



Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company



a
SPOONFUL
OF SUGAR

1st Quarter Accounts (Unaudited)
December 31, 2020

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Company Information

Board of Directors

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Amer Faruque	Director
Ms. Farzana Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Muhammad Izqar Khan (NIT)	Director
Mr. Wasif Khalid	Director

Audit Committee

Mr. Samir Mustapha Chinoy	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan (NIT)	Member

Human Resource and Remuneration Committee

Mr. Muhammad Izqar Khan (NIT)	Chairman
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

CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal Karachi – 74400
Tel: 0800-23275 UAN: 111-111-500
Email: info@cdcsrsl.com

BANKERS (Conventional)

Allied Bank Ltd.
Bank Al Habib Ltd.
Bank Alfalah Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
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.
MCB Islamic Bank Ltd.
Faysal Bank Ltd.

Registered Office / Factory

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

Head Office

Modern Motors House
Beaumont Road
Karachi-75530 Pakistan
UAN: +92 - 21-111- 354 -111
Fax: + 92 - 21- 35688036
Web: www.gfg.com.pk/msm/

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 for the first quarter ended December 31, 2020.

Production

The crushing for the season 2020/21 started on November 20, 2020 as the plant operated for 42 days compared to 26 days during the same time last year. During this period, the factory crushed 195,717 metric tons of sugarcane to produce 18,165 metric tons of sugar compared to 104,313 metric tons of sugarcane crushed to produce 9,495 metric tons of sugar during the corresponding period last year. Sucrose recovery at 9.87% remained at almost the same level as during this time last year. The company also produced 8,130 metric tons of molasses during the period under review compared to 3,970 metric tons produced during the corresponding period last year.

Financial Performance

On account of higher cost of production during the current crushing season 2020/21 combined with continued decline in sugar prices, the company has sold lesser quantity compared to the previous period. This trend of declining prices is generally witnessed during the sugar production period that lasts up to March/April every year. During the period under review, the company sold 14,849 metric tons of sugar compared to 23,780 metric tons at the corresponding period last year. Although the Sindh Government notified the purchase price of sugarcane at Rs. 202 per maund for the season 2020/21, there was a significant increase in the cost of sugarcane due to intense competition amongst the sugar mills to procure the same. During the quarter under review, there was a decline in the other income of the Company to Rs. 6.47 million. Furthermore, there was a decline in finance cost due to the reduction in the discount rate by the State Bank of Pakistan. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 100.41 million and adjusted its investment in the associate by the same amount.

	December 2020	December 2019
	(Rupees in million)	
Net sales	1,079.06	1,326.92
Cost of sales	(1,002.92)	(1,205.93)
Gross profit	76.14	120.99
Other income	6.47	16.91
Share of profit in associate	100.41	58.72
Other expenses & taxes	(114.84)	(145.33)
Net profit	68.18	51.29

Future Prospects

Uncertain sugarcane cultivation figures and high sugarcane procurement prices are likely to make for another highly challenging crushing season. Intense competition amongst sugar mills

for procurement of sugarcane has led to a significant increase in the price of the crop, which will lead to high production costs. In light of prevailing sugar prices, this will continue to result in significant pressure on the profitability of sugar producers. We therefore take this opportunity to continue to urge the government to take the necessary steps so that the price of sugar adequately reflects the cost of sugarcane to create a more conducive business environment for the industry, and to develop policies to promote agriculture by providing better yielding seeds to the farmers. Furthermore, the government is also requested to reconsider the sales tax mechanism applicable to sugar with a view to provide relief to the sugar mills and the consumers.

