



Mirpurkhas  
Sugar Mills  
Limited

A Ghulam Faruque Group Company

Half Yearly  
Accounts (Un-Audited)  
March 31, 2019

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# 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.  
Habib Metropolitan 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  
UAN: +92-21-111-354-111  
Fax: +92-21-35688036  
Web: www.gfg.com.pk

## 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, duly reviewed by the auditors, for the half year ended March 31, 2019.

## Production

During the season 2018/19, the factory operated for 88 days compared to 143 days compared to last season. The factory crushed 577,396 metric tons of sugarcane to produce 64,935 metric tons of sugar compared to 774,171 metric tons of sugarcane crushed to produce 88,183 metric tons of sugar last season. During the period under review, the sucrose recovery declined to 11.25% as against 11.39% at the same time last year. The company also produced 26,445 metric tons of molasses during the period under review compared to 38,725 metric tons produced during the corresponding period last year.

## Financial Performance

During the period under review, the company sold sugar 24,734 metric tons of sugar compared to 74,574 metric tons (including exports) at the corresponding period last year. This year's sales figures also include carryover stock from last year's production. Despite repeated representations of the Sugar Industry, Sindh Government notified the purchase price of sugarcane at Rs.182 per maund and quality premium for the season 2018/19. This resulted in a high cost of production. During the half year under review, there was a drop in distribution costs due to decline in expenses pertaining to export of sugar made by the Company last year. There was an escalation 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. 213.34 million and adjusted its investment in the associate by the same amount.

	March 31, 2019	March 31, 2018
	(Rs. in million)	
Net Sales	1,119.79	3,625.67
Cost of Sales	(1,009.57)	(3,340.70)
Gross Profit	110.22	284.97
Other Income	40.77	66.48
Share of Profit/(Loss) in associates	213.22	136.80
Other Expenses & Taxes	(287.78)	(432.19)
Net Profit/(Loss)	76.43	56.06

## Steel Project

In view of uncertain economic circumstances in the country, rising interest rates and rapid devaluation of Pakistani Rupee during the last few months, 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 Jhampir, 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

The season 2018/19 was extremely challenging for the sugar industry due to uncertain sugarcane cultivation growth figures and high sugarcane price fixed by the government. Despite repeated request of the Pakistan

Sugar Mills Association (PSMA) to review and rationalize the price of sugarcane, the government set the price at Rs. 182 per maund along with quality premium in Sindh. 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: May 20, 2019

# Auditors' Report to the Members on Review of Un-consolidated Condensed Interim Financial Statements

## Introduction:

We have reviewed the accompanying un-consolidated condensed interim statement of financial position of MIRPURKHAS SUGAR MILLS LIMITED ("the Company") as at March 31, 2019, and the related un-consolidated condensed interim statement of profit or loss, un-consolidated condensed interim statement of comprehensive income, un-consolidated condensed interim statement of changes in equity and un-consolidated condensed interim statement of cash flows and notes to the financial statements for the half year ended (here-in-after referred to as the "un-consolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim un-consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these un-consolidated condensed interim financial statements based on our review.

The figures of the un-consolidated condensed interim statement of profit or loss and un-consolidated condensed interim statement of comprehensive income for the quarters ended March 31, 2019 and March 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2019.

## Scope of Review:

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim financial information Performed by the Independent Auditor of the Entity". A review of un-consolidated condensed Interim financial statements 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 un-consolidated condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner of the review resulting in this independent auditor's report is Faiza Hanif.

