



**Mirpurkhas  
Sugar Mills  
Limited**

A Ghulam Faruque Group Company



1st Quarter  
Accounts (Un-Audited)  
December 31, 2018

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Financial Statements (Un-audited)

# Company Information

## Board of Directors

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Mr. Shehryar Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director
Mr. Wasif Khalid	Director
Engr. Mahfuz-ur-Rehman Pasha (NIT)	Director

## Audit Committee

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Mr. Samir Mustapha Chinoy	Chairman
Mr. Shehryar Faruque	Member
Mr. Yasir Masood	Member

## Human Resource and Remuneration Committee

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Engr. Mahfuz-ur-Rehman Pasha (NIT)	Chairman
Mr. Arif Faruque	Member
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

## Chief Operating Officer & Chief Financial Officer

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Mr. Wasif Khalid

## Executive Director & Company Secretary

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Mr. Abid Vazir

## Head of Internal Audit

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Mr. Aamir Saleem

## Share Registrar

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Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi-74400

## Bankers (Conventional)

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

## Bankers (Islamic)

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Askari Bank Ltd.  
Al Baraka Bank (Pakistan) Ltd.  
Bank Alfalah Ltd.  
Dubai Islamic Bank Pakistan Ltd.  
Meezan Bank Ltd.

## Registered Office / Factory

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Sub Post Office Sugar Mill  
Jamrao, Umerkot Road  
Mirpurkhas, Sindh

## Head Office

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Modern Motors House  
Beaumont Road  
Karachi-75530 Pakistan

## Auditors

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Kreston Hyder Bhimji & Co.  
Chartered Accountants

## Legal Advisor

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K.M.S. Law Associates



## Directors' Review

The Board of Directors presents the un-audited financial results of the company for the first quarter ended December 31, 2018.

### Production

Season 2018/19 started on December 14, 2018. The plant operated for only 18 days compared to 34 days during the same timeframe last year. During this period, the factory crushed 126,989 metric tons of sugarcane to produce 11,895 metric tons of sugar compared to 119,112 metric tons of sugarcane crushed to produce 10,909 metric tons of sugar during the corresponding period last year. During the period under review, the sucrose recovery improved to 10.48% as against 10.13% at the same time last year. The company also produced 4,905 metric tons of molasses during the period under review compared to 4,870 metric tons produced during the corresponding period last year.

### Financial Performance

During the period under review, the company sold sugar 18,527 metric tons of sugar compared to 37,409 metric tons (including exports) at the corresponding period last year. Current period's sales figures also include carryover stock from last year's production. Despite repeated representations of the Sugar Industry on the prevailing price of refined sugar in the market, both domestic and international, Sindh Government notified the purchase price of sugarcane at Rs.182 per maund and quality premium for the season 2018/19. This will result in a higher cost of production compared to the prevailing sale price for the sugar produced during the current financial year. During the quarter under review, the company earned other income of Rs. 34 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets. Furthermore, there was an increase in finance cost due to long term loan taken by the company, increase in working capital requirement and rise in discount rate by State Bank of Pakistan. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 118.12 million and adjusted its investment in the associate by the same amount.

	December 31, 2018	December 31, 2017
	(Rs. in million)	
Net Sales	818.97	1,839.35
Cost of Sales	(778.78)	(1,816.34)
Gross Profit	40.19	23.01
Other Income	34.04	36.06
Share of profit in associate	118.12	31.27
Other expenses & taxes	(130.21)	(134.85)
Net Profit/(Loss)	62.14	(44.51)

### Steel Project

Considering the economic uncertainties prevailing at present, increasing interest rates, rapid devaluation of Pakistani Rupee during the last 6 months coupled with overall economic slowdown, the management of the company is working on developing best scenario that can be worked around for establishment of the project either partially or in its entirety.

### UniEnergy Limited

UniEnergy - a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Mirpurkhas Sugar Mills has made an equity investment of Rs. 7.69 million following the approval of the shareholders. The government has, so far, not notified the tariff for the project.

