



Mirpurkhas  
Sugar Mills  
Limited

A Ghulam Faruque Group Company

1<sup>st</sup> Quarter Accounts (Unaudited)  
December 31, 2019



value & worth

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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. Muhammad Izqar Khan (NIT)	Director
Mr. Samir Mustapha Chinoy	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  
NIB Bank Ltd.  
Samba Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

## BANKERS (Islamic)

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

## 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, 2019.

## Production

The crushing for the season 2019/20 started earlier this year i.e. on November 25, 2019 compared to December 14, 2018 last year. The plant operated for 37 days compared to 18 days during the same time last year. During this period, the factory crushed 104,313 metric tons of sugarcane to produce 9,495 metric tons of sugar compared to 126,989 metric tons of sugarcane crushed to produce 11,895 metric tons of sugar during the corresponding period last year. During the period under review, the sucrose recovery remained at 9.8% as against 10.48% at the same time last year. The Company also produced 3,970 metric tons of molasses during the period under review compared to 4,905 metric tons produced during the corresponding period last year.

## Financial Performance

There was a 62% increase in the turnover of the Company from the corresponding period last year due to increase in the quantity of sugar sold and improvement in sales price. During the period under review, the Company sold 23,780 metric tons of sugar compared to 18,527 metric tons at the corresponding period last year. For the season 2019/20, Sindh Government has notified the minimum purchase price of sugarcane at Rs. 192 per maund along with quality premium. There was an increase in cost of production during the quarter under review due to competition amongst the sugar mills to procure sugarcane that led to higher cost of sugarcane. During the quarter under review, the Company earned other income of Rs. 16.9 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets. There was an increase in finance cost due to 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. 58.69 million and adjusted its investment in the associate by the same amount.

	December 2019	December 2018
	(Rupees in million)	
Net sales	1,326.92	818.97
Cost of sales	(1,205.93)	(778.78)
Gross profit	120.99	40.19
Other income	16.91	34.04
Share of profit in associates - net	58.72	118.12
Other expenses & taxes	(145.33)	(130.21)
Net profit	51.29	62.14

## Future Prospects


The current crushing season is expected to be highly challenging for the sugar industry. Uncertain sugarcane cultivation figures and high sugarcane procurement price are expected to impact the performance of the industry. We urge the federal

government to take necessary steps to ensure exports of sugar to China remain in place as this will stabilize the industry and the local sugar market in years of surplus. The industry is also working with the Federal government on a tolling proposal to process raw sugar in years of shortage to keep the export markets intact. Furthermore, the government must rationalize the price of sugar with the price of sugarcane to create a conducive business environment for the industry and develop policies to promote agriculture by providing better yielding seeds to the farmers.

**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**



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director

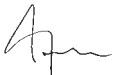
**Karachi: January 28, 2020**

# Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,498,313	2,482,420
Intangible assets		4,185	4,638
Long-term investments		1,836,336	1,474,259
Long-term loan and deposits		12,278	12,124
		4,351,112	3,973,441
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		256,403	206,876
Stock-in-trade		746,697	976,972
Biological assets		24,250	34,492
Trade debts		109,131	27,840
Loans and advances		204,136	135,312
Trade deposits and short-term prepayments		17,228	4,710
Other receivables		280,238	227,340
Current portion of long-term investments		1,730	1,710
Tax refunds due from the Government		164,469	169,483
Cash and bank balances		44,370	42,395
		1,848,652	1,827,130
<b>TOTAL ASSETS</b>		<b>6,199,764</b>	<b>5,800,571</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	122,682	122,682
Reserves		1,399,812	1,045,158
Surplus on revaluation of property, plant & equipment		816,065	816,065
		2,338,559	1,983,905
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		547,500	581,429
Deferred liabilities		611,904	610,861
Deferred tax liability-net		76,907	76,907
		1,236,311	1,269,197
<b>CURRENT LIABILITIES</b>			
Trade and other payables		689,892	474,524
Unclaimed dividend		8,470	8,513
Accrued mark-up		49,626	70,385
Short-term borrowings		1,681,192	1,798,333
Current portion of long-term financing		195,714	195,714
		2,624,894	2,547,469
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,199,764</b>	<b>5,800,571</b>

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



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director & Chief Financial Officer

# Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the quarter ended December 31, 2019

	Note	December 31,	December 31,
		2019	2018
		(Rupees '000)	
<b>Turnover - net</b>		1,326,917	818,968
Cost of sales		(1,205,929)	(778,783)
<b>Gross profit</b>		120,988	40,185
Distribution cost		(3,666)	(2,811)
Administrative expenses		(36,480)	(37,330)
Other operating expenses		(1,296)	(7,737)
		(41,442)	(47,878)
Other income		16,910	34,035
<b>Operating profit</b>		96,456	26,342
Finance cost		(81,741)	(67,194)
		14,715	(40,852)
Share of profit in associates - net		58,715	118,121
<b>Profit before taxation</b>		73,430	77,269
Taxation		(22,138)	(15,125)
<b>Profit after taxation</b>		51,292	62,144
Earnings per share - basic & diluted (Rupees)	10	4.18	5.07

