



Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

Gain in each grain

Half Yearly Accounts
(un-audited)
March 31, 2018



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Company Information

Board of Directors

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Chief Operating Officer & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Aamir Saleem

Share Registrar

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

Bankers (Conventional)

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)

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

Registered Office / Factory

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

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Directors' Review

The Board of Directors presents the un-audited financial results of the company, duly reviewed by the auditors, for the half year ended March 31, 2018.

Production

The company started crushing on 28 November 2017. The plant operated for 124 days till March 31, 2018, compared to 131 days during the same time last year. During this period, the factory crushed 699,324 MT of sugarcane to produce 78,725 MT of sugar as compared to 738,378 MT of sugarcane crushed to produce 78,897 MT of sugar during the corresponding period last year. During the period under review, the Company achieved its highest ever sucrose recovery of 11.34% (2017:10.68%) and stood as second highest in Sindh and Pakistan. The company also produced 32,945 MT of molasses during the period under review compared to 34,860 MT of molasses produced during the corresponding period last year.

Financial Performance

During the period under review, the company sold 74,574 MT of sugar against 33,193 MT sold at the same time last year. The reason for the increased turnover is mainly due to export sales, which stood at 55,325 MT i.e. 74% of the total quantity sold. The government due to surplus production in the country allowed export of two million tons coupled with freight support subsidy of Rs. 10.70 per KG to support the sugar industry on cane payments. Despite the genuine concern and repeated representation of the sugar Industry on the prevailing sale price of sugar in the domestic and export markets, due to excessive supply, the Sindh Government did not take this into consideration that notified price would result in a higher per KG cost of production and notified the price of sugarcane at Rs. 182/- per maund for the season 2017/18, against which the company along with other sugar mills in Sindh filed a petition in Honorable High Court of Sindh and got an interim settlement price of Rs. 160/- per maund till a final decision is made. During the half year period under review, the Company was able to report gross profit only after taking into account the subsidy, which is receivable against the quantity exported.

During the half year under review, the company earned dividend income of Rs. 39.6 million while the finance cost stood at Rs. 97.5 million. The increase in finance cost was due to mark-up on long term loan. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 136.8 million and adjusted its investment in the associate by the same amount. For the half year under review, the company earned an after tax profit of Rs.56.06 million.

	March 31, 2018	March 31, 2017
	(Rs. in million)	
Net Sales	3,625.67	1,815.81
Cost of Sales	<u>(3,340.70)</u>	<u>(1,612.45)</u>
Gross Profit	284.97	203.36
Other Income	66.48	49.88
Share of profit in associate	136.80	56.71
Other expenses & taxes	<u>(432.19)</u>	<u>(233.77)</u>
Net Profit/(Loss)	<u>56.06</u>	<u>76.18</u>

Unicol - Joint Venture Distillery Project

The Board of Directors of Unicol Ltd had decided to list the shares of Unicol Limited on Pakistan Stock Exchange Limited (PSX). Various regulatory approvals were secured to procure listing for the shares in accordance with the rules and regulations of the Pakistan Stock Exchange and Security and Exchange Commission of Pakistan. For the purpose of listing, the Company had been authorized by the Board of Directors to divest up to 12.50 million shares of Unicol Ltd held by it representing 8.33% of the paid up capital and issued shares of Unicol Ltd through PSX. Deteriorating stock market conditions in light of political and economic developments has forced the Sponsors to delay the listing process for the time being. Once the Sponsors decide to again secure the status of listing on PSX, it would revalidate and secure fresh approvals and update the stakeholders accordingly.

Mirpurkhas Energy - Bagasse based Power Generation Project

Mirpurkhas Energy Limited (MEL), which is a wholly owned subsidiary of MSM, has received the Letter of Intent (LOI), Generation License and consent for power supply to the national grid successfully. Further, the upfront tariff with National Electric and Power Regulatory Authority (NEPRA) has also been awarded to the company. MEL has also received Letter of Support (LOS) after the award of tariff from Alternate Energy Development Board (AEDB). Subsequent to the award of tariff by NEPRA, the power purchaser (CPPA) has filed a review petition with NEPRA against the award of tariff being allowed under the policy. On 18 April 2018, NEPRA dismissed the review motion filed by CPPA-G against the tariff. However, NEPRA decided not to make any change with respect to the date of COD and decided that it will be reckoned from the date of award of upfront tariff. Subsequent to NEPRA decision, CPPA-G has filed a petition in Honorable Islamabad High Court against decision of NEPRA and the Company is contesting the same.