### Future Prospects

Because of high sugarcane price fixed by the government and uncertain sugarcane cultivation growth figures, the current season is expected to be one of the most challenging in the recent history of the sugar industry. Pakistan Sugar Mills Association (PSMA) has made repeated requests to the government to review the price of sugarcane set at Rs. 182 per maund along with quality premium in Sindh as it does not cover the prevailing market price of sugar. The government has approved export of 1.10 million metric tons of sugar without subsidy in months of October and December 2018 respectively. However, due to low international prices, no sugar was exported. Favorable policy for uninterrupted export of sugar along with export freight support is a necessary requirement for the industry to survive and avoid incurring heavy financial losses like last financial year. The government is urged to allow financial relief to the sugar industry through timely release of freight support for the ongoing exports by the sugar mills to ease their burden for cane payments. Furthermore, it is also requested to rationalize the assessable value of sugar rate for sales tax purpose, which is currently fixed at Rs. 60 per kg.

### Acknowledgment

The management of the company would like to thank all the financial institutions, individuals, staff members and shareholders who have been associated with the company for their continued support and cooperation.

On behalf of the Board of Directors



**Shehryar Faruque**  
Chairman



**Aslam Faruque**  
Chief Executive

Karachi: January 24, 2019

# Unconsolidated Condensed Interim Statement Of Financial Position

for the quarter ended December 31, 2018

	Note	Dec. 31, 2018 (Unaudited)	Sep. 30, 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,432,953	2,416,009
Intangible asset		5,996	6,448
Long-term investments	7	1,159,407	1,041,286
Long-term deposits		1,376	1,308
		3,599,732	3,465,051
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		275,386	227,486
Stock-in-trade		1,061,016	1,074,451
Biological assets		29,434	30,952
Trade debts		84,898	37,817
Loans and advances		138,964	147,577
Trade deposits and short-term prepayments		12,259	2,639
Other receivables		518,610	540,769
Short-term investments		730,808	753,489
Tax refunds due from the Government		200,652	206,641
Cash and bank balances		49,282	18,311
		3,101,309	3,040,132
<b>TOTAL ASSETS</b>		6,701,041	6,505,183
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	122,682	122,682
Reserves		1,350,515	1,311,052
Surplus on revaluation of property, plant & equipment		816,571	816,571
		2,289,768	2,250,305
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		743,215	777,143
Deferred liabilities		491,041	489,771
Deferred tax liability-net		73,864	73,864
		1,308,120	1,340,778
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,105,129	495,851
Unclaimed dividend		7,471	7,501
Accrued mark-up		45,082	55,412
Short-term borrowings		1,749,757	2,159,622
Current portion of long-term financing		195,714	195,714
		3,103,153	2,914,100
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		6,701,041	6,505,183

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

for the quarter ended December 31, 2018

	Note	Dec. 31, 2018	Dec. 31, 2017
		(Rupees in '000)	
<b>Turnover - net</b>	11	818,968	1,839,350
Cost of sales	12	(778,783)	(1,816,339)
<b>Gross profit</b>		40,185	23,011
Distribution cost		(2,811)	(41,526)
Administrative expenses		(37,330)	(35,642)
Other operating expenses		(7,737)	(104)
		(47,878)	(77,272)
Other income		34,035	36,055
<b>Operating profit / (loss)</b>		26,342	(18,206)
Finance cost		(67,194)	(55,106)
		(40,852)	(73,312)
Share of profit in associates - net		118,121	31,275
<b>Profit / (loss) before taxation</b>		77,269	(42,037)
Taxation		(15,125)	(2,472)
<b>Profit / (loss) after taxation</b>		62,144	(44,509)
Earnings per share - basic (Rupees)	13	5.07	(3.63)

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

for the quarter ended December 31, 2018

	Dec. 31, 2018	Dec. 31, 2017
	(Rupees in '000)	
<b>Profit / (loss) after taxation for the quarter</b>	62,144	(44,509)
<b>Other Comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Fair value loss on available-for-sale securities	(22,681)	(39,121)
<b>Total comprehensive Income / (loss)</b>	<b>39,463</b>	<b>(83,630)</b>