Acknowledgment

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

On behalf of the Board of Directors



Arif Faruque
Chairman



Aslam Faruque
Chief Executive

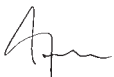
Karachi: January 28, 2021

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

	Note	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,691,664	2,618,489
Intangible asset		2,376	2,828
Long-term investments		2,086,889	1,780,538
Long-term loan and deposits		12,278	12,278
		4,793,207	4,414,133
CURRENT ASSETS			
Stores, spare parts and loose tools		229,533	211,757
Stock-in-trade		1,115,204	652,878
Biological assets		3,041	8,760
Trade debts		85,001	90,703
Loans and advances		79,450	72,686
Trade deposits and short-term prepayments		20,492	6,430
Other receivables		355,001	341,814
Short-term investments		527,946	421,952
Tax refunds due from the government		124,760	122,901
Cash and bank balances		21,697	35,168
		2,562,125	1,965,049
		7,355,332	6,379,182
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	134,950	134,950
Reserves		2,246,726	1,866,661
Surplus on revaluation of property, plant & equipment		844,259	844,259
		3,225,935	2,845,870
NON-CURRENT LIABILITIES			
Long-term financing		1,026,523	1,028,809
Long-term lease liabilities	8	11,370	12,168
Deferred liabilities		618,099	616,114
Deferred tax liability-net		31,441	24,939
Government grant		22,426	2,629
		1,709,859	1,684,659
CURRENT LIABILITIES			
Trade and other payables		1,097,162	563,154
Accrued mark-up		31,222	36,545
Short-term borrowings		1,061,294	1,099,279
Current maturity of long-term lease liabilities	8	5,040	4,906
Current portion of government grant		6,625	6,588
Current portion of long-term financing		209,736	129,721
Unclaimed dividend		8,459	8,460
		2,419,538	1,848,653
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES			
		7,355,332	6,379,182

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



Wasif Khalid
Director & Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the quarter ended December 31, 2020

	Note	December 31,	December 31,
		2020	2019
		(Rupees '000)	
Turnover - net		1,079,061	1,326,917
Cost of sales		(1,002,924)	(1,205,929)
Gross profit		76,137	120,988
Distribution cost		(3,779)	(3,666)
Administrative expenses		(45,969)	(36,480)
Other operating expenses		(163)	(1,296)
		(49,911)	(41,442)
Other income		6,471	16,910
Operating profit		32,697	96,456
Finance cost		(40,438)	(81,741)
		(7,741)	14,715
Share of profit in associates - net		100,409	58,715
Profit before taxation		92,668	73,430
Taxation		(24,492)	(22,138)
Profit after taxation		68,176	51,292
			(Restated)
Earnings per share - basic & diluted (Rupees)	11	5.05	3.80

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


Aslam Faruque
Chief Executive


Samir Mustapha Chinoy
Director

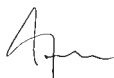

Wasif Khalid
Director & Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter ended December 31, 2020

	December 31, 2020	December 31, 2019
	(Rupees '000)	
Profit after taxation for the quarter	68,176	51,292
Other Comprehensive Income		
Items that may not be reclassified subsequently to statement of profit or loss		
Unrealised gain on remeasurement of equity investment at fair value through other comprehensive income	311,889	303,362
Total comprehensive income	<u>380,065</u>	<u>354,654</u>

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



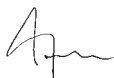
Wasif Khalid
Director & Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the quarter ended December 31, 2020