  
**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS

Karachi: May 20, 2019

# Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2019

	Note	Mar. 31, 2019 (Unaudited)	Sep. 30, 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,460,154	2,416,009
Intangible asset		5,543	6,448
Long-term investments	7	1,129,584	1,041,286
Long-term deposits		1,376	1,308
		3,596,657	3,465,051
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		233,314	227,486
Stock-in-trade		2,886,143	1,074,451
Biological assets		21,804	30,952
Trade debts		63,050	37,817
Loans and advances		236,860	147,577
Trade deposits and short-term prepayments		11,259	2,639
Other receivables		487,154	540,769
Short-term investments		634,932	753,489
Tax refunds due from the Government		207,482	206,641
Cash and bank balances		41,282	18,311
		4,823,280	3,040,132
<b>TOTAL ASSETS</b>		<b>8,419,937</b>	<b>6,505,183</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	122,682	122,682
Reserves		1,250,522	1,311,052
Surplus on revaluation of property, plant & equipment		816,571	816,571
		2,189,775	2,250,305
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		679,286	777,143
Deferred liabilities		495,546	489,771
Deferred tax liability-net		60,614	73,864
		1,235,446	1,340,778
<b>CURRENT LIABILITIES</b>			
Trade and other payables		949,017	495,851
Unclaimed dividend		8,620	7,501
Accrued mark-up		82,116	55,412
Short-term borrowings		3,759,249	2,159,622
Current portion of long-term financing		195,714	195,714
		4,994,716	2,914,100
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,419,937</b>	<b>6,505,183</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 Profit or Loss

for the Half Year Ended March 31, 2019

	Note	Half year ended		Quarter ended	
		Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
(Rupees in '000)					
<b>Turnover - net</b>	11	1,119,790	3,625,675	300,822	1,786,325
Cost of sales		(1,009,568)	(3,340,703)	(230,785)	(1,524,364)
<b>Gross profit</b>		110,222	284,972	70,037	261,961
Distribution cost		(7,432)	(149,065)	(4,621)	(107,539)
Administrative expenses		(71,571)	(74,416)	(34,241)	(38,774)
Other operating expenses		(15,809)	(47,150)	(8,072)	(47,046)
		(94,812)	(270,631)	(46,934)	(193,359)
Other income		40,771	66,480	6,736	30,425
Operating profit		56,181	80,821	29,839	99,027
Finance cost		(171,022)	(97,549)	(103,828)	(42,443)
		(114,841)	(16,728)	(73,989)	56,584
Share of profit in associates - net		213,220	136,802	95,099	105,527
<b>Profit before taxation</b>		98,379	120,074	21,110	162,111
Taxation					
Current		(35,200)	(54,702)	(20,075)	(44,682)
Deferred		13,250	(9,312)	13,250	(9,312)
		(21,950)	(64,013)	(6,825)	(61,541)
<b>Profit after taxation</b>		76,429	56,061	14,285	100,570
Earnings per share - basic (Rupees)	12	6.23	4.57	1.16	8.20

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

for the Half Year Ended March 31, 2019

	Half year ended		Quarter ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
	(Rupees in '000)			
<b>Profit after taxation</b>	76,429	56,061	14,285	100,570
<b>Other Comprehensive (loss) / income</b>				
<b>Items that may be reclassified subsequently to profit and loss account</b>				
Fair value (loss) / gain on available-for-sale securities	(118,557)	14,109	(95,876)	53,230
<b>Total comprehensive (loss) / income</b>	<b>(42,128)</b>	<b>70,170</b>	<b>(81,591)</b>	<b>153,800</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

for the Half Year Ended March 31, 2019

	Mar. 31, 2019	Mar. 31, 2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>	98,379	120,074
<b>Adjustments for :</b>		
Depreciation	45,324	43,497
Amortization	905	905
Provision for market committee fee	5,775	6,997
Fair value adjustment of biological assets	(726)	26,721
Dividend income from related parties	(36,219)	(39,592)
Share of profit in associates	(213,220)	(136,802)
Gain on disposal of property, plant and equipment	(3,543)	(1,341)
Finance cost	171,022	97,549
	(30,682)	(2,066)
	67,697	118,008
<b>Working capital changes :</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(5,828)	(31,538)
Stock-in-trade	(1,811,692)	(52,639)
Biological assets	9,874	18,841
Trade debts	(25,233)	(346,765)
Loans and advances	(89,283)	36,387
Short-term prepayments	(8,620)	(6,412)
Other receivables	53,615	(458,971)
	(1,877,167)	(841,097)
<b>Increase in current liabilities:</b>		
Trade and other payables	453,166	1,319,266
<b>Cash (used in) / generated from operations</b>	(1,356,304)	596,177
Income tax paid	(36,041)	(54,202)
<b>Net cash (used in) / generated from operating activities</b>	(1,392,345)	541,975
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(92,112)	(68,100)
Sale proceeds of property, plant and equipment	6,186	2,903
Short-term investments in related party	-	(24,805)
Long-term investments in subsidiary and others	(78)	(38)
Long-term deposits	(68)	496
Dividend received from an associate	125,000	124,999
Dividend received from related parties	36,219	39,592
<b>Net cash (used in) / generated from investing activities</b>	75,147	75,047
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(144,318)	(126,377)
Short-term borrowings	1,599,627	(404,675)
Long-term financing repaid	(97,857)	(57,857)
Payment of dividend	(17,283)	(5)
<b>Net cash generated from / (used in) financing activities</b>	1,340,169	(588,914)
<b>Net increase in cash and cash equivalents</b>	22,971	28,108
<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>	41,282	50,731

