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# Company Information

## Board of Directors

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Mr. Maqbool H. H. Rahimtoola (NIT)	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Tariq Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director

## Audit Committee

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Mr. Yasir Masood	Chairman
Mr. Maqbool H. H. Rahimtoola	Member
Mr. Tariq Faruque	Member
Mr. Samir Mustapha Chinoy	Member

## Human Resource and Remuneration Committee

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Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

## Executive Director & Chief Financial Officer

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Mr. Wasif Khalid

## Executive Director & Company Secretary

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Mr. Abid A. Vazir

## Auditors

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## Cost Auditors

UHY Hassan Naeem & Co.  
Chartered Accountants

## 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

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Al Baraka Bank (Pakistan) Ltd.  
Allied Bank Ltd.  
Askari Bank Ltd. - Islamic Banking  
Bank Alfalah Ltd.  
Bank Al Habib Ltd.  
Dubai Islamic Bank Pakistan Ltd.  
Habib Bank Ltd.  
MCB Bank Ltd.  
Meezan Bank Ltd.  
National Bank of Pakistan  
NIB Bank Ltd.  
Samba Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

## Registered Office / Factory

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

## 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, 2016.

## Overview

The crushing season 2015/16 commenced on November 24, 2015 i.e. 14 days earlier than last year. The Sindh Government notified the price of sugarcane for the current crushing season at Rs.172 per maund. However, anticipated shortage of sugarcane crop in northern and southern parts of Sindh led to price competition among the sugar mills, which led to increase in costs of production as compared to the same time last year. For the season, sucrose recovery of the Company remained 10.82% as compared to 11.02% during the preceding period. During the season 2015/16, lower recoveries were seen across the country including Sindh. Thus considering the same, the recovery of MSM remained satisfactory.

## Operational Highlights

	2015/16	2014/15
Season startup date	Nov. 24, 2015	Dec. 7, 2014
Sugarcane crushed (M. Tons)	616,716	609,569
Capacity utilization	78%	72%
Sugar produced (M. Tons)	66,753	67,175
Molasses produced (M. Tons)	28,325	28,570
Sucrose recovery (%)	10.82%	11.02%
Operational days	106	113

## Financial Performance

During the half year under review, there was 66% increase in the sales revenue of the Company from the corresponding period last year. The increase in sales turnover was attributable to rise in the quantity of sugar sold by the Company. During the period under review, the Company sold 21,794 metric tons of sugar against 13,540 metric tons sold at the same time last year. There was an increase in taxation due to application of deferred tax on undistributed reserve of associate and capitalization of assets by the Company. During the period under review, the Company earned other income of Rs.51.89 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs.68.67 million and adjusted its investment in the associate by the same amount.

	Mar. 31, 2016	Mar. 31, 2015
	(Rs. in million)	
Net sales	1,090.76	656.24
Cost of sales	(982.11)	(571.21)
Gross profit	108.65	85.03
Other income	51.89	56.76
Share of profit in an associate	68.67	60.06
Other expenses & taxes	(178.55)	(176.09)
Net profit	50.66	25.76
Earnings per share - basic (Rupees)	4.13	2.10

The Economic Coordination Committee in its decision on December 7, 2015 had approved the export of 0.5 million metric tons of sugar until March 31, 2016. Furthermore, the Ministry of Commerce had approved an export rebate of Rs. 13 per kg. However, it linked the rebate with the price of Rs. 180 per maund to be paid to the grower for sugarcane. Out of the total quantity allowed for export, only 253,908 metric tons of sugar was registered for export with the State Bank of Pakistan. Although, the Federal government's policy for export of sugar was a good move for the industry, however, linking the same with the price of sugarcane paid to the growers created an inequality for sugar mills operating in Sindh where the notified price was lower than Punjab. This anomaly resulted in a disadvantage for growers and millers in Sindh; hence no export was made from most of the sugar mills in Sindh.

## UniEnergy

We wish to report that UniEnergy Limited - a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the company to meet the ongoing financial requirements for the project. In this regard, MSM has made an equity investment of Rs. 7.69 million following the approval of the shareholders. At present, work on technical studies is taking place on the project. Furthermore, the management of the company is in the process of getting approvals from various governmental agencies and is also in touch with financial institutions for funding of the project.