Future Prospects

The current season has proved to be the most challenging in the recent history of the sugar industry. The country has nearly exported the approved quota of two million tons as approved by the government. The government is urged to allow financial relief to the sugar industry through timely release of subsidy to the sugar mills to ease its burden for cane payments to sugarcane growers and discharge their liabilities accordingly. 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. The government is also requested to immediately release freight subsidy on export of sugar, which is due since 2012-13.

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: May 23, 2018

Auditors' Report to the members on review of unconsolidated condensed interim financial information

INTRODUCTION:

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of MIRPURKHAS SUGAR MILLS LIMITED as of March 31, 2018, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "unconsolidated condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account for quarters ended March 31, 2018 and March 31, 2017 have not been reviewed, as we were required to review only the cumulative figures for the half year ended March 31, 2018.

SCOPE OF REVIEW:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of this unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended on March 31, 2018, is not prepared, in all material respects, in accordance with approved Accounting Standards as applicable in Pakistan.

Karachi: May 23, 2018

Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement partner: Faiza Hanif

Unconsolidated Condensed Interim Statement of financial position

as at March 31, 2018

	Note	Mar. 31, 2018 (Unaudited)	Sep. 30, 2017 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,389,390	2,366,349
Intangible asset		7,353	8,258
Long-term investments	8	884,468	872,627
Long-term deposits		1,213	1,709
		<u>3,282,424</u>	<u>3,248,943</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		227,143	195,605
Stock-in-trade		2,082,591	2,029,952
Biological assets		12,276	57,838
Trade debts		450,834	104,069
Loans and advances		191,932	228,319
Trade deposits and short-term prepayments		8,047	1,635
Other receivables		773,518	314,547
Short-term investments		1,025,215	986,301
Tax refunds due from the Government		190,524	191,023
Cash and bank balances		50,731	22,623
		<u>5,012,811</u>	<u>4,131,912</u>
TOTAL ASSETS		<u>8,295,235</u>	<u>7,380,855</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	122,682	122,682
Reserves		1,638,885	1,568,715
Surplus on revaluation of property, plant & equipment		816,571	816,571
		<u>2,578,138</u>	<u>2,507,968</u>
NON-CURRENT LIABILITIES			
Long-term financing		875,000	972,857
Deferred liabilities		268,226	251,917
		<u>1,143,226</u>	<u>1,224,774</u>
CURRENT LIABILITIES			
Trade and other payables		2,008,315	689,049
Unclaimed dividend		7,486	7,491
Accrued mark-up		27,689	56,517
Short-term borrowings		2,334,667	2,739,342
Current portion of long-term financing		195,714	155,714
		<u>4,573,871</u>	<u>3,648,113</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>8,295,235</u>	<u>7,380,855</u>

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

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For The Half Year Ended March 31, 2018

	Note	Half year ended		Quarter ended	
		Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
(Rupees in '000)					
Turnover - net	12	3,625,675	1,815,807	1,786,325	1,284,451
Cost of sales	13	(3,340,703)	(1,612,450)	(1,524,364)	(1,100,185)
Gross profit		284,972	203,357	261,961	184,266
Distribution cost		(149,065)	(47,304)	(107,539)	(46,102)
Administrative expenses		(74,416)	(60,645)	(38,774)	(34,518)
Other operating expenses		(47,150)	(4,404)	(47,046)	(3,757)
		(270,631)	(112,353)	(193,359)	(84,377)
Other income	14	66,480	49,876	30,425	4,434
Operating profit		80,821	140,880	99,027	104,323
Finance cost		(97,549)	(89,633)	(42,443)	(60,804)
		(16,728)	51,247	56,584	43,519
Share of profit in associates - net		136,802	56,707	105,527	34,593
Profit before taxation		120,074	107,954	162,111	78,112
Taxation		(64,013)	(31,772)	(61,541)	(45,214)
Profit after taxation		56,061	76,182	100,570	32,898
Earnings per share - basic (Rupees)	15	4.57	6.21	8.20	2.68

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

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

for the half year ended March 31, 2018

	Half year ended		Quarter ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)			
Profit after taxation	56,061	76,182	100,570	32,898
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Fair value gain on available-for-sale securities	14,109	230,811	53,230	38,073
Total comprehensive income for the period	<u>70,170</u>	<u>306,993</u>	<u>153,800</u>	<u>70,971</u>