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

  
**Aslam Faruque**  
 Chief Executive

  
**Yasir Masood**  
 Director

  
**Wasif Khalid**  
 Chief Financial Officer



# Unconsolidated Condensed Interim Statement of Cash Flow (Un-audited)

for the quarter ended December 31, 2018

## CASH FLOWS FROM OPERATING ACTIVITIES

	Dec. 31, 2018	Dec. 31, 2017
	(Rupees in '000)	
<b>Profit / (loss) before taxation</b>	77,269	(42,037)
<b>Adjustments for :</b>		
Depreciation	22,396	21,321
Amortization	452	453
Provision for market committee fee	1,270	1,192
Fair value adjustment of biological assets	(4,694)	(2,239)
Dividend income from related parties	(31,423)	(30,485)
Share of profit in associates	(118,121)	(31,275)
Loss / (Gain) on disposal of property, plant and equipment	(395)	(1,246)
Finance cost	67,194	55,106
	(63,321)	12,827
	13,948	(29,210)
<b>Working capital changes :</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(47,900)	(59,576)
Stock-in-trade	13,435	1,123,817
Biological assets	6,212	(2,986)
Trade debts	(47,081)	(29,708)
Loans and advances	8,613	(31,923)
Short-term prepayments	(9,620)	(10,417)
Other receivables	22,159	(204,276)
	(54,182)	784,931
<b>Increase in current liabilities:</b>		
Trade and other payables	609,278	334,984
<b>Cash generated from operations</b>	569,044	1,090,705
Income tax paid	(9,136)	(30,485)
<b>Net cash generated from operating activities</b>	559,908	1,060,220

## CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	(40,643)	(19,127)
Sale proceeds of property, plant and equipment	1,698	2,903
Short-term investments in related party	-	(24,805)
Long-term deposits	(68)	198
Dividend received from an associate	-	74,999
Dividend received from related parties	31,423	30,485
<b>Net cash (used in) / generated from investing activities</b>	(7,590)	64,653

## CASH FLOWS FROM FINANCING ACTIVITIES

Finance cost paid	(77,524)	(71,741)
Short-term borrowings	(409,865)	(988,541)
Long-term financing repaid	(33,928)	(28,928)
Payment of dividend	(30)	(6)
<b>Net cash used in financing activities</b>	(521,347)	(1,089,216)
<b>Net increase in cash and cash equivalents</b>	30,971	35,657
<b>Cash and cash equivalents at the beginning of the period</b>	18,311	22,623
<b>Cash and cash equivalents at the end of the period</b>	49,282	58,280

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)

for the quarter ended December 31, 2018

Description	Issued subscribed and paid-up capital	Reserves					Total reserves	Total
		General reserves	Unapp- ropriated Profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available for sale securities	Surplus on Revaluation of property, plant and equipment		
(Rupees in '000')								
Balance as at October 01, 2017	122,682	34,250	485,300	162,955	886,210	816,571	2,385,286	2,507,968
Profit after taxation for the year	-	-	(44,509)	-	-	-	(44,509)	(44,509)
Other comprehensive income for the year	-	-	-	-	(39,121)	-	(39,121)	(39,121)
Total comprehensive income	-	-	(44,509)	-	(39,121)	-	(83,630)	(83,630)
Balance as at December. 31, 2017	122,682	34,250	440,791	162,955	847,089	816,571	2,301,656	2,424,338
Balance as at October 01, 2018	122,682	34,250	558,544	89,665	628,593	816,571	2,127,623	2,250,305
Profit after taxation for the year	-	-	62,144	-	-	-	62,144	62,144
Other comprehensive income for the year	-	-	-	-	(22,681)	-	(22,681)	(22,681)
Total comprehensive income	-	-	62,144	-	(22,681)	-	39,463	39,463
Balance as at December 31, 2018	122,682	34,250	620,688	89,665	605,912	816,571	2,167,086	2,289,768

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

for the quarter ended December 31, 2018

## 1. STATUS AND NATURE OF THE BUSINESS

The Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted at Pakistan Stock Exchange. Principal activity of the Company is manufacturing and selling of sugar. The registered office of the Company is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh.