**Bagasse based Power Generation Project:**

In line with its vision for diversification and keeping in view the growing demand for electricity in the country, the Company has decided to invest up to Rs. 600 million in a Bagasse based Power Generation Company (to be incorporated). It will be a 100% owned subsidiary of MSM. The planned capacity of the power project is around 26 MW and it is expected to be commissioned in 30 months' time.

**Future Prospects**

Sugar prices continue to remain range bound due to supply glut and lower than anticipated export of sugar during the period. Being a highly regulated industry, there is always uncertainty in sugar production and carryover stocks by the mills. The sugar industry has repeatedly requested the government to review the price of sugarcane and link the same with the selling price of sugar to ensure adequate return for all stakeholders including sugar mills. Additionally, the government is also requested to immediately release freight subsidy on export of sugar done in the past to help sugar mills improve their financial position, which has been outstanding for over 2 years.

**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

Karachi: May 26, 2016

**Aslam Faruque**  
Chairman of the Meeting

# Auditors' Report to the members on Review of Condensed Interim Financial Information

## INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of MIRPURKHAS SUGAR MILLS LIMITED as of March 31, 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for quarters ended March 31, 2016 and March 31, 2015 have not been reviewed, as we were required to review only the cumulative figures for the half year ended March 31, 2016.

## 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 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 condensed interim financial information as of and for the half year ended on March 31, 2016, is not prepared, in all material respects, in accordance with approved Accounting Standards as applicable in Pakistan.

Karachi: May 26, 2016

KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS  
Engagement partner: Mohammad Hanif Razzak

# Condensed Interim Balance Sheet

as at March 31, 2016

	Note	Mar. 31, 2016 (Unaudited)	Sep. 30, 2015 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,853,337	1,681,812
Intangible asset	7	-	367
Long-term investments	8	713,571	660,274
Long-term deposits		3,479	4,581
		<u>2,570,387</u>	<u>2,347,034</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		203,000	167,509
Stock-in-trade	9	2,500,842	387,049
Biological assets	10	22,321	28,362
Trade debts	11	60,388	34,609
Loans and advances		223,821	107,413
Trade deposits and short-term prepayments		6,371	2,750
Other receivables		255,423	241,668
Short-term investments		1,025,841	791,498
Tax refunds due from the Government		99,383	72,460
Cash and bank balances		51,727	56,156
		<u>4,449,117</u>	<u>1,889,474</u>
<b>TOTAL ASSETS</b>		<u><u>7,019,504</u></u>	<u><u>4,236,508</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	122,682	122,682
Reserves		1,794,603	1,566,899
		1,917,285	1,689,581
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
		555,749	555,749
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		615,000	540,000
Deferred liabilities		269,117	233,235
		884,117	773,235
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,496,931	548,469
Accrued mark-up		43,139	21,784
Short-term borrowings	13	2,072,283	597,690
Current portion of long-term financing		50,000	50,000
		3,662,353	1,217,943
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>7,019,504</u></u>	<u><u>4,236,508</u></u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**ASLAM FARUQUE**  
Chief Executive

**TARIQ FARUQUE**  
Director

## Condensed Interim Profit and Loss Account (Unaudited)

for the half year ended March 31, 2016

	Note	Half year ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Rupees in '000)					
<b>Turnover - net</b>	16	1,090,761	656,242	407,386	205,358
Cost of sales	17	(982,115)	(571,213)	(363,107)	(121,050)
<b>Gross profit</b>		108,646	85,029	44,279	84,308
Distribution cost		(3,898)	(3,558)	(2,383)	(2,477)
Administrative expenses		(59,697)	(51,042)	(32,554)	(24,615)
Other operating expenses		(2,926)	(38,707)	438	(32,539)
		(66,521)	(93,307)	(34,499)	(59,631)
Other income	18	51,888	56,756	19,088	45,703
<b>Operating Profit</b>		94,013	48,478	28,868	70,380
Finance cost		(61,510)	(72,221)	(39,260)	(45,607)
		32,503	(23,743)	(10,392)	24,773
Share of profit in an associate		68,667	60,058	41,306	17,908
<b>Profit before taxation</b>		101,170	36,315	30,914	42,681
Taxation		(50,513)	(10,557)	(30,541)	(4,492)
<b>Profit for the period</b>		50,657	25,758	373	38,189
Earnings per share - basic (Rupees)	19	4.13	2.10	0.03	3.11

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**ASLAM FARUQUE**  
Chief Executive