	December 31, 2020	December 31, 2019
	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	92,668	73,430
Adjustments for:		
Depreciation	23,464	23,559
Depreciation right-of-use asset	1,015	-
Amortization	452	453
Provision for market committee fee	1,985	1,043
Accrued profit term deposit	(46)	(20)
Fair value adjustment of biological assets	4,383	(5,050)
Dividend income from related parties	(2,110)	(10,567)
Share of profit in associates	(100,409)	(58,715)
Loss / (gain) on disposal of property, plant and equipment	1	(1,080)
Finance cost	40,438	81,741
	<u>(30,827)</u>	<u>31,364</u>
	61,841	104,794
Working capital changes:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(17,776)	(49,527)
Stock-in-trade	(462,326)	230,275
Biological assets	1,336	15,292
Trade debts	5,702	(81,291)
Loans and advances	(6,764)	(68,824)
Trade deposits and Short-term prepayments	(14,062)	(12,518)
Other receivables	(13,187)	(52,898)
	<u>(507,077)</u>	<u>(19,491)</u>
Increase in current liabilities:		
Trade and other payables	533,647	215,368
Cash generated from operations	<u>88,411</u>	<u>300,671</u>
Long-term Loans & deposits - net	-	(154)
Income tax paid	(19,848)	(17,124)
	<u>(19,848)</u>	<u>(17,278)</u>
Net cash generated from operating activities	68,563	283,393
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(97,654)	(41,373)
Sale proceeds of property, plant and equipment	-	3,001
Dividend received from related parties	2,110	10,567
Net cash used in investing activities	<u>(95,544)</u>	<u>(27,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(45,277)	(102,500)
Short-term borrowings-net	(37,985)	(117,141)
Long-term financing-net	97,563	-
Long-term financing repaid	-	(33,929)
Payment of lease liability	(790)	-
Payment of dividend	(1)	(43)
Net cash generated from / (used in) financing activities	<u>13,510</u>	<u>(253,613)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(13,471)</u>	<u>1,975</u>
Cash and cash equivalents at the beginning of the quarter	35,168	42,395
Cash and cash equivalents at the end of the quarter	<u>21,697</u>	<u>44,370</u>

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



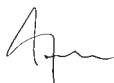
Wasif Khalid
Director & Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter ended December 31, 2020

Description	Issued, subscribed and paid up capital	Reserves					Total reserves	TOTAL
		General reserve	Unappropri- ated profit	Actuarial gain / (loss) on defined benefit plan net-of tax	Unrealised gain on investment at fair value through other comp. income	Surplus on revaluation of property, plant and equipment		
(Rupees '000)								
Balance as at October 01, 2019	122,682	34,250	847,836	(1,670)	164,742	816,065	1,861,223	1,983,905
Profit after taxation	-	-	51,292	-	-	-	51,292	51,292
Other comprehensive income	-	-	-	-	303,362	-	303,362	303,362
Total comprehensive income	-	-	51,292	-	303,362	-	354,654	354,654
Balance as at December 31, 2019	<u>122,682</u>	<u>34,250</u>	<u>899,128</u>	<u>(1,670)</u>	<u>468,104</u>	<u>816,065</u>	<u>2,215,877</u>	<u>2,338,559</u>
Balance as at October 01, 2020	134,950	34,250	719,835	120,887	991,689	844,259	2,710,920	2,845,870
Profit after taxation	-	-	68,176	-	-	-	68,176	68,176
Other comprehensive income	-	-	-	-	311,889	-	311,889	311,889
Total comprehensive income	-	-	68,176	-	311,889	-	380,065	380,065
Balance as at December 31, 2020	<u>134,950</u>	<u>34,250</u>	<u>788,011</u>	<u>120,887</u>	<u>1,303,578</u>	<u>844,259</u>	<u>3,090,985</u>	<u>3,225,935</u>

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



Aslam Faruque
Chief Executive



Mr. Samir Mustapha Chinoy
Director



Wasif Khalid
Director & Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the quarter ended December 31, 2020

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.

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

Business Unit	Address
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 606.05 acres and covered area 569,434 sq.ft)

2. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements of the Company for the quarter ended December 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. BASIS OF PRESENTATION

These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2020.