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

for the Half Year Ended March 31, 2019

Description	Issued, subscribed and paid up capital	Reserves				Surplus on Revaluation of property, plant and equipment	Total reserves	Total
		General reserve	Unappropriated profit	Actuarial gain on defined benefit plan net-off tax	Fair value gain / (loss) on available for sale securities			
(Rupees in '000)								
<b>Balance as at October 01, 2017</b>	122,682	34,250	485,300	162,955	886,210	816,571	2,385,286	2,507,968
Profit after taxation	-	-	56,061	-	-	-	56,061	56,061
Other comprehensive income	-	-	-	-	14,109	-	14,109	14,109
Total comprehensive income	-	-	56,061	-	14,109	-	70,170	70,170
<b>Balance as at March 31, 2018</b>	122,682	34,250	541,361	162,955	900,319	816,571	2,455,456	2,578,138
<b>Balance as at October 01, 2018</b>	122,682	34,250	558,544	89,665	628,593	816,571	2,127,623	2,250,305
Profit after taxation	-	-	76,429	-	-	-	76,429	76,429
Other comprehensive income	-	-	-	-	(118,557)	-	(118,557)	(118,557)
Total comprehensive income	-	-	76,429	-	(118,557)	-	(42,128)	(42,128)
<b>Transaction with owners</b>								
Final cash dividend for the year ended September 30, 2018 @ Rs. 1.5/= per share	-	-	(18,402)	-	-	-	(18,402)	(18,402)
<b>Balance as at March 31, 2019</b>	122,682	34,250	616,571	89,665	510,036	816,571	2,067,093	2,189,775

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 Half Year Ended March 31, 2019

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

The geographical location and addresses of the Company's business units / immovable assets are as under:

<b>Business Unit</b>	<b>Address</b>
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 575.09 acres and covered area 569,434 sq.ft)

## 2. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements of the Company for the half year ended March 31, 2019 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, 2018.
- 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, 2019 and March 31, 2018 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, 2019 & March 31, 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.

### 4.1 Changes in accounting standards, interpretations & amendments to published accounting standards

#### IFRS 15 Revenue from Contract with customers

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of the contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

The Company has assessed that significant performance obligation in contracts with customers are closely related to the delivery of goods and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirement of the new accounting standard.

#### IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and impairment and hedge accounting.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. ECL are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

SECP has notified vide its S.R.O 299 (I)/2019 that the effective date for the applicability will be for the reporting period/year ending on or after year ending June, 30 2019. Accordingly, the Company intends to apply IFRS 9 in preparation of financial statements for the year ending 30, September 2019.

#### 5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS

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.