The Company has a wholly owned subsidiary M/s. Mirpurkhas Energy Limited, which is engaged in bagasse-based power generation project.

## 2. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements of the Company for the quarter ended December 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. BASIS OF PRESENTATION

These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2018.

## 4. ACCOUNTING POLICIES

These unconsolidated condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2018.

## 5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgement that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates assumptions and judgement are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied to financial statements as at and for the year ended September 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2018.

	Note	Dec. 31, 2018	Sep. 30, 2018 (Audited)
		(Rupees in '000)	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening book value		2,346,187	2,274,139
Additions during the period / year	6.1	3,464	167,149
Revaluation of free hold land		-	-
		2,349,651	2,441,288
Disposals during the period / year at book value	6.1	(1,303)	(5,380)
Depreciation charged during the period / year		(22,396)	(89,721)
		2,325,952	2,346,187
Opening: Capital work in progress		69,822	92,210
Addition to capital work in progress		37,179	123,508
Transferred to property plant & equipment		-	(145,896)
Capital work in progress	6.2	107,001	69,822
		2,432,953	2,416,009

#### 6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Dec. 31, 2018	Sep. 30, 2018 (Audited)	Dec. 31, 2018	Sep. 30, 2018 (Audited)
(Rupees in '000)				
Free hold land	-	-	-	-
Building on free hold land - Factory	-	-	-	-
Building on free hold land - Non factory	-	-	-	-
Building on lease hold land - Non factory	-	-	-	-
Plant and machinery	-	149,205	-	2,879
Vehicles	1,999	4,804	1,303	2,365
Furniture & fixture	-	5,168	-	-
Office and other equipment	710	1,740	-	44
Computers & accessories	755	6,232	-	92
	3,464	167,149	1,303	5,380

	Note	Dec. 31, 2018	Sep. 30, 2018 (Audited)
		(Rupees in '000)	
<b>6.2 Capital work in progress:</b>			
Plant and machinery		97,449	60,270
Civil Work		9,552	9,552
		107,001	69,822
<b>7. LONG-TERM INVESTMENT</b>			
<b>In Associates</b>			
<b>Unicol Limited</b>			
Opening balance	7.1	1,032,066	852,413
Dividend received		-	(224,999)
		1,032,066	627,414
Share of profit for the period		118,121	404,652
		1,150,187	1,032,066
<b>UniEnergy Limited</b>	7.2	7,629	7,661
Share of loss for the period		-	(32)
		7,629	7,629
		1,157,816	1,039,695
<b>In Subsidiary</b>			
Mirpurkhas Energy Limited		11,000	11,000
Less: Impairment loss		(11,000)	(11,000)
		-	-
<b>In Term Deposit</b>			
Commercial Bank		1,591	1,591
		1,159,407	1,041,286



7.1 The Company holds 33.33 percent (Sep. 2018: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2018. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended December 31, 2018. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments, the Company management to delay the listing process for the time being. Once the management decides to again attain the status of listing on PSX, it would revalidate and secure fresh approvals and update the stake holders accordingly.

7.2 The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (Sep. 2018: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals. This investment in UniEnergy Limited has been accounted for using the Equity method. 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(b) to the annual audited financial statements for the year ended September 30, 2018.

## 8. SHARE CAPITAL

### 8.1 Authorized Capital

Dec. 31, 2018	Sep. 30, 2018 (Audited)		Dec. 31, 2018	Sep. 30, 2018 (Audited)
Number of shares			(Rupees in '000)	
150,000,000	150,000,000	Ordinary shares of Rs.10/- each	1,500,000	1,500,000

### 8.2 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
10,498,219	10,498,219	Issued as fully paid bonus shares	104,982	104,982
12,268,219	12,268,219		122,682	122,682

## 9. CONTINGENCIES AND COMMITMENTS

Letter of guarantee issued by commercial bank	-	7,475
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The status of other contingencies as at December 31, 2018 is same as reported in the annual financial statements for the year ended September 30, 2018.