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, 2020.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND 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 annual financial statements as at and for the year ended September 30, 2020.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2020	September 30, 2020 (Audited)
(Rupees '000)			
Opening book value		2,478,428	2,410,997
Additions / transfers during the period / year	6.1	4,490	137,976
		<u>2,482,918</u>	<u>2,548,973</u>
Revaluation of free hold land		-	28,194
Disposals during the period / year at book value	6.1	-	(2,439)
Depreciation charged during the period / year		(23,464)	(96,300)
		<u>2,459,454</u>	<u>2,478,428</u>
Opening: Capital work in progress		123,842	71,423
Addition to capital work in progress		93,164	176,288
Transferred to property plant & equipment		-	(123,869)
Closing: Capital work in progress	6.2	217,006	123,842
Right-of-use asset - net	6.3	15,204	16,219
		<u>2,691,664</u>	<u>2,618,489</u>

6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	December 31, 2020	September 30, 2020 (Audited)	December 31, 2020	September 30, 2020 (Audited)
	(Rupees '000)			
Building on free hold land				
– Non factory	-	533	-	-
Plant and machinery	1,000	124,931	-	-
Vehicles	2,585	5,835	-	2,407
Furniture & fixture	-	2,956	-	-
Office and other equipment	700	638	-	-
Computers & accessories	205	3,083	-	32
	4,490	137,976	-	2,439

6.2 Capital work in progress

	December 31, 2020	September 30, 2020 (Audited)
	(Rupees '000)	
Plant and machinery	119,312	20,977
Civil Works	95,153	100,800
Equipment	2,541	2,065
	217,006	123,842

6.3 Right-of-use asset

The Company has recognized right-of-use asset in respect of head office under rental agreement.

7. SHARE CAPITAL

7.1 Authorized capital

December 31, 2020	September 30, 2020 (Audited)		December 31, 2020	September 30, 2020 (Audited)
Number of shares			(Rupees '000)	
150,000,000	150,000,000	Ordinary shares of Rs.10/- each	1,500,000	1,500,000

7.2 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
11,725,040	11,725,040	Issued as fully paid bonus shares	117,250	117,250
13,495,040	13,495,040		134,950	134,950

**8. LONG-TERM LEASE LIABILITIES
(ROU ASSET)**

	December 31, 2020			September 30, 2020 (Audited)		
	Current maturity of lease liabilities	Long-term lease liabilities	Total	Current maturity of lease liabilities	Long-term lease liabilities	Total
	(Rupees '000)					
Head office under rental agreement	5,040	11,370	16,410	4,906	12,168	17,074

9. CONTINGENCIES AND COMMITMENTS

	December 31, 2020	September 30, 2020 (Audited)
	(Rupees '000)	
Letter of credit issued by commercial bank	267,181	-
Commitments for lease rentals under ijarah contracts	18,091	19,577

The status of other contingencies as at December 31, 2020 is same as reported in the annual financial statements for the year ended September 30, 2020.

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. EARNINGS PER SHARE- Basic & Diluted

	December 31, 2020	December 31, 2019
Profit after taxation (Rs.'000)	68,176	51,292
Weighted average no. of ordinary shares in issue during the period	13,495,040	13,495,040
Earnings per share-basic (Rupees)	5.05	3.80

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

12. 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, 2020. 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.

13. 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	Quarter ended	
		December 31, 2020	December 31, 2019
		(Rupees '000)	
Group companies	Goods purchased	369	814
	Services received	3,235	3,682
	Sales made	-	2,000
	Dividend received	2,110	10,567
Associated company	Sales made	90,272	45,695
Other related parties	Charge for staff provident and gratuity funds	2,227	2,110
Key management personnel	Remuneration	18,487	9,038

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.	Group Company	-

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

	December 31, 2020	September 30, 2020 (Audited)
	(Rupees '000)	
Subsidiary Company		
Long term loans & deposits	9,979	9,979
Loans & advances	108	108
Associated Company		
Trade and other payables	209,853	30,027
Loans & advances	540	-

14. DATE OF AUTHORIZATION

These Unconsolidated condensed interim financial statements have been authorized for issue on January 28, 2021 by the Board of Directors of the Company.