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended March 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)	
Profit before taxation	120,074	107,954
Adjustments for :		
Depreciation	43,497	34,835
Amortization	905	-
Provision for market committee fee	6,997	7,384
Fair value adjustment of biological assets	26,721	20,015
Dividend income from related parties	(39,592)	(32,718)
Share of profit in associates	(136,802)	(56,707)
Gain on disposal of property, plant and equipment	(1,341)	(1,141)
Finance cost	97,549	89,633
	(2,066)	61,301
	118,008	169,255
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(31,538)	(10,755)
Stock-in-trade	(52,639)	(2,880,842)
Biological assets	18,841	12,389
Trade debts	(346,765)	(816,751)
Loans and advances	36,387	55,740
Short-term prepayments	(6,412)	(11,999)
Other receivables	(458,971)	(62,323)
	(841,097)	(3,714,541)
Increase in current liabilities:		
Trade and other payables	1,319,266	549,839
Cash generated from / (used in) operations	596,177	(2,995,447)
Income tax paid	(54,202)	(56,220)
Net cash generated from / (used in) operating activities	541,975	(3,051,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(68,100)	(90,175)
Sale proceeds of property, plant and equipment	2,903	2,370
Short-term investments in related party	(24,805)	-
Long-term investments in subsidiary and others	(38)	(12,499)
Long-term deposits	496	596
Dividend received from an associate	124,999	-
Dividend received from related parties	39,592	32,718
Net cash generated from / (used in) investing activities	75,047	(66,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(126,377)	(57,721)
Short-term borrowings	(404,675)	3,041,048
Long-term financing obtained	-	300,000
Long-term financing repaid	(57,857)	(25,000)
Payment of dividend	(5)	(59,399)
Net cash (used in) / generated from financing activities	(588,914)	3,198,928
Net increase in cash and cash equivalents	28,108	80,271
Cash and cash equivalents at the beginning of the period	22,623	21,033
Cash and cash equivalents at the end of the period	50,731	101,304

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

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

for the half yearly ended March 31, 2018

Description	Issued subscribed and paid-up capital	Reserves				Total reserves	Total	
		General reserves	Unappropriated profit	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')							Restated	
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	555,749	2,817,971	2,940,653
Profit after taxation for the period	-	-	76,182	-	-	-	76,182	76,182
Other comprehensive income for the period	-	-	-	-	230,811	-	230,811	230,811
Total comprehensive income	-	-	76,182	-	230,811	-	306,993	306,993
Transaction with owners								
Final cash dividend for the year ended September 30, 2016 @ Rs. 5/= per share	-	-	(61,341)	-	-	-	(61,341)	(61,341)
Balance as at March 31, 2017	122,682	34,250	831,527	203,053	1,439,045	555,749	3,063,623	2,630,555
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 period	-	-	56,061	-	-	-	56,061	56,061
Other comprehensive income for the period	-	-	-	-	14,109	-	14,109	14,109
Total comprehensive income	-	-	56,061	-	14,109	-	70,170	70,170
Balance as at March 31, 2018	122,682	34,250	541,361	162,955	900,319	816,571	2,455,456	2,578,138

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

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

for the half year ended March 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.

2. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements of the Company for the six months period ended March 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

3.1 These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by auditors 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, 2017.

3.2 The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended March 31, 2018 and March 31, 2017 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended March 31, 2018 & March 31, 2017.

3.3 Effective 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Consequent to deletion of said section from the Act, the Company has changed its accounting policy with respect to surplus arising on revaluation of property, plant and equipment to conform it to the requirement of IAS 16. Previously, the Company used to transfer such surplus to an account called 'Surplus on revaluation of fixed assets' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity). Further the surplus on revaluation of fixed assets was allowed to be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed assets of the Company. The said change in accounting policy has been made in accordance with the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors.

The Company has made the changes in its accounting policy as per the requirements of the Companies Act 2017, and has restated certain comparatives. However there was no change in the reported amounts of statement of profit or loss account and other comprehensive income.

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, 2017 except that the Company has adopted the following IFRSs which became effective during the period:

IAS 7 - Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 - Income Taxes - Recognition of Deferred tax Assets for Unrealised losses (Amendment)

IFRS 12 - Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above standards did not have any material effect on the unconsolidated condensed interim financial statements.

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, 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.