10 Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent unconsolidated condensed interim financial statements.

## 11. TURNOVER-NET

This includes Export sales of Rs. Nil (Dec. 2017: Rs.963.46 million)

## 12. COST OF SALES

Opening stock finished goods  
Cost of goods manufactured  
Closing stock finished goods

Dec. 31, 2018	Dec. 31, 2017
(Rupees in '000)	
1,072,896	2,027,239
659,194	609,182
1,732,090	2,636,421
(953,307)	(820,082)
778,783	1,816,339

**13. EARNINGS PER SHARE- Basic****Note**

(Loss) / profit after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees)

There is no dilutive effect on basic earnings per share of the Company.

Dec. 31, 2018	Dec. 31, 2017
(Rupees in '000)	
62,144	(44,509)
12,268,219	12,268,219
5.07	(3.63)

**14. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of Subsidiary companies, related group companies, associated companies, key management personnels and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of Transaction	Quarter ended	
		Dec. 31, 2018	Dec. 31, 2017
		(Rupees in '000)	
Group companies	Goods purchased	24,620	16,431
	Services received	2,587	1,903
	Sales made	342	-
	Dividend received	31,423	30,485
	Investment made in related parties	-	24,805
Associated Company	Sales made	10,929	2,089
	Goods purchased	401	-
	Dividend received	-	75,000
Subsidiary	Reimbursement of expense to subsidiary	5,278	202
	Advance to subsidiary	-	11,990
Other related parties	Charge for staff provident and gratuity funds	1,908	1,781
Key management personnel	Remuneration	12,674	11,743

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

**Following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place.**

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Mirpurkhas Energy Ltd.	Subsidiary Company	100.00
Zensoft (Pvt) Ltd.	Common directorship	-

#### 15. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on January 24, 2019 by the Board of Directors of the Company.

#### 16. GENERAL

Figures presented in these unconsolidated condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

Corresponding figures have been changed wherever necessary in line with the changes enacted through the Companies Act, 2017.

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Consolidated Condensed Interim Statement of Financial Position

as at December 31, 2018

	Note	Dec. 31, 2018	Sep. 30, 2018
		(Rupees in '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,432,953	2,421,287
Intangible asset		5,996	6,448
Long-term investments	7	1,159,407	1,041,286
Long-term deposits		1,376	1,308
		3,599,732	3,470,329
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		275,386	227,486
Stock-in-trade		1,061,016	1,074,451
Biological assets		29,434	30,952
Trade debts		84,898	37,817
Loans and advances		128,567	137,598
Trade deposits and short-term prepayments		12,259	2,639
Other receivables		518,610	540,769
Short-term investments		730,808	753,489
Tax refunds due from the Government		200,652	206,641
Cash and bank balances		49,420	18,618
		3,091,050	3,030,460
<b>TOTAL ASSETS</b>		<b>6,690,782</b>	<b>6,500,789</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	122,682	122,682
Reserves		1,340,256	1,306,071
Surplus on revaluation of property, plant & equipment		816,571	816,571
		2,279,509	2,245,324
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		743,215	777,143
Deferred liabilities		491,041	489,770
Deferred tax liability-net		73,864	73,864
		1,308,120	1,340,777
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,105,129	496,439
Unclaimed dividend		7,471	7,501
Accrued mark-up		45,082	55,412
Short-term borrowings		1,749,757	2,159,622
Current portion of long-term financing		195,714	195,714
		3,103,153	2,914,688
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,690,782</b>	<b>6,500,789</b>