#### 6. PROPERTY, PLANT AND EQUIPMENT

Note

Mar. 31, 2019	Sep. 30, 2018 (Audited)
(Rupees in '000)	
2,346,187	2,274,139
76,010	167,149
2,422,197	2,441,288
(2,643)	(5,380)
(45,324)	(89,721)
2,374,230	2,346,187
69,822	92,210
85,555	123,508
(69,453)	(145,896)
85,924	69,822
2,460,154	2,416,009

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

	Additions at cost		Disposals at book value	
	Mar. 31, 2019	Sep. 30, 2018 (Audited)	Mar. 31, 2019	Sep. 30, 2018 (Audited)
	(Rupees in '000)			
Plant and machinery	69,453	149,205	179	2,879
Vehicles	3,892	4,804	2,464	2,365
Furniture & fixture	65	5,168	-	-
Office and other equipment	813	1,740	-	44
Computers & accessories	1,787	6,232	-	92
	<u>76,010</u>	<u>167,149</u>	<u>2,643</u>	<u>5,380</u>

**6.2 Capital work in progress:**

**Note**

	Mar. 31, 2019	Sep. 30, 2018 (Audited)
		(Rupees in '000)
Plant and machinery	26,009	60,270
Civil Work	59,915	9,552
	<u>85,924</u>	<u>69,822</u>

**7. LONG-TERM INVESTMENT**

**In Associates**

**Unicol Limited**

Opening balance	7.1	1,032,066	852,413
Dividend received		(125,000)	(224,999)
		907,066	627,414
Share of profit for the period / year		213,241	404,652
		<u>1,120,307</u>	<u>1,032,066</u>

**UniEnergy Limited**

Share of loss for the period	7.2	7,629	7,661
		(21)	(32)
		<u>7,608</u>	<u>7,629</u>
		<u>1,127,915</u>	<u>1,039,695</u>

**In Subsidiary**

**Mirpurkhas Energy Limited**

Less: Impairment loss	7.3	11,000	11,000
		(11,000)	(11,000)
		<u>-</u>	<u>-</u>

**In Term Deposit**

Commercial Bank		1,669	1,591
		<u>1,129,584</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 half year ended March 31, 2019. 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 to delay the listing process for the time being. Once the company 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. The share of Company in the net assets has been determined on the basis of the un-audited financial statements as of March 31, 2019.

- 7.3 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 26 MW Bagasse based power plant and thereafter sales 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 Alternative Energy Development Board (AEDB).

Considering the unfavorable conditions imposed by cabinet committee of energy (CCOE) related to renewable energy projects and other uncertainties involved, the Board of Directors of Mirpurkhas Energy Limited in its meeting held on June 6, 2018 decided to not to pursue the power project any further and recorded impairment loss on carrying value of investment.

## 8. SHARE CAPITAL

### 8.1 Authorized capital

Mar. 31, 2019	Sep. 30, 2018 (Audited)		Mar. 31, 2019	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
<u>12,268,219</u>	<u>12,268,219</u>		<u>122,682</u>	<u>122,682</u>

## 9. CONTINGENCIES AND COMMITMENTS

Letter of guarantee issued by commercial bank	-	7,475
Commitments for lease rentals under ijarah contracts	13,617	2,699

The status of other contingencies as at March 31, 2019 is same as reported in the annual financial statements for the year ended September 30, 2018, except the following.

- 9.1 For Season 2018-19, the Sindh Government announced sugarcane minimum support price per 40 kg at Rs.182 vide its notification dated December 07, 2018. The notification was challenged in Honorable High Court of Sindh by the Company and post facto ratification of the sugarcane price notification was sought to be accorded on cabinet meeting dated January 07, 2019, wherein another notification was issued on January 17, 2019 for the same. Honorable High Court of Sindh admitted the Company's contention and set aside the notification issued on December 07, 2018 both for sugarcane price and quality premium and directed the Government of Sindh to issue fresh notification for the Season 2018-19 within 15 days of judgement dated March 05, 2019 and directed all sugar mills to continue paying Rs. 182/- per 40 KG at present effective January 17, 2019. However, the Honorable High Court did not fix any price for sugarcane purchased before January 17, 2019.. As of reporting date of financial statement for the half year ended March 31, 2019, the Government of Sindh fails to notify the sugarcane support price and quality premium for the crushing season 2018/19. Keeping in view of above stated facts, Company has fully provided/ paid sugarcane liability for the Season 2018-19 as per the directives of Honourable High Court of Sindh .