6. TAXATION

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.25% of turnover tax, calculated at applicable tax rates under section 113 and alternate corporate tax under section 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the unconsolidated condensed interim financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

7. PROPERTY, PLANT AND EQUIPMENT

		Mar. 31, 2018	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
	Note		
Opening book value		2,274,139	1,644,396
Additions during the period / year	7.1	122,788	447,056
Revaluation of free hold land		-	260,822
		2,396,927	2,352,274
Disposals during the period / year at book value	7.1	(1,701)	(1,536)
Depreciation charged during the period / year		(43,497)	(76,599)
		2,351,729	2,274,139
Opening: Capital work in progress		92,210	392,298
Addition to capital work in progress		61,956	87,651
Transferred to property plant & equipment		(116,505)	(387,739)
Capital work in progress	7.2	37,661	92,210
		2,389,390	2,366,349

7.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Mar. 31, 2018	Sep. 30, 2017 (Audited)	Mar. 31, 2018	Sep. 30, 2017 (Audited)
	(Rupees in '000)			
Free hold land	-	10,320	-	-
Building on free hold land - Non factory	-	500	-	-
Building on lease hold land - Non factory	-	15,211	-	-
Plant and machinery	116,505	397,311	-	-
Vehicles	4,739	16,389	1,701	1,535
Furniture & fixture	-	131	-	-
Office and other equipment	219	1,421	-	-
Computers & accessories	1,325	5,773	-	1
	<u>122,788</u>	<u>447,056</u>	<u>1,701</u>	<u>1,536</u>

	Note	Mar. 31, 2018	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
7.2 Capital work in progress:			
Plant and machinery		36,761	90,710
Stores held for capitalization		900	1,500
		<u>37,661</u>	<u>92,210</u>
8. LONG-TERM INVESTMENT			
In Associates			
Unicol Limited			
Opening balance	8.1	852,413	742,302
Dividend received		(124,999)	-
		<u>727,414</u>	<u>742,302</u>
Share of profit for the period		136,810	110,111
		<u>864,224</u>	<u>852,413</u>
UniEnergy Limited	8.2	7,661	7,690
Share of loss for the period		(8)	(29)
		<u>7,653</u>	<u>7,661</u>
		871,877	860,074
In Subsidiary			
Mirpurkhas Energy Limited	8.3	11,000	11,000
In Term Deposit			
Commercial Bank		1,591	1,553
		<u>884,468</u>	<u>872,627</u>

8.1 The Company holds 33.33 percent (Sep. 2017: 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, 2017. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended March 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, due to deteriorating stock market conditions, in light of political and economic developments, has forced the sponsors to delay the listing process for the time being. Once the sponsors decide to again secure the status of listing on PSX, it would revalidate and secure fresh approvals and update the stakeholders accordingly.

- 8.2 The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2017: 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, 2017. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended March 31, 2018.
- 8.3 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 26 MW bagasse based power plant and thereafter sale of electricity. On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. Subsequent to award of tariff, the Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Central Power Purchasing Agency Guarantee Limited (CPGA-G) on September 26, 2017 has filed a review petition with NEPRA against the award of tariff by the competent authority. On April 18, 2018 NEPRA dismissed all the review motions filed by CPGA-G against the tariff. However, NEPRA decided not to make any change with respect to the date of COD and it will continue to be reckoned from the date of award of upfront tariff. Subsequent to NEPRA decision on review motion, CPGA-G has filed a petition against the decision of NEPRA in Honourable Islamabad High Court and the Company is contesting the same.

9. SHARE CAPITAL

9.1 Authorized capital

Mar. 31, 2018	Sep. 30, 2017 (Audited)		Mar. 31, 2018	Sep. 30, 2017 (Audited)
Number of shares			(Rupees in '000)	
150,000,000	50,000,000	Ordinary shares of Rs.10/- each	1,500,000	500,000

9.2 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

10. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	-	9,354
Letter of guarantee issued by commercial bank	7,475	8,892

The status of other contingencies as at March 31, 2018 is same as reported in the annual financial statements for the year ended September 30, 2017, except the following:

- 10.1 The Company had filed suits before the Honorable High Court of Sindh 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 financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated 26 February 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated 7 June 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company is in the process of consultation with its legal advisors in order to claim the duty duly paid by the Company.

10.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, 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 Honorable Supreme Court of Pakistan vide its Order dated 5 March 2018, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impugned Notification of crushing season 1998-99 . The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, no valid notification for quality premium under section 16(V) could have been issued by the provisional government for the period from 1998-99 till to date, hence no liability of quality premium has arisen between the crushing season 1998-99 till the date of Supreme Court Order dated 05 March 2018.