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer



# Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

for the quarter ended December 31, 2018

	Note	Dec. 31, 2018	Dec. 31, 2017
		(Rupees in '000)	
<b>Turnover - net</b>	11	818,968	1,839,350
Cost of sales	12	(778,783)	(1,816,339)
<b>Gross profit</b>		40,185	23,011
Distribution cost		(2,811)	(41,526)
Administrative expenses		(37,330)	(35,844)
Other operating expenses		(13,015)	(104)
		(53,156)	(77,474)
Other income		34,035	36,055
<b>Operating profit / (loss)</b>		21,064	(18,408)
Finance cost		(67,194)	(55,106)
		(46,130)	(73,514)
Share of profit in associates - net		118,121	31,275
<b>Profit / (loss) before taxation</b>		71,991	(42,239)
Taxation		(15,125)	(2,472)
<b>Profit / (loss) after taxation</b>		56,866	(44,711)
Earnings per share - basic (Rupees)	13	4.64	(3.64)

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

for the quarter ended December 31, 2018

Dec. 31, 2018	Dec. 31, 2017
(Rupees in '000)	
Profit / (loss) after taxation for the quarter	56,866 (44,711)
Other Comprehensive income	
Items that may be reclassified subsequently to profit and loss account	
Fair value loss on available-for-sale securities	(22,681) (39,121)
<b>Total comprehensive Income / (loss)</b>	<b>34,185 (83,832)</b>

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

  
**Aslam Faruque**  
 Chief Executive

  
**Yasir Masood**  
 Director

  
**Wasif Khalid**  
 Chief Financial Officer

# Consolidated Condensed Interim Statement of Cash Flow (Un-audited)

for the quarter ended December 31, 2018

## CASH FLOWS FROM OPERATING ACTIVITIES

### Profit / (loss) before taxation

#### Adjustments for :

Depreciation	22,396	21,321
Amortization	452	453
Provision for market committee fee	1,270	1,192
Fair value adjustment of biological assets	(4,694)	(2,239)
Dividend income from related parties	(31,423)	(30,485)
Share of profit in associates	(118,121)	(31,275)
Loss / (Gain) on disposal of property, plant and equipment	(395)	(1,246)
Finance cost	67,194	55,106
	(63,321)	12,827
	8,670	(29,412)

### Working capital changes :

#### (Increase) / decrease in current assets:

Stores, spare parts and loose tools	(47,900)	(59,576)
Stock-in-trade	13,435	1,123,817
Biological assets	6,212	(2,986)
Trade debts	(47,081)	(29,708)
Loans and advances	9,031	(25,536)
Short-term prepayments	(9,620)	(10,417)
Other receivables	22,159	(204,276)
	(53,764)	791,318

### Increase in current liabilities:

Trade and other payables

### Cash generated from operations

Income tax paid

### Net cash generated from operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	(35,365)	(26,502)
Sale proceeds of property, plant and equipment	1,698	2,903
Short-term investments in related party	-	(24,805)
Long-term deposits	(68)	198
Dividend received from an associate	-	74,999
Dividend received from related parties	31,423	30,485
	(2,312)	57,278

### Net cash (used in) / generated from investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Finance cost paid	(77,524)	(71,741)
Short-term borrowings	(409,865)	(988,541)
Long-term financing repaid	(33,928)	(28,928)
Payment of dividend	(29)	(6)
	(521,346)	(1,089,216)

### Net cash used in financing activities

### Net increase in cash and cash equivalents

### Cash and cash equivalents at the beginning of the period

### Cash and cash equivalents at the end of the period

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

  
**Aslam Faruque**  
Chief Executive

  
**Yasir Masood**  
Director

  
**Wasif Khalid**  
Chief Financial Officer

# Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)