## 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 unconsolidated condensed interim financial statements.

## 11. TURNOVER-NET

This includes Export sales of Rs. Nil (Mar. 2018: Rs. 2,643.13 million)

	Half year ended		Quarter ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
	(Rupees in '000)			
Profit after taxation (Rs.'000)	76,429	56,061	14,285	100,570
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.)	6.23	4.57	1.16	8.20

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

## 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2018. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortized cost in these condensed interim financial approximate their fair values.

## 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Subsidiary companies, related group companies, associated companies, key management personnel 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, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
		(Rupees in '000)			
Group companies (Common directorship)	Goods purchased	48,483	38,748	23,862	22,317
	Services received	5,212	4,157	2,625	2,254
	Sales made	342	-	-	-
	Dividend received	36,219	39,592	4,796	9,107
	Investment made	-	24,805	-	-
	Dividend paid	9,209	-	9,209	-
Associated Company	Sales made	292,390	189,014	281,461	186,925
	Goods purchased	401	-	-	-
	Dividend received from associate	125,000	125,000	125,000	50,000
Subsidiary	Reimbursement of expenses	-	520	-	318
	Advance to subsidiary	-	5,959	-	428
Other related parties	Charge for staff provident and gratuity funds	4,431	3,652	2,523	1,871
Key management personnel	Remuneration	23,353	22,214	10,679	10,471



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 / Share holding	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship / Share holding	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	-
Think Tank	Associated Company	-

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

	Mar. 31, 2019 (Un-Audited)	Sep. 30, 2018 (Audited)
	(Rupees in '000)	
<b>Subsidiary Company</b>		
Loan and advances	9,979	9,979
<b>Associated Company</b>		
Trade and other payables	59,043	38,898

## 15. DATE OF AUTHORIZATION

These Unconsolidated condensed interim financial statements have been authorized for issue on May 20, 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.

  
**Aslam Faruque**  
 Chief Executive

  
**Yasir Masood**  
 Director

  
**Wasif Khalid**  
 Chief Financial Officer

**Consolidated Condensed  
Interim Financial Statements**

# Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2019

	Note	Mar. 31, 2019 (Unaudited)	Sep. 30, 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,460,154	2,421,287
Intangible asset		5,543	6,448
Long-term investments	7	1,129,584	1,041,286
Long-term deposits		1,376	1,308
		<b>3,596,657</b>	<b>3,470,329</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		233,314	227,486
Stock-in-trade		2,886,143	1,074,451
Biological assets		21,804	30,952
Trade debts		63,050	37,817
Loans and advances		226,493	137,598
Trade deposits and short-term prepayments		11,259	2,639
Other receivables		487,154	540,769
Short-term investments		634,932	753,489
Tax refunds due from the Government		207,482	206,641
Cash and bank balances		41,390	18,618
		<b>4,813,021</b>	<b>3,030,460</b>
<b>TOTAL ASSETS</b>		<b>8,409,678</b>	<b>6,500,789</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	122,682	122,682
Reserves		1,240,263	1,306,071
Surplus on revaluation of property, plant & equipment		816,571	816,571
		<b>2,179,516</b>	<b>2,245,324</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		679,286	777,143
Deferred liabilities		495,546	489,770
Deferred tax liability-net		60,614	73,864
		<b>1,235,446</b>	<b>1,340,777</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		949,017	496,439
Unclaimed dividend		8,620	7,501
Accrued mark-up		82,116	55,412
Short-term borrowings		3,759,249	2,159,622
Current portion of long-term financing		195,714	195,714
		<b>4,994,716</b>	<b>2,914,688</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,409,678</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