11. 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 unconsolidated condensed interim financial statements.

12. TURNOVER-NET

This includes Export sales of Rs.2,643.13 million (Mar. 2017: 917.63)

13. COST OF SALES

	Half year ended		Quarter ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)			
Opening stock finished goods	2,027,239	214,982	820,082	1,057,777
Cost of goods manufactured / purchased	3,345,210	4,416,629	2,736,028	3,061,569
	5,372,449	4,631,611	3,556,110	4,119,346
Closing stock finished goods	(2,031,746)	(3,019,161)	(2,031,746)	(3,019,161)
	3,340,703	1,612,450	1,524,364	1,100,185

14. OTHER INCOME

Income from financial assets

Dividend income from related parties	39,592	32,718	9,107	9,445
Profit on PLS accounts with banks	303	501	223	324
Mark-up on growers' loan	1,500	525	1,123	44
	41,395	33,744	10,453	9,813

Income / (loss) from non-financial assets

Gain on disposal of operating property, plant and equipment	1,341	1,141	95	1,110
Fair value adjustment of biological assets	-	11,383	(3,351)	(10,063)
Exchange gain on Export sales	23,038	3,537	23,038	3,537
	24,379	16,061	19,782	(5,416)

Others

Miscellaneous	706	71	190	37
	66,480	49,876	30,425	4,434

15. EARNINGS PER SHARE- Basic

Profit after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees.)

Half year ended		Quarter ended	
Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
(Rupees in '000)			
56,061	76,182	100,570	32,898
12,268,219	12,268,219	12,268,219	12,268,219
4.57	6.21	8.20	2.68

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

16. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
(Rupees in '000)					
Group companies	Goods purchased	38,748	35,641	22,317	17,384
	Services received	4,157	4,767	2,254	2,616
	Sales made	189,014	259,401	186,925	179,726
	Dividend received from related party	39,592	32,718	9,107	9,445
	Dividend received from associate	124,999	-	74,999	-
	Dividend paid	-	28,186	-	28,186
	Investment made in related party	24,805	-	-	-
	Investment made in subsidiary	-	11,000	-	10,000
	Reimbursement of expense to subsidiary	520	1,005	318	144
	Advance to subsidiary	5,959	5,491	428	4,630
Other related parties	Charge for staff provident and gratuity funds	3,652	4,202	1,871	2,153
Key management personnel	Remuneration	22,214	35,161	10,471	18,388

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.

Outstanding balances, as at balance sheet date, are disclosed as follows:

	Mar. 31, 2018 (Un-audited)	Sep. 30, 2017 (Audited)
(Rupees in '000)		
Subsidiary Company		
Loan and advances	11,562	5,603
Associated Company		
Trade and other payables	-	10,573
Trade debts	2,066	-

17. DATE OF AUTHORIZATION

These Unconsolidated condensed interim financial statements have been authorized for issue on May 23, 2018 by the Board of Directors of the Company.

18. GENERAL

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

Consolidated Condensed Interim Statement Of Financial Position

As At March 31, 2018

	Note	Mar. 31, 2018 (Unaudited)	Sep. 30, 2017 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,408,610	2,376,502
Intangible asset		7,353	8,258
Long-term investments	8	873,468	861,627
Long-term deposits		1,213	1,709
		<u>3,290,644</u>	<u>3,248,096</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		227,143	195,605
Stock-in-trade		2,082,591	2,029,952
Biological assets		12,276	57,838
Trade debts		450,834	104,069
Loans and advances		180,370	222,716
Trade deposits and short-term prepayments		8,047	1,635
Other receivables		773,518	314,547
Short-term investments		1,025,215	986,301
Tax refunds due from the Government		190,524	191,023
Cash and bank balances		52,282	27,802
		<u>5,002,800</u>	<u>4,131,488</u>
TOTAL ASSETS		<u>8,293,444</u>	<u>7,379,584</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	122,682	122,682
Reserves		1,637,094	1,567,444
Surplus on revaluation of property, plant & equipment		816,571	816,571
		<u>2,576,347</u>	<u>2,506,697</u>
NON-CURRENT LIABILITIES			
Long-term financing		875,000	972,857
Deferred liabilities		268,226	251,917
		<u>1,143,226</u>	<u>1,224,774</u>
CURRENT LIABILITIES			
Trade and other payables		2,008,315	689,049
Unclaimed dividend		7,486	7,491
Accrued mark-up		27,689	56,517
Short-term borrowings		2,334,667	2,739,342
Current portion of long-term financing		195,714	155,714
		<u>4,573,871</u>	<u>3,648,113</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>8,293,444</u>	<u>7,379,584</u>