for the quarter ended December 31, 2018

Description	Issued subscribed and paid-up capital	Reserves					Total reserves	Total
		General reserves	Unappropriated Profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available for sale securities	Surplus on Revaluation of property, plant and equipment		
(Rupees in '000')								
Balance as at								
October 01, 2017	122,682	34,250	484,029	162,955	886,210	816,571	2,384,015	2,506,697
Profit after taxation for the quarter	-	-	(44,711)	-	-	-	(44,711)	(44,711)
Other comprehensive income for the quarter	-	-	-	-	(39,121)	-	(39,121)	(39,121)
Total comprehensive income	-	-	(44,711)	-	(39,121)	-	(83,832)	(83,832)
Balance as at December. 31, 2017	122,682	34,250	439,318	162,955	847,089	816,571	2,300,183	2,422,865
Balance as at October 01, 2018	122,682	34,250	553,563	89,665	628,593	816,571	2,122,642	2,245,324
Profit after taxation for the quarter	-	-	56,866	-	-	-	56,866	56,866
Other comprehensive income for the quarter	-	-	-	-	(22,681)	-	(22,681)	(22,681)
Total comprehensive income	-	-	56,866	-	(22,681)	-	34,185	34,185
Balance as at December 31, 2018	122,682	34,250	610,429	89,665	605,912	816,571	2,156,827	2,279,509

  
**Aslam Faruque**  
 Chief Executive

  
**Yasir Masood**  
 Director

  
**Wasif Khalid**  
 Chief Financial Officer



# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the quarter ended December 31, 2018

## 1. GROUP AND ITS OPERATIONS

The group consists of Mirpurkhas Sugar Mills Limited ("the Holding Company") and its subsidiary company Mirpurkhas Energy Limited. Brief profiles of Holding company and its subsidiary company are as follows:

### 1.1 Mirpurkhas Sugar Mills Limited

The Holding Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted at Pakistan Stock Exchange. Principal activity of the Company is manufacturing and selling of sugar. The registered office of the Company is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh.

### 1.2 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate a 26MW bagasse based power plant and thereafter sale of electricity.

As more fully explained in note 6.3 to the annual financial statements, the Company has written off its investments in its wholly owned subsidiary "Mirpurkhas Energy Limited" amounting to Rs.11 million.

The registered office of the Company is situated at Sub post office Sugar Mill Jamrao, Umerkot Road Mirpurkhas Sindh, Pakistan.

## 2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the quarter ended December 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. BASIS OF PRESENTATION

These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These consolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2018.

## 4. ACCOUNTING POLICIES

These consolidated condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2018.

## 5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgement that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates assumptions and judgement are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied to financial statements as at and for the year ended September 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2017.

	<b>Note</b>	<b>Dec. 31, 2018</b>	<b>Sep. 30, 2018 (Audited)</b>
		(Rupees in '000)	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening book value		2,346,187	2,274,139
Additions during the period / year	6.1	3,464	167,149
Revaluation of free hold land		-	-
		2,349,651	2,441,288
Disposals during the period / year at book value	6.1	(1,303)	(5,380)
Depreciation charged during the period / year		(22,396)	(89,721)
		2,325,952	2,346,187
Opening: Capital work in progress		75,100	102,363
Addition to capital work in progress		31,901	118,633
Transferred to property plant & equipment		-	(145,896)
Capital work in progress	6.2	107,001	75,100
		2,432,953	2,421,287

### 6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Dec. 31, 2018	Sep. 30, 2018 (Audited)	Dec. 31, 2018	Sep. 30, 2018 (Audited)
(Rupees in '000)				
Free hold land	-	-	-	-
Building on free hold land - Factory	-	-	-	-
Building on free hold land - Non factory	-	-	-	-
Building on lease hold land - Non factory	-	-	-	-
Plant and machinery	-	149,205	-	2,879
Vehicles	1,999	4,804	1,303	2,365
Furniture & fixture	-	5,168	-	-
Office and other equipment	710	1,740	-	44
Computers & accessories	755	6,232	-	92
	3,464	167,149	1,303	5,380