for the Half Year Ended March 31, 2019

	Note	Half year ended		Quarter ended	
		Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
(Rupees in '000)					
<b>Turnover - net</b>	11	1,119,790	3,625,675	300,822	1,786,325
Cost of sales		(1,009,568)	(3,340,703)	(230,785)	(1,524,364)
<b>Gross profit</b>		110,222	284,972	70,037	261,961
Distribution cost		(7,432)	(149,065)	(4,621)	(107,539)
Administrative expenses		(71,571)	(74,936)	(34,241)	(39,092)
Other operating expenses		(21,087)	(47,150)	(8,072)	(47,046)
		(100,090)	(271,151)	(46,934)	(193,677)
Other income		40,771	66,480	6,736	30,425
<b>Operating profit</b>		50,903	80,301	29,839	98,709
Finance cost		(171,022)	(97,549)	(103,828)	(42,443)
		(120,119)	(17,248)	(73,989)	56,266
Share of profit in associates - net		213,220	136,802	95,099	105,527
<b>Profit before taxation</b>		93,101	119,554	21,110	161,793
Taxation					
Current		(35,200)	(54,702)	(20,075)	(44,682)
Deferred		13,250	(9,312)	13,250	(9,312)
		(21,950)	(64,013)	(6,825)	(61,541)
<b>Profit after taxation</b>		71,151	55,541	14,285	100,252
Earnings per share - basic (Rupees)	12	5.80	4.53	1.16	8.17

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

for the Half Year Ended March 31, 2019

	Half year ended		Quarter ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
	(Rupees in '000)			
<b>Profit after taxation</b>	71,151	55,541	14,285	100,252
<b>Other Comprehensive (loss) / income</b>				
<b>Items that may be reclassified subsequently to profit and loss account</b>				
Fair value (loss) / gain on available-for-sale securities	(118,557)	14,109	(95,876)	53,230
<b>Total comprehensive (loss) / income</b>	<b>(47,406)</b>	<b>69,650</b>	<b>(81,591)</b>	<b>153,482</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

for the Half Year Ended March 31, 2019

	Mar. 31, 2019	Mar. 31, 2018
(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>	93,101	119,554
<b>Adjustments for :</b>		
Depreciation	45,324	43,497
Amortization	905	905
Provision for market committee fee	5,775	6,997
Fair value adjustment of biological assets	(726)	26,721
Dividend income from related parties	(36,219)	(39,592)
Share of profit in associates	(213,220)	(136,802)
Gain on disposal of property, plant and equipment	(3,543)	(1,341)
Finance cost	171,022	97,549
	(30,682)	(2,066)
	62,419	117,488
<b>Working capital changes :</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(5,828)	(31,538)
Stock-in-trade	(1,811,692)	(52,639)
Biological assets	9,874	18,841
Trade debts	(25,233)	(346,765)
Loans and advances	(88,895)	42,346
Short-term prepayments	(8,620)	(6,412)
Other receivables	53,615	(458,971)
	(1,876,779)	(835,138)
<b>Increase in current liabilities:</b>		
Trade and other payables	452,578	1,319,266
<b>Cash (used in) / generated from operations</b>	(1,361,782)	601,616
Income tax paid	(36,041)	(54,202)
<b>Net cash (used in) / generated from operating activities</b>	(1,397,823)	547,414
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(86,833)	(77,167)
Sale proceeds of property, plant and equipment	6,186	2,903
Short-term investments in related party	-	(24,805)
Long-term investments in subsidiary and others	(78)	(38)
Long-term deposits	(68)	496
Dividend received from an associate	125,000	124,999
Dividend received from related parties	36,219	39,592
<b>Net cash (used in) / generated from investing activities</b>	80,426	65,980
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(144,318)	(126,377)
Short-term borrowings	1,599,627	(404,675)
Long-term financing repaid	(97,857)	(57,857)
Payment of dividend	(17,283)	(5)
<b>Net cash generated from / (used in) financing activities</b>	1,340,169	(588,914)
<b>Net increase in cash and cash equivalents</b>	22,772	24,480
<b>Cash and cash equivalents at the beginning of the period</b>	18,618	27,802
<b>Cash and cash equivalents at the end of the period</b>	41,390	52,282