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

Consolidated Condensed Interim Profit And Loss Account (Un-audited)

For The Half Year Ended March 31, 2018

	Note	Half year ended		Quarter ended	
		Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
(Rupees in '000)					
Turnover - net	12	3,625,675	1,815,807	1,786,325	1,284,451
Cost of sales	13	(3,340,703)	(1,612,450)	(1,524,364)	(1,100,185)
Gross profit		284,972	203,357	261,961	184,266
Distribution cost		(149,065)	(47,304)	(107,539)	(46,102)
Administrative expenses		(74,936)	(61,650)	(39,092)	(34,662)
Other operating expenses		(47,150)	(4,404)	(47,046)	(3,817)
		(271,151)	(113,358)	(193,677)	(84,581)
Other income	14	66,480	49,876	30,425	4,434
Operating profit		80,301	139,875	98,709	104,119
Finance cost		(97,549)	(89,633)	(42,443)	(60,804)
		(17,248)	50,242	56,266	43,315
Share of profit in associates - net		136,802	56,707	105,527	34,593
Profit before taxation		119,554	106,949	161,793	77,908
Taxation		(64,013)	(31,772)	(61,541)	(45,214)
Profit after taxation		55,541	75,177	100,252	32,694
Earnings per share - basic (Rupees)	15	4.53	6.13	8.17	2.66

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

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

For The Half Year Ended March 31, 2018

	Half year ended		Quarter ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
	(Rupees in '000)			
Profit after taxation	55,541	75,177	100,252	32,694
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Fair value gain on available-for-sale securities	14,109	230,811	53,230	38,073
Total comprehensive income for the period	<u>69,650</u>	<u>305,988</u>	<u>153,482</u>	<u>70,767</u>

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended March 31, 2018

	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	119,554	106,949
Adjustments for :		
Depreciation	43,497	34,835
Amortization	905	-
Provision for market committee fee	6,997	7,384
Fair value adjustment of biological assets	26,721	20,015
Dividend income from related parties	(39,592)	(32,718)
Share of profit in associates	(136,802)	(56,707)
Gain on disposal of property, plant and equipment	(1,341)	(1,141)
Finance cost	97,549	89,633
	(2,066)	61,301
	117,488	168,250
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(31,538)	(10,755)
Stock-in-trade	(52,639)	(2,880,842)
Biological assets	18,841	12,389
Trade debts	(346,765)	(816,751)
Loans and advances	42,346	61,232
Short-term prepayments	(6,412)	(11,999)
Other receivables	(458,971)	(62,323)
	(835,138)	(3,709,049)
Increase in current liabilities:		
Trade and other payables	1,319,266	549,839
Cash generated from / (used in) operations	601,616	(2,990,960)
Income tax paid	(54,202)	(56,220)
Net cash generated from / (used in) operating activities	547,414	(3,047,180)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(77,167)	(95,936)
Sale proceeds of property, plant and equipment	2,903	2,370
Short-term investments in related party	(24,805)	-
Long-term investments in subsidiary and others	(38)	(1,500)
Long-term deposits	496	596
Dividend received from an associates	124,999	-
Dividend received from related parties	39,592	32,718
Net cash generated from / (used in) investing activities	65,980	(61,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(126,377)	(57,721)
Short-term borrowings	(404,675)	3,041,048
Long-term financing obtained	-	300,000
Long-term financing repaid	(57,857)	(25,000)
Payment of dividend	(5)	(59,399)
Net cash (used in) / generated from financing activities	(588,914)	3,198,928
Net increase in cash and cash equivalents	24,480	89,996
Cash and cash equivalents at the beginning of the period	27,802	21,033
Cash and cash equivalents at the end of the period	52,282	111,029