**TARIQ FARUQUE**  
Director

# Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended March 31, 2016

	Half year ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in '000)			
<b>Profit for the Period</b>	50,657	25,758	373	38,189
<b>Other Comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit and loss account</b>				
Fair value gain on available-for-sale securities	219,986	279,997	59,928	8,719
<b>Total comprehensive income for the Period</b>	<u>270,643</u>	<u>305,755</u>	<u>60,301</u>	<u>46,908</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**ASLAM FARUQUE**  
Chief Executive

**TARIQ FARUQUE**  
Director

# Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended March 31, 2016

	Mar. 31, 2016	Mar. 31, 2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	101,170	36,315
<b>Adjustments for:</b>		
Depreciation	29,275	30,592
Amortization	367	550
Provision for market committee fee	6,167	6,097
Fair value adjustment of biological assets	(5,457)	36,955
Dividend income from related parties	(34,328)	(13,010)
Share of profit in an associate	(68,667)	(60,058)
Gain on disposal of operating property, plant and equipment	(1,240)	(42,665)
Finance cost	61,510	72,221
	(12,373)	30,682
	88,797	66,997
<b>Working capital changes :</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(35,491)	(10,630)
Stock-in-trade	(2,113,793)	(2,359,778)
Biological assets	11,498	19,420
Trade debts	(25,779)	8,746
Loans and advances	(116,408)	(7,746)
Short-term prepayments	(3,621)	(2,970)
Other receivables	(13,755)	(10,692)
	(2,297,349)	(2,363,650)
<b>Increase in current liabilities:</b>		
Trade and other payables	977,428	461,873
<b>Cash used in operations</b>	(1,231,124)	(1,834,780)
Income tax paid - net	(47,721)	(30,443)
<b>Net cash used in operating activities</b>	(1,278,845)	(1,865,223)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(202,262)	(6,327)
Sale proceeds of operating property, plant and equipment	2,702	43,977
Short-term investments	(14,357)	(50,000)
Long-term investments	15,370	-
Long-term deposits	1,102	(9)
Dividend received from related parties	34,328	13,010
<b>Net cash (used in) / generated from investing activities</b>	(163,117)	651
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(40,155)	(49,736)
Short-term borrowings	1,474,593	1,984,627
Long-term financing-net	75,000	(75,000)
Payment of dividend	(71,905)	(13)
<b>Net cash generated from financing activities</b>	1,437,533	1,859,878
<b>Net decrease in cash and cash equivalents</b>	(4,429)	(4,694)
<b>Cash and cash equivalents at the beginning of the period</b>	56,156	20,339
<b>Cash and cash equivalents at the end of the period</b>	51,727	15,645

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**ASLAM FARUQUE**  
Chief Executive

**TARIQ FARUQUE**  
Director

## Condensed Interim Statement of Changes in Equity (Unaudited)

for the half year ended March 31, 2016

	Issued subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unappropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available-for-sale securities		
(Rupees in '000')							
<b>Balance as on October 01, 2014</b>	122,682	34,250	620,473	41,117	260,873	956,713	1,079,395
Profit for the Period	-	-	25,758	-	-	25,758	25,758
Other comprehensive income	-	-	-	-	279,997	279,997	279,997
Total comprehensive income	-	-	25,758	-	279,997	305,755	305,755
<b>Balance as at March 31, 2015</b>	122,682	34,250	646,231	41,117	540,870	1,262,468	1,385,150
<b>Balance as at October 01, 2015</b>	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the Period	-	-	50,657	-	-	50,657	50,657
Other comprehensive income	-	-	-	-	219,986	219,986	219,986
Total comprehensive income	-	-	50,657	-	219,986	270,643	270,643
<b>Transaction with owners</b>							
Final cash dividend for the year ended September 30, 2015 @ Rs. 3.50 per share	-	-	(42,939)	-	-	(42,939)	(42,939)
<b>Balance as at March 31, 2016</b>	122,682	34,250	717,273	117,330	925,750	1,794,603	1,917,285

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**ASLAM FARUQUE**  
Chief Executive

**TARIQ FARUQUE**  
Director

# Notes to the Condensed Interim Financial Statements (Unaudited)

for the half year ended March 31, 2016

## 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 condensed interim financial statements of the Company for the six months period ended March 31, 2016 have been prepared in accordance with the requirements of the International accounting Standards 34- Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

## 3. BASIS OF PRESENTATION

- 3.1 These condensed interim financial statements are un-audited but subject to limited scope review by auditors and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2015.
- 3.2 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2016 and March 31, 2015 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, 2016 & March 31, 2015.