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

for the Half Year Ended March 31, 2019

Description	Issued, subscribed and paid up capital	Reserves				Total reserves	Total	
		General reserve	Unappropriated profit	Actuarial gain on defined benefit plan net-off tax	Fair value gain / (loss) on available for sale securities			Surplus on Revaluation of property, plant and equipment
(Rupees in '000)								
<b>Balance as at October 01, 2017</b>	122,682	34,250	484,029	162,955	886,210	816,571	2,384,015	2,506,697
Profit after taxation	-	-	55,541	-	-	-	55,541	55,541
Other comprehensive income	-	-	-	-	14,109	-	14,109	14,109
<b>Total comprehensive income</b>	-	-	55,541	-	14,109	-	69,650	69,650
<b>Balance as at March 31, 2018</b>	<u>122,682</u>	<u>34,250</u>	<u>539,570</u>	<u>162,955</u>	<u>900,319</u>	<u>816,571</u>	<u>2,453,665</u>	<u>2,576,347</u>
<b>Balance as at October 01, 2018</b>	122,682	34,250	553,563	89,665	628,593	816,571	2,122,642	2,245,324
Profit after taxation	-	-	71,151	-	-	-	71,151	71,151
Other comprehensive income	-	-	-	-	(118,557)	-	(118,557)	(118,557)
<b>Total comprehensive income</b>	-	-	71,151	-	(118,557)	-	(47,406)	(47,406)
<b>Transaction with owners</b>								
Final cash dividend for the year ended September 30, 2018 @ Rs. 1.5/= per share	-	-	(18,402)	-	-	-	(18,402)	(18,402)
<b>Balance as at March 31, 2019</b>	<u>122,682</u>	<u>34,250</u>	<u>606,312</u>	<u>89,665</u>	<u>510,036</u>	<u>816,571</u>	<u>2,056,834</u>	<u>2,179,516</u>

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

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

for the Half Year Ended March 31, 2019

## 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.

### 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.

#### Business Unit

Head Office

Registered Office / Factory  
(Immovable assets)

#### Address

Modern Motors House, Beaumont Road, Karachi.

Sub Post Office Sugar Mill Jamrao, Umerkot Road,  
Mirpurkhas Sindh. (Land measuring 575.09 acres and  
covered area 569,434 sq.ft)

## 2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the half year ended March 31, 2019 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.

### 4.1 Changes in accounting standards, interpretations & amendments to published accounting standards IFRS 15 Revenue from Contract with customers

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control



of the goods or services. IFRS 15 also includes guidance on the presentation of the contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

The Company has assessed that significant performance obligation in contracts with customers are closely related to the delivery of goods and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirement of the new accounting standard.

### IFRS 9 Financial Instruments

"IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and impairment and hedge accounting.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. ECL are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

SECP has notified vide its S.R.O 299 (I)/2019 that the effective date for the applicability will be for the reporting period/year ending on or after year ending June, 30 2019. Accordingly, the Company intends to apply IFRS 9 in preparation of financial statements for the year ending 30, September 2019."

## 5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS

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, 2018.

6. PROPERTY, PLANT AND EQUIPMENT	Note	Mar. 31, 2019	Sep. 30, 2018 (Audited)
		(Rupees in '000)	
Opening book value		2,346,187	2,274,139
Additions during the period / year	6.1	76,010	167,149
		2,422,197	2,441,288
Disposals during the period / year at book value	6.1	(2,643)	(5,380)
Depreciation charged during the period / year		(45,324)	(89,721)
		2,374,230	2,346,187
Opening: Capital work in progress		75,100	102,363
Addition to capital work in progress		80,277	118,633
Transferred to property plant & equipment		(69,453)	(145,896)
Capital work in progress	6.2	85,924	75,100
		2,460,154	2,421,287

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

	Additions at cost		Disposals at book value	
	Mar. 31, 2019	Sep. 30, 2018 (Audited)	Mar. 31, 2019	Sep. 30, 2018 (Audited)
	(Rupees in '000)			
Plant and machinery	69,453	149,205	179	2,879
Vehicles	3,892	4,804	2,464	2,365
Furniture & fixture	65	5,168	-	-
Office and other equipment	813	1,740	-	44
Computers & accessories	1,787	6,232	-	92
	<b>76,010</b>	<b>167,149</b>	<b>2,643</b>	<b>5,380</b>

**6.2 Capital work in progress:**

**Note**

	Mar. 31, 2019	Sep. 30, 2018 (Audited)
	(Rupees in '000)	
Plant and machinery	26,009	65,548
Civil Work	59,915	9,552
	<b>85,924</b>	<b>75,100</b>