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

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

for the half yearly ended March 31, 2018

Description	Issued subscribed and paid-up capital	Reserves				Surplus on Revaluation of property, plant and equipment	Total reserves	Total
		General reserves	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available for sale securities			
(Rupees in '000')								
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	555,749	2,262,222	2,384,904
Profit after taxation for the period	-	-	75,177	-	-	-	75,177	75,177
Other comprehensive income for the period	-	-	-	-	230,811	-	230,811	230,811
Total comprehensive income	-	-	75,177	-	230,811	-	305,988	305,988
Transaction with owners								
Final cash dividend for the year ended September 30, 2016 @ Rs. 5/- per share	-	-	(61,341)	-	-	-	(61,341)	(61,341)
Balance as at March 31, 2017	122,682	34,250	830,521	203,053	1,439,045	555,749	2,506,869	2,629,551
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 period	-	-	55,541	-	-	-	55,541	55,541
Other comprehensive income for the period	-	-	-	-	14,109	-	14,109	14,109
Total comprehensive income	-	-	55,541	-	14,109	-	69,650	69,650
Balance as at March 31, 2018	122,682	34,250	539,570	162,955	900,319	816,571	2,453,665	2,576,347


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

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

for the half year ended March 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.

On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. The Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB).

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 six months period ended March 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

3.1 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, 2017.

3.2 Effective 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified presentation and accounting treatment relating

to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Consequent to deletion of said section from the Act, the Company has changed its accounting policy with respect to surplus arising on revaluation of property, plant and equipment to conform it to the requirement of IAS 16. Previously, the Company used to transfer such surplus to an account called 'Surplus on revaluation of fixed assets' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity). Further the surplus on revaluation of fixed assets was allowed to be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed assets of the Company. The said change in accounting policy has been made in accordance with the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors.

The Company has made the changes in its accounting policy as per the requirements of the Companies Act 2017 and has restated certain comparatives. However there was no change in the reported amounts of statement of profit or loss account and other comprehensive income.

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, 2017 except that the Company has adopted the following IFRSs which became effective during the period:

IAS 7 -Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 -Income Taxes - Recognition of Deferred tax Assets for Unrealised losses (Amendment)

IFRS 12 -Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above standards did not have any material effect on the consolidated condensed interim financial statements.

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.

6. TAXATION

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.25% of turnover tax, calculated at applicable tax rates under section 113 and alternate corporate tax under section 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the consolidated condensed interim financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

		Mar. 31, 2018	Sep. 30, 2017 (Audited)
7.	PROPERTY, PLANT AND EQUIPMENT	Note	
		(Rupees in '000)	
	Opening book value	2,274,139	1,644,396
	Additions during the period / year	122,788	447,056
	Revaluation of free hold land	-	260,822
		2,396,927	2,352,274
	Disposals during the period / year at book value	(1,701)	(1,536)
	Depreciation charged during the period / year	(43,497)	(76,599)
		2,351,729	2,274,139
	Opening: Capital work in progress	102,363	392,298
	Addition to capital work in progress	71,023	123,087
	Transferred to property plant & equipment	(116,505)	(413,022)
	Capital work in progress	56,881	102,363
		2,408,610	2,376,502

7.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Mar. 31, 2018	Sep. 30, 2017 (Audited)	Mar. 31, 2017	Sep. 30, 2017 (Audited)
	(Rupees in '000)			
Free hold land	-	10,320	-	-
Building on free hold land - Non factory	-	500	-	-
Building on lease hold land - Non factory	-	15,211	-	-
Plant and machinery	116,505	397,311	-	-
Vehicles	4,739	16,389	1,701	1,535
Furniture & fixture	-	131	-	-
Office and other equipment	219	1,421	-	-
Computers & accessories	1,325	5,773	-	1
	122,788	447,056	1,701	1,536

		Mar. 31, 2018	Sep. 30, 2017 (Audited)
7.2	Capital work in progress:	Note	
		(Rupees in '000)	
	Plant and machinery	55,381	100,863
	Stores held for capitalization	1,500	1,500
		56,881	
8.	LONG-TERM INVESTMENT		
	In Associates		
	Unicol Limited		
	Opening balance	852,413	742,302
	Dividend received	(124,999)	-
		727,414	742,302
	Share of profit for the period	136,810	110,111
		864,224	852,413
	UniEnergy Limited		
	Share of loss for the period	7,661	7,690
		(8)	(29)
		7,653	7,661
		871,877	860,074
	In Term Deposit		
	Commercial Bank		
		1,591	1,553
		873,468	861,627

102,363

- 8.1 The Company holds 33.33 percent (Sep. 2017: 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, 2017. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended March 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, due to deteriorating stock market conditions, in light of political and economic developments, has forced the sponsors to delay the listing process for the time being. Once the sponsors decide to again secure the status of listing on PSX, it would revalidate and secure fresh approvals and update the stakeholders accordingly.
- 8.2 The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2017: 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, 2017. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended March 31, 2018.