15. 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


Samir Mustapha Chinoy
 Director

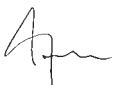

Wasif Khalid
 Director & Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

	Note	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,691,664	2,618,489
Intangible asset		2,376	2,828
Long-term investments		2,086,889	1,780,538
Long-term loan and deposits		2,299	2,299
		4,783,228	4,404,154
CURRENT ASSETS			
Stores, spare parts and loose tools		229,533	211,757
Stock-in-trade		1,115,204	652,878
Biological assets		3,041	8,760
Trade debts		85,001	90,703
Loans and advances		79,342	72,578
Trade deposits and short-term prepayments		20,492	6,430
Other receivables		355,001	341,814
Short-term investments		527,946	421,952
Tax refunds due from the government		124,760	122,901
Cash and bank balances		21,697	35,168
		2,562,017	1,964,941
		7,345,245	6,369,095
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	134,950	134,950
Reserves		2,236,251	1,856,186
Surplus on revaluation of property, plant & equipment		844,259	844,259
		3,215,460	2,835,395
NON-CURRENT LIABILITIES			
Long-term financing		1,026,523	1,028,809
Long-term lease liabilities	8	11,370	12,168
Deferred liabilities		618,099	616,114
Deferred tax liability-net		31,441	24,939
Government grant		22,426	2,629
		1,709,859	1,684,659
CURRENT LIABILITIES			
Trade and other payables		1,097,550	563,542
Accrued mark-up		31,222	36,545
Short-term borrowings		1,061,294	1,099,279
Current maturity of long-term lease liabilities	8	5,040	4,906
Current portion of government grant		6,625	6,588
Current portion of long-term financing		209,736	129,721
Unclaimed dividend		8,459	8,460
		2,419,926	1,849,041
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES			
		7,345,245	6,369,095

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



Wasif Khalid
Director & Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the quarter ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		(Rupees '000)	
Turnover - net		1,079,061	1,326,917
Cost of sales		(1,002,924)	(1,205,929)
Gross profit		76,137	120,988
Distribution cost		(3,779)	(3,666)
Administrative expenses		(45,969)	(36,480)
Other operating expenses		(163)	(1,296)
		(49,911)	(41,442)
Other income		6,471	16,910
Operating profit		32,697	96,456
Finance cost		(40,438)	(81,741)
		(7,741)	14,715
Share of profit in associates - net		100,409	58,715
Profit before taxation		92,668	73,430
Taxation		(24,492)	(22,138)
Profit after taxation		68,176	51,292
			(Restated)
Earnings per share - basic & diluted (Rupees)	11	5.05	3.80

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director




Wasif Khalid
Director & Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter ended December 31, 2020

	December 31, 2020	December 31, 2019
	(Rupees '000)	
Profit after taxation for the quarter	68,176	51,292
Other Comprehensive income		
Items that may not be reclassified subsequently to statement of profit or loss		
Unrealised gain on remeasurement of equity investment at fair value through other comprehensive income	311,889	303,362
Total comprehensive income	<u>380,065</u>	<u>354,654</u>

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



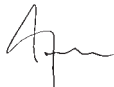
Wasif Khalid
Director & Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the quarter ended December 31, 2020