## 4. ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2015 except as follows:

The Company has adopted the following standards which became effective during the period:

IFRS 10 - Consolidated Financial Statements  
IFRS 11 - Joint Arrangements  
IFRS 12 - Disclosure of Interest in Other Entities  
IFRS 13 - Fair Value Measurement

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

## 5. 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% of turnover tax, calculated at applicable tax rates under section 113 of the Income Tax Ordinance, 2001, alternate corporate tax calculated under section 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the 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.

## 6. PROPERTY, PLANT AND EQUIPMENT

		Mar. 31, 2016	Sep. 30, 2015 (Audited)
(Rupees in '000)			
Opening book value		1,540,282	1,593,974
Additions during the period / year	6.1	15,599	28,010
		1,555,881	1,621,984
Disposals during the period / year at book value	6.1	(1,462)	(1,667)
Depreciation charged during the period / year		(29,275)	(61,769)
Reversal of revaluation of freehold land - sold	6.1	-	(18,266)
		1,525,144	1,540,282
Capital work in progress	6.2	328,193	141,530
		1,853,337	1,681,812

### 6.1 Additions and disposals to Property, Plant and Equipment

	Additions/ Revaluation		Disposals at book value	
	Mar. 31, 2016	Sep. 30, 2015 (Audited)	Mar. 31, 2016	Sep. 30, 2015 (Audited)
(Rupees in '000)				
Free hold land	-	-	-	19,485
Plant and machinery	-	22,629	-	-
Vehicles	14,980	4,467	1,462	448
Office and other equipment	157	164	-	-
Computers & accessories	462	750	-	-
	15,599	28,010	1,462	19,933

### 6.2 Capital work-in-progress

	Mar. 31, 2016	Sep. 30, 2015 (Audited)
(Rupees in '000)		
Plant and machinery	326,193	140,430
Stores held for capitalisation	2,000	1,100
	328,193	141,530

### 6.3 Movement in Capital work in progress

Opening	141,530	19,060
Add: Addition during the period / year	186,663	145,099
	328,193	164,159
Less: Transferred during the period / year	-	(22,629)
	328,193	141,530

## 7. INTANGIBLE ASSET

Opening book value	367	1,467
Amortization charged during the period / year	(367)	(1,100)
	-	367

## 8. LONG-TERM INVESTMENT

Unicol Limited		
As at October 1,	660,274	558,396
Dividend received	(23,060)	-
	637,214	558,396
Share of profit for the period / year	68,667	101,878
	705,881	660,274
UniEnergy Limited	8.2	
	7,690	-
	713,571	660,274

- 8.1 The Company holds 33.33 percent (Sep. 2015: 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 the profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a) to the annual audited financial statements for the year ended September 30, 2015. 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, 2016.
- 8.2 During the period, 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. 30, 2015: Nil) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture wind power project, which is in the process of implementation. This investment in UniEnergy Limited will be accounted for using the Equity method.

	Mar. 31, 2016	Sep. 30, 2015 (Audited)
(Rupees in '000)		
9. STOCK-IN-TRADE		
Sugar	2,433,956	384,180
Sugar in process	3,335	2,869
Molasses	63,551	-
	<u>2,500,842</u>	<u>387,049</u>

#### 10. BIOLOGICAL ASSETS

Sugarcane	17,455	25,701
Others	4,866	2,661
	<u>22,321</u>	<u>28,362</u>

#### Movement during the period:

As at October 01	28,362	72,150
Addition due to cultivation	24,128	47,405
Gain / loss arising from initial recognition of standing crop less cost to sell	5,457	(36,905)
Decrease due to harvest sale	(35,626)	(54,288)
	<u>22,321</u>	<u>28,362</u>

#### 11. TRADE DEBTS - unsecured, considered good

Related party:		
Unicol Limited	11.1	2,047
Others		32,562
		<u>60,388</u>
		<u>60,388</u>
		<u>34,609</u>

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

Past due but not impaired-within 30 days	-	2,047
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#### 12. SHARE CAPITAL

##### 12.1 Authorized capital

Mar. 31, 2016	Sep. 30, 2015 (Audited)		Mar. 31, 2016	Sep. 30, 2015 (Audited)
Number of shares			(Rupees in '000)	
50,000,000	15,000,000	Ordinary shares of Rs.10/- each	500,000	150,000