**7. LONG-TERM INVESTMENT**

**In Associates**

**Unicol Limited**

Opening balance	7.1	1,032,066	852,413
Dividend received		(125,000)	(224,999)
		907,066	627,414
Share of profit for the period / year		213,241	404,652
		<b>1,120,307</b>	<b>1,032,066</b>

**UniEnergy Limited**

7.2

Share of loss for the period		7,629	7,661
		(21)	(32)
		<b>7,608</b>	<b>7,629</b>
		<b>1,127,915</b>	<b>1,039,695</b>

**In Term Deposit**

**Commercial Bank**

		1,669	1,591
		<b>1,129,584</b>	<b>1,041,286</b>

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 half year ended March 31, 2019. 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. 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, 2019

## 8. SHARE CAPITAL

### 8.1 Authorized capital

Mar. 31, 2019	Sep. 30, 2018 (Audited)		Mar. 31, 2019	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
<u>12,268,219</u>	<u>12,268,219</u>		<u>122,682</u>	<u>122,682</u>

## 9. CONTINGENCIES AND COMMITMENTS

Letter of guarantee issued by commercial bank	-	7,475
Commitments for lease rentals under ijarah contracts	13,617	2,699

The status of other contingencies as at March 31, 2019 is same as reported in the annual financial statements for the year ended September 30, 2018, except the following.

- 9.1 For Season 2018-19, Sindh Government announced sugarcane minimum support price per 40 kg at Rs.182 vide its notification dated December 07, 2018. The notification was challenged in Honorable High Court of Sindh by the Company and post facto ratification of the sugarcane price notification was sought to be accorded on cabinet meeting dated January 07, 2019, wherein another notification was issued on January 17, 2019 for the same. Honorable High Court of Sindh admitted the Company's contention and set aside the notification issued on December 07, 2018 both for sugarcane price and quality premium and directed the Government of Sindh to issue fresh notification for the Season 2018-19 within 15 days of judgement dated March 05, 2019 and directed all sugar mills to continue paying Rs. 182/- per 40 KG at present effective January 17, 2019. However, the Honorable High Court did not fix any price for sugarcane purchased before January 17, 2019.. As of reporting date of financial statement for the half year ended March 31, 2019, the Government of Sindh fails to notify the sugarcane support price and quality premium for the crushing season 2018/19. Keeping in view of above stated facts, Company has fully provided/ paid sugarcane liability for the Season 2018-19 as per the directives of Honourable High Court of Sindh .

## 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 (Mar. 2018: Rs.2,643.13 million)

	Half year ended		Quarter ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
	(Rupees in '000)			
Profit after taxation (Rs.'000)	71,151	55,541	14,285	100,252
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.)	5.80	4.53	1.16	8.17

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

## 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2018. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortized cost in these condensed interim financial approximate their fair values.

## 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.

<u>Relationship</u>	<u>Nature of Transaction</u>	Half year ended		Quarter ended	
		Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
		(Rupees in '000)			
Group companies (Common directorship)	Goods purchased	48,483	38,748	23,862	22,317
	Services received	5,212	4,157	2,625	2,254
	Sales made	342	-	-	-
	Dividend received	36,219	39,592	4,796	9,107
	Investment made	-	24,805	-	-
	Dividend paid	9,209	-	9,209	-
Associated Company	Sales made	292,390	189,014	281,461	186,925
	Goods purchased	401	-	-	-
	Dividend received from associate	125,000	125,000	125,000	50,000
Other related parties	Charge for staff provident and gratuity funds	4,431	3,652	2,523	1,871
Key management personnel	Remuneration	23,353	22,214	10,679	10,471

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 / Share holding	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship / Share holding	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	-
Think Tank	Associated Company	-

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

	Mar. 31, 2019 (Un-Audited)	Sep. 30, 2018 (Audited)
	(Rupees in '000)	
<b>Associated Company</b>		
Trade and other payables	59,043	38,898

## 15. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on May 20, 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.

  
**Aslam Faruque**  
 Chief Executive

  
**Yasir Masood**  
 Director

  
**Wasif Khalid**  
 Chief Financial Officer



## Mirpurkhas Sugar Mills Limited

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