	December 31, 2020	December 31, 2019
	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	92,668	73,430
Adjustments for:		
Depreciation	23,464	23,559
Depreciation right-of-use asset	1,015	-
Amortization	452	453
Provision for market committee fee	1,985	1,043
Accrued profit term deposit	(46)	(20)
Fair value adjustment of biological assets	4,383	(5,050)
Dividend income from related parties	(2,110)	(10,567)
Share of profit in associates	(100,409)	(58,715)
Loss / (gain) on disposal of property, plant and equipment	1	(1,080)
Finance cost	40,438	81,741
	<u>(30,827)</u>	<u>31,364</u>
	61,841	104,794
Working capital changes:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(17,776)	(49,527)
Stock-in-trade	(462,326)	230,275
Biological assets	1,336	15,292
Trade debts	5,702	(81,291)
Loans and advances	(6,764)	(68,824)
Trade deposits and Short-term prepayments	(14,062)	(12,518)
Other receivables	(13,187)	(52,898)
	<u>(507,077)</u>	<u>(19,491)</u>
Increase in current liabilities:		
Trade and other payables	533,647	215,368
Cash generated from operations	<u>88,411</u>	<u>300,671</u>
Long-term Loans & deposits - net	-	(154)
Income tax paid	(19,848)	(17,124)
	<u>(19,848)</u>	<u>(17,278)</u>
Net cash generated from operating activities	68,563	283,393
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(97,654)	(41,373)
Sale proceeds of property, plant and equipment	-	3,001
Dividend received from related parties	2,110	10,567
Net cash used in investing activities	<u>(95,544)</u>	<u>(27,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(45,277)	(102,500)
Short-term borrowings-net	(37,985)	(117,141)
Long-term financing-net	97,563	-
Long-term financing repaid	-	(33,929)
Payment of lease liability	(790)	-
Payment of dividend	(1)	(43)
Net cash generated from / (used in) financing activities	<u>13,510</u>	<u>(253,613)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(13,471)</u>	<u>1,975</u>
Cash and cash equivalents at the beginning of the quarter	35,168	42,395
Cash and cash equivalents at the end of the quarter	<u>21,697</u>	<u>44,370</u>

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



Wasif Khalid
Director & Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter ended December 31, 2020

Description	Issued, subscribed and paid up capital	Reserves					Total reserves	TOTAL
		General reserve	Unappropri- ated profit	Actuarial gain / (loss) on defined benefit plan net-of tax	Unrealised gain on investment at fair value through other comp. income	Surplus on revaluation of property, plant and equipment		
(Rupees '000)								
Balance as at October 01, 2019	122,682	34,250	837,469	(1,670)	164,742	816,065	1,850,857	1,973,539
Profit after taxation	-	-	51,292	-	-	-	51,292	51,292
Other comprehensive income	-	-	-	-	303,362	-	303,362	303,362
Total comprehensive income	-	-	51,292	-	303,362	-	354,654	354,654
Balance as at December 31, 2019	122,682	34,250	888,761	(1,670)	468,104	816,065	2,205,511	2,328,193
Balance as at October 01, 2020	134,950	34,250	709,360	120,887	991,689	844,259	2,700,445	2,835,395
Profit after taxation	-	-	68,176	-	-	-	68,176	68,176
Other comprehensive income	-	-	-	-	311,889	-	311,889	311,889
Total comprehensive income	-	-	68,176	-	311,889	-	380,065	380,065
Balance as at December 31, 2020	134,950	34,250	777,536	120,887	1,303,578	844,259	3,080,510	3,215,460

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



Aslam Faruque
Chief Executive



Samir Mustapha Chinoy
Director



Wasif Khalid
Director & Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the quarter ended December 31, 2020

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.

As more fully explained in note 6.3 to the unconsolidated annual financial statements for the year ended September 30, 2020, the Company has written off its investments in its wholly owned subsidiary "Mirpurkhas Energy Limited" amounting to Rs.11 million.

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

Business Unit	Address
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 606.05 acres and covered area 569,434 sq.ft)

2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the quarter ended December 31, 2020 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, 2020.

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, 2020.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND 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 recognized 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 annual financial statements as at and for the year ended September 30, 2020.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2020	September 30, 2020 (Audited)
(Rupees '000)			
Opening book value		2,478,428	2,410,997
Additions / transfers during the period / year	6.1	4,490	137,976
		<u>2,482,918</u>	<u>2,548,973</u>
Revaluation of free hold land		-	28,194
Disposals during the period / year at book value	6.1	-	(2,439)
Depreciation charged during the period / year		(23,464)	(96,300)
		<u>2,459,454</u>	<u>2,478,428</u>
Opening: Capital work in progress		123,842	71,423
Addition to capital work in progress		93,164	176,288
Transferred to property plant & equipment		-	(123,869)
Closing: Capital work in progress	6.2	217,006	123,842
Right-of-use asset - net	6.3	15,204	16,219
		<u>2,691,664</u>	<u>2,618,489</u>