		Dec. 31, 2018	Sep. 30, 2018 (Audited)
		(Rupees in '000)	
<b>6.2 Capital work in progress:</b>	<b>Note</b>		
Plant and machinery		97,449	65,548
Civil works		9,552	9,552
		<u>107,001</u>	<u>75,100</u>
<b>7. LONG-TERM INVESTMENT</b>			
<b>In Associates</b>			
<b>Unicol Limited</b>			
Opening balance	7.1	1,032,066	852,413
Dividend received		-	(224,999)
		<u>1,032,066</u>	<u>627,414</u>
Share of profit for the period		118,121	404,652
		<u>1,150,187</u>	<u>1,032,066</u>
<b>UniEnergy Limited</b>	7.2	7,629	7,661
Share of loss for the period		-	(32)
		<u>7,629</u>	<u>7,629</u>
		<u>1,157,816</u>	<u>1,039,695</u>
<b>In Term Deposit</b>			
Commercial Bank		1,591	1,591
		<u>1,159,407</u>	<u>1,041,286</u>

**7.1** The Company holds 33.33 percent (Sep. 2018: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2018. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended December 31, 2018. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to delay the listing process for the time being. Once the management decides to again attain the status of listing on PSX, it would revalidate and secure fresh approvals and update the stake holders accordingly.

**7.2** The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (Sep 2018: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals This investment in UniEnergy Limited has been accounted for using the Equity method. 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(b) to the annual audited financial statements for the year ended September 30, 2018.

## **8. SHARE CAPITAL**

### **8.1 Authorized Capital**

Dec. 31, 2018	Sep. 30, 2018 (Audited)		Dec. 31, 2018	Sep. 30, 2018 (Audited)
Number of shares			(Rupees in '000)	
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs.10/- each	<u>1,500,000</u>	<u>1,500,000</u>

### **8.2 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
10,498,219	10,498,219	Issued as fully paid bonus shares	104,982	104,982
<u>12,268,219</u>	<u>12,268,219</u>		<u>122,682</u>	<u>122,682</u>

## 9. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks

-	7,475
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The status of other contingencies as at June 30, 2018 is same as reported in the annual financial statements for the year ended September 30, 2018.

## 10. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent consolidated condensed interim financial statements.

## 11. TURNOVER-NET

This includes Export sales of Rs. Nil (Dec. 2017: Rs.963.46 million)

## 12. COST OF SALES

Opening stock finished goods

Cost of goods manufactured

Closing stock finished goods

Dec. 31, 2018	Dec. 31, 2017
(Rupees in '000)	
1,072,896	2,027,239
659,194	609,182
1,732,090	2,636,421
(953,307)	(820,082)
778,783	1,816,339
56,866	(44,711)
12,268,219	12,268,219
4.64	(3.64)

## 13. EARNINGS PER SHARE- Basic

(Loss) / profit after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees)

There is no dilutive effect on basic earnings per share of the Company.

## 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, key management personnels and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of Transaction	Quarter ended	
		Dec. 31, 2018	Dec. 31, 2017
		(Rupees in '000)	
Group companies	Goods purchased	24,620	16,431
	Services received	2,587	1,903
	Sales made	342	-
	Dividend received	31,423	30,485
	Investment made in related parties	-	24,805
Associated Company	Sales made	10,929	2,089
	Goods purchased	401	-
	Dividend received	-	75,000
Other related parties	Charge for staff provident and gratuity funds	1,908	1,781
Key management personnel	Remuneration	12,674	11,743

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.



Following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place.

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Mirpurkhas Energy Ltd.	Subsidiary Company	100.00
Zensoft (Pvt) Ltd.	Common directorship	-

#### 15. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on January 24, 2019 by the Board of Directors of the Company.

#### 16. GENERAL

Figures presented in these consolidated condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

Corresponding figures have been changed wherever necessary in line with the changes enacted through the Companies Act, 2017.

  
**Aslam Faruque**  
 Chief Executive

  
**Yasir Masood**  
 Director

  
**Wasif Khalid**  
 Chief Financial Officer



### Mirpurkhas Sugar Mills Limited

Registered Office / Factory  
Sub Post Office Sugar Mill  
Jamrao, Umerkot Road  
Mirpurkhas, Sindh

Head Office  
Modern Motors House  
Beaumont Road  
Karachi-75530 Pakistan  
UAN: +92 - 21-111- 354 -111  
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