9. SHARE CAPITAL

9.1 Authorized capital

Mar. 31, 2018	Sep. 30, 2017 (Audited)		Mar. 31, 2018	Sep. 30, 2017 (Audited)
Number of shares			(Rupees in '000)	
150,000,000	50,000,000	Ordinary shares of Rs.10/- each	1,500,000	500,000

9.2 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

10. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	-	9,354
Letter of guarantee issued by commercial bank	7,475	8,892

The status of other contingencies as at March 31, 2018 is same as reported in the annual financial statements for the year ended September 30, 2017, except the following:

- 10.1 The Company has filed suits before the Honorable High Court of Sindh 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 financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated 26 February 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated 7 June 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company is in the process of consultation with its legal advisors in order to claim the duty duly paid by the Company.

10.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, 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 Honorable Supreme Court of Pakistan vide its Order dated 5 March 2018 on Civil Appeal No. 334 of 2004 and other connected Appeals, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impugned Notification of crushing season 1998-99. The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, no valid notification for quality premium under section 16(v) could have been issued by the provisional government for the period from 1998-99 till to date in view of restraining order of Honorable Supreme Court of Pakistan that was in operation after 1998-1999, no liability of quality premium has arisen between the crushing season 1998-99 till the date of Supreme Court Order dated 05 March 2018.

11. 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 condensed interim financial statements.

12. TURNOVER-NET

This includes Export sales of Rs.2,643.13 million (Mar. 2017: 917.63)

13. COST OF SALES

	Half year ended		Quarter ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)			
Opening stock finished goods	2,027,239	214,982	820,082	1,057,777
Cost of goods manufactured / purchased	3,345,210	4,416,629	2,736,028	3,061,569
	5,372,449	4,631,611	3,556,110	4,119,346
Closing stock finished goods	(2,031,746)	(3,019,161)	(2,031,746)	(3,019,161)
	<u>3,340,703</u>	<u>1,612,450</u>	<u>1,524,364</u>	<u>1,100,185</u>

14. OTHER INCOME

Income from Financial Assets

Dividend income from related parties	39,592	32,718	9,107	9,445
Profit on PLS accounts with banks	303	501	223	324
Mark-up on growers' loan	1,500	525	1,123	44
	<u>41,395</u>	<u>33,744</u>	<u>10,453</u>	<u>9,813</u>

Income / (loss) from non-financial assets

Gain on disposal of operating property, plant and equipment	1,341	1,141	95	1,110
Fair value adjustment of biological assets	-	11,383	(3,351)	(10,063)
Exchange gain on Export sales	23,038	3,537	23,038	3,537
	<u>24,379</u>	<u>16,061</u>	<u>19,782</u>	<u>(5,416)</u>

Others

Miscellaneous	706	71	190	37
	<u>66,480</u>	<u>49,876</u>	<u>30,425</u>	<u>4,434</u>

15. EARNINGS PER SHARE- Basic

	Half year ended		Quarter ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)			
Profit after taxation (Rs.'000)	55,541	75,177	100,252	32,694
Weighted average no. of ordinary shares in issue	12,268,219	12,268,219	12,268,219	12,268,219
Earnings per share-basic (Rupees.)	4.53	6.31	8.17	2.66

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

16. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
		(Rupees in '000)			
Group companies	Goods purchased	38,748	35,641	22,317	17,384
	Services received	4,157	4,767	2,254	2,616
	Sales made	189,014	259,401	186,925	179,726
	Dividend received from related party	39,592	32,718	9,107	9,445
	Dividend received from associate	124,999	-	74,999	-
	Dividend paid	-	28,186	-	28,186
	Investment made in related party	24,805	-	-	-
Other related parties	Charge for staff provident and gratuity funds	3,652	4,202	1,871	2,153
Key management personnel	Remuneration	22,214	35,161	10,471	18,388

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.

Outstanding balances, as at balance sheet date, are disclosed as follows:

	Mar. 31, 2018 (Un-audited)	Sep. 30, 2017 (Audited)
	(Rupees in '000)	
Associated Company		
Trade and other payables	-	10,573
Trade debts	2,066	-

17. DATE OF AUTHORIZATION

These Consolidated condensed interim financial statements have been authorized for issue on May 23, 2018 by the Board of Directors of the Company.

18. GENERAL

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


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer



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GROUP

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