6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	December 31, 2020	September 30, 2020 (Audited)	December 31, 2020	September 30, 2020 (Audited)
	(Rupees '000)			
Building on free hold land – Non factory	-	533	-	-
Plant and machinery	1,000	124,931	-	-
Vehicles	2,585	5,835	-	2,407
Furniture & fixture	-	2,956	-	-
Office and other equipment	700	638	-	-
Computers & accessories	205	3,083	-	32
	<u>4,490</u>	<u>137,976</u>	<u>-</u>	<u>2,439</u>

6.2 Capital work in progress

	December 31, 2020	September 30, 2020 (Audited)
		(Rupees '000)
Plant and machinery	119,312	20,977
Civil Works	95,153	100,800
Equipment	2,541	2,065
	<u>217,006</u>	<u>123,842</u>

6.3 Right-of-use asset

The Company has recognized right-of-use asset in respect of head office under rental agreement.

7. SHARE CAPITAL

7.1 Authorized capital

December 31, 2020	September 30, 2020 (Audited)		December 31, 2020	September 30, 2020 (Audited)
Number of shares			(Rupees '000)	
150,000,000	150,000,000	Ordinary shares of Rs.10/- each	1,500,000	1,500,000
<u>150,000,000</u>	<u>150,000,000</u>		<u>1,500,000</u>	<u>1,500,000</u>

7.2 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
11,725,040	11,725,040	Issued as fully paid bonus shares	117,250	117,250
<u>13,495,040</u>	<u>13,495,040</u>		<u>134,950</u>	<u>134,950</u>

8. LONG-TERM LEASE LIABILITIES (ROU ASSET)

Head office under rental agreement

December 31, 2020			September 30, 2020 (Audited)		
Current maturity of lease liabilities	Long-term lease liabilities	Total	Current maturity of lease liabilities	Long-term lease liabilities	Total
(Rupees '000)					
5,040	11,370	16,410	4,906	12,168	17,074

9. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial bank

Commitments for lease rentals under ijarah contracts

December 31, 2020	September 30, 2020 (Audited)
(Rupees '000)	
267,181	-
18,091	19,577

The status of other contingencies as at December 31, 2020 is same as reported in the annual financial statements for the year ended September 30, 2020.

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. EARNINGS PER SHARE- Basic & Diluted

Profit after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue during the period

Earnings per share-basic (Rupees)

December 31, 2020	December 31, 2019
68,176	51,292
13,495,040	13,495,040
5.05	(Restated) 3.80

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

12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These consolidated 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, 2020. 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 consolidated condensed interim financial approximate their fair values.

13. 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	Quarter ended	
		December 31, 2020	December 31, 2019
		(Rupees '000)	
Group companies	Goods purchased	369	814
	Services received	3,235	3,682
	Sales made	-	2,000
	Dividend received	2,110	10,567
Associated company	Sales made	90,272	45,695
Other related parties	Charge for staff provident and gratuity funds	2,227	2,110
Key management personnel	Remuneration	18,487	9,038

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
Zensoft (Pvt) Ltd.	Group Company	-

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

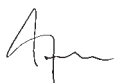
Associated Company	December 31, 2020	September 30, 2020 (Audited)
	(Rupees '000)	
Trade and other payables	209,853	30,027
Loans & advances	540	-

14. DATE OF AUTHORIZATION

These Consolidated condensed interim financial statements have been authorized for issue on January 28, 2021 by the Board of Directors of the Company.

15. 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



Samir Mustapha Chinoy
Director



Wasif Khalid
Director & Chief Financial Officer



GHULAM FARUQUE
GROUP

Mirpurkhas Sugar Mills Limited

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

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