS 39	Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 2	Share-based Payment (Amended)	January 01, 2009
IFRS 3	Business Combinations (Revised)	July 01, 2009
IFRS 4	Insurance Contracts	January 01, 2009
IFRS 8	Operating Segments	January 01, 2009
IFRIC 15	Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17	Distributions of Non-cash Assets to Owners	July 01, 2009
IFRIC 18	Transfers of Assets from Customers	July 01, 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and / or enhancements in the presentation and disclosures of the financial statements.

37.2 **Adoption of new accounting standards**

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of October 01, 2008:

IFRS 7 Financial Instruments: Disclosures

IFRIC 12 Service Concession Arrangements

IFRIC 13 Customer Loyalty Programs; and

IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirement and their Interactions

Adoption of these standards and interpretations does not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

38 CAPACITY AND PRODUCTION

Year	No. of days mill operated	Crushing capacity: M. Tons per day	Crushing capacity: Total crushing on the basis of no. of days mill operated (M. Tons)	Actual crushing (M. Tons)
2009	115	4,500	517,500	435,690
2008	138	4,500	621,000	563,057

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery. The short fall in actual crushing is mainly on account of shortage of sugar cane. The actual production of sugar is as under :

Year	M. Tons
2009	46,235
2008	58,224

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 17, 2009 by the Board of Directors of the Company.

40 DIVIDEND AND APPROPRIATIONS

Subsequent to the year ended September 30, 2009, the Board of Directors has approved/ proposed the following in its meeting held on December 17, 2009 for the approval of the members at the Annual General meeting.

	2009	2008
	(Rupees in '000)	
Proposed cash dividend @ Rs. 2.50 per share (2008: @ Rs.1/- per share)	15,972	6,389
Proposed bonus shares @ 10% (2008: Nil)	6,389	-

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged, for the purpose of comparison. Material reclassification is made in sales tax & special excise duty on unlifted sugar which has been reclassified from trade deposits and short-term prepayments to other receivables and amount due from a related party is reclassified from loans and advances to trade debts.

42 GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

ASLAM FARUQUE
Chief Executive

TARIQ FARUQUE
Director

Pattern of Shareholding

as at September 30, 2009

Number of shareholders	Shareholding From	To	Shares held	%
1,040	1	100	23,303	0.3647
340	101	500	85,787	1.3428
97	501	1,000	69,701	1.0910
128	1,001	5,000	284,508	4.4532
23	5,001	10,000	150,404	2.3542
5	10,001	15,000	62,360	0.9761
3	15,001	20,000	55,698	0.8718
1	20,001	25,000	24,500	0.3835
1	80,001	85,000	83,068	1.3002
4	100,001	105,000	472,000	7.3879
1	130,001	135,000	133,500	2.0896
1	140,001	145,000	140,700	2.2023
1	150,001	155,000	151,646	2.3736
1	160,001	165,000	163,798	2.5638
1	175,001	180,000	176,797	2.7673
1	815,001	820,000	819,932	12.8339
1	840,001	845,000	844,598	13.2200
1	2,645,001	2,650,000	2,646,500	41.4241
1,650			6,388,800	100.0000

Categories of Shareholders

as at September 30, 2009

Categories	Number of shareholders	Number of shares held	%
Individuals	1,603	1,521,689	23.8181
Financial Institutions	15	1,681,971	26.3269
Insurance Companies	2	164,213	2.5703
Investment Companies	3	887	0.0139
Charitable Trusts	3	11,115	0.1740
Joint Stock Companies	15	2,814,532	44.0541
Others	9	194,393	3.0427
	1,650	6,388,800	100.0000

Pattern of Shareholding
as at September 30, 2009

ADDITIONAL INFORMATION

Shareholders' Category	Shares held
Associated companies	
Faruque (Private) Limited	2,646,500
Greaves Pakistan (Private) Limited	152,446
Government Institutions	
National Bank of Pakistan (Trustee of NIT)	819,932
National Bank of Pakistan (Trustee of NIT)	844,598
Investment Corporation of Pakistan (ICP)	387
National Investment Trust Limited (Administration Fund)	13,028
Chief Executive, Directors, and their spouses	
Mr. Mahmood Faruque	83,068
Mr. Mohammed Faruque	1
Mr. Aslam Faruque	4,750
Mr. Akbarali Pesnani	19,610
Mr. Arif Faruque	14,091
Mr. Tariq Faruque	6,597
Mr. Naeemuddin Butt	24,500
Mrs. Chaman Faruque w/o Mr. Mahmood Faruque	10,397
Executives	-
Banks, Development Financial Institutions, Non-banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	182,154
Shareholders holding 10% or more voting interest	
Faruque (Private) Limited	2,646,500
National Bank of Pakistan (Trustee of NIT)	819,932
National Bank of Pakistan (Trustee of NIT)	844,598

Proxy Form

MIRPURKHAS SUGAR MILLS LTD
45th Annual General Meeting
2009

IMPORTANT
Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Registered Office at Modern Motors House, Beaumont Road, Karachi-75530 not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's
ID No. & A/c No. ____________________
____
No. of Shares held ____________________

I / We ____________________

of ____________________

being member of Mirpurkhas Sugar Mills Limited, hereby appoint ____________________

____________________ of ____________________

another member of the Company as my / our proxy to attend & vote for me / us and on my / our behalf at the 45th Annual General Meeting of the Company to be held on Wednesday, January 27, 2010 at 11:00 a.m. and at any adjournment thereof.

WITNESSES:

1. Signature ____________________
Name ____________________
Address ____________________
____
CNIC or Passport No. ____________________

2. Signature ____________________
Name ____________________
Address ____________________
____
CNIC or Passport No. ____________________

Signature of Shareholder

Please affix Five Rupees Revenue Stamp

Note: SECP's Circular of January 26, 2000, is on the reverse side of this form.

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