##### 12.2 Issued subscribed and paid-up capital

1,770,000	1,770,000	Issued for cash	17,700	17,700
		Issued as fully paid bonus shares:		
10,498,219	10,498,219	-Opening balance	104,982	104,982
-	-	-Issued during the period / year	-	-
10,498,219	10,498,219		104,982	104,982
			<u>122,682</u>	<u>122,682</u>
<u>12,268,219</u>	<u>12,268,219</u>			

### 13. SHORT-TERM BORROWINGS - SECURED

These represent utilized portion of seasonal/ non-seasonal financing facilities from various commercial banks. These facilities are secured against registered first pari passu hypothecation charge over various assets of the Company.

### 14. CONTINGENCIES AND COMMITMENTS

The status of contingencies as at Mar.31, 2016 is the same as reported in the annual financial statements for the year ended September 30, 2015.

Mar. 31, 2016	Sep. 30, 2015 (Audited)
(Rupees in '000)	
34,680	64,202

14.1 Letter of credit issued by commercial banks

### 15. 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 annual financial statements.

	Half year ended		Quarter ended	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
(Rupees in '000)				
<b>16. TURNOVER-NET</b>				
Local sales	1,178,022	695,100	439,977	221,788
Less: federal excise duty	(87,261)	(38,858)	(32,591)	(16,430)
	<u>1,090,761</u>	<u>656,242</u>	<u>407,386</u>	<u>205,358</u>
<b>17. COST OF SALES</b>				
Opening stock finished goods	384,180	271,299	824,535	522,643
Cost of goods manufactured / purchased	3,031,891	2,890,020	1,972,528	2,188,513
	<u>3,416,071</u>	<u>3,161,319</u>	<u>2,797,063</u>	<u>2,711,156</u>
Closing stock finished goods	(2,433,956)	(2,590,106)	(2,433,956)	(2,590,106)
	<u>982,115</u>	<u>571,213</u>	<u>363,107</u>	<u>121,050</u>
<b>18. OTHER INCOME</b>				
<b>Income from Financial Assets</b>				
Dividend income from a related party	34,328	13,010	10,180	2,735
Profit on PLS accounts with banks	555	434	442	249
Mark-up on growers' loan	630	324	84	129
	<u>35,513</u>	<u>13,768</u>	<u>10,706</u>	<u>3,113</u>
<b>Income from non-financial assets</b>				
Gain on disposal of operating property, plant and equipment	1,240	42,665	257	42,633
Gain on fair value adjustment of biological assets	15,012	-	8,070	-
<b>Others</b>				
Miscellaneous	123	323	55	(43)
	<u>51,888</u>	<u>56,756</u>	<u>19,088</u>	<u>45,703</u>

**19. EARNINGS PER SHARE- Basic**

	Half year ended		Quarter ended	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
	(Rupees in '000)			
Profit after taxation (Rs.'000)	50,657	25,758	373	38,189
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.)	4.13	2.10	0.03	3.11

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

**20. TRANSACTIONS WITH RELATED PARTIES**

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

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
		(Rupees in '000)			
Group companies	Goods purchased	23,897	48,921	14,209	29,059
	Services received	4,151	3,487	1,892	1,888
	Sales made	188,969	261,681	144,237	229,881
	Dividend received	57,388	13,010	33,240	2,735
	Dividend paid	33,323	-	18,811	-
	Investment made	22,047	50,000	7,690	-
Other related parties	Charge for staff provident and gratuity funds	3,671	3,221	1,845	1,635
Key management personnel	Remuneration	31,264	30,493	15,632	16,620

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.

**21. DATE OF AUTHORIZATION**

These condensed interim financial statements have been authorized for issue on 26 May, 2016 by the Board of Directors of the Company.

**22. EVENT AFTER THE BALANCE SHEET DATE**

On April 27, 2016, the Board of Directors of the Company resolved to invest an amount up to Rs. 600 million in a bagasse-based power generation project by forming a new company. It will be a 100% owned subsidiary of Mirpurkhas Sugar Mills Limited. The project is expected to be commissioned in 30 months' time.

**23. GENERAL**

**23.1** Provisions of Workers' Profit Participation Fund, Workers' Welfare Fund, Income Tax and Deferred Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

**23.2** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**ASLAM FARUQUE**  
Chief Executive

**TARIQ FARUQUE**  
Director