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



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director & Chief Financial Officer

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter ended December 31, 2019

	December 31, 2019	December 31, 2018
	(Rupees '000)	
<b>Profit after taxation for the quarter</b>	51,292	62,144
<b>Other Comprehensive Income / (loss)</b>		
<b>Items that may not be reclassified subsequently to statement of profit or loss</b>		
Unrealised gain / (loss) on remeasurement of equity investment at fair value through Other Comprehensive income	303,362	(22,681)
<b>Total comprehensive income</b>	<u>354,654</u>	<u>39,463</u>

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



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director & Chief Financial Officer



# Unconsolidated Condensed Interim Statement of Cash Flow (Unaudited)

For the quarter ended December 31, 2019

	December 31, 2019	December 31, 2018
	(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	73,430	77,269
<b>Adjustments for:</b>		
Depreciation	23,559	22,396
Amortization	453	452
Provision for market committee fee	1,043	1,270
Accrued profit on term deposit	(20)	-
Fair value adjustment of biological assets	(5,050)	(4,694)
Dividend income from related parties	(10,567)	(31,423)
Share of profit in associates	(58,715)	(118,121)
Gain on disposal of property, plant and equipment	(1,080)	(395)
Finance cost	81,741	67,194
	<u>31,364</u>	<u>(63,321)</u>
	104,794	13,948
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(49,527)	(47,900)
Stock-in-trade	230,275	13,435
Biological assets	15,292	6,212
Trade debts	(81,291)	(47,081)
Loans and advances	(68,824)	8,613
Short-term prepayments	(12,518)	(9,620)
Other receivables	(52,898)	22,159
	(19,491)	(54,182)
<b>Increase in current liabilities:</b>		
Trade and other payables	215,368	609,278
<b>Cash generated from operations</b>	<u>300,671</u>	<u>569,044</u>
Income tax paid	(17,124)	(9,136)
<b>Net cash generated from operating activities</b>	<u>283,547</u>	<u>559,908</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(41,373)	(40,643)
Sale proceeds of property, plant and equipment	3,001	1,698
Long-term loans and deposits	(154)	(68)
Dividend received from related parties	10,567	31,423
<b>Net cash used in investing activities</b>	<u>(27,959)</u>	<u>(7,590)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(102,500)	(77,524)
Short-term borrowings-net	(117,141)	(409,865)
Long-term financing repaid	(33,929)	(33,928)
Payment of dividend	(43)	(30)
<b>Net cash used in financing activities</b>	<u>(253,613)</u>	<u>(521,347)</u>
<b>Net increase in cash and cash equivalents</b>	1,975	30,971
<b>Cash and cash equivalents at the beginning of the quarter</b>	42,395	18,311
<b>Cash and cash equivalents at the end of the quarter</b>	<u>44,370</u>	<u>49,282</u>

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



**Aslam Faruque**  
Chief Executive



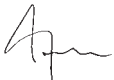
**Wasif Khalid**  
Director & Chief Financial Officer

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

For the quarter ended December 31, 2019

Description	Issued, subscribed and paid up capital	Reserves					Total reserves	TOTAL
		General reserves	Unappropri- ated profit	Actuarial gain / (loss) on defined benefit plan net-of tax	Unrealised gain / (loss) on investment at fair value through other comp. income	Surplus on revaluation of property, plant and equipment		
(Rupees '000)								
<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	-	-	62,144	-	-	-	62,144	62,144
Other comprehensive loss	-	-	-	-	(22,681)	-	(22,681)	(22,681)
Total comprehensive income / (loss)	-	-	62,144	-	(22,681)	-	39,463	39,463
<b>Balance as at December 31, 2018</b>	<u>122,682</u>	<u>34,250</u>	<u>620,688</u>	<u>89,665</u>	<u>605,912</u>	<u>816,571</u>	<u>2,167,086</u>	<u>2,289,768</u>
<b>Balance as at October 01, 2019</b>	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
<b>Balance as at December 31, 2019</b>	<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>

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



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director & Chief Financial Officer

# Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the quarter ended December 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.

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 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, 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 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, 2019.

#### 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, 2019.

#### 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 financial statements as at and for the year ended September 30, 2019.

#### 6. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2019	September 30, 2019 (Audited)
(Rupees '000)			
Opening book value		2,410,997	2,346,187
Additions during the period / year	6.1	51,166	166,156
		<u>2,462,163</u>	<u>2,512,343</u>
Reversal of revaluation of free hold land - sold		-	(506)
Disposals during the period / year at book value	6.1	(1,921)	(7,506)
Depreciation charged during the period / year		(23,559)	(93,334)
		<u>2,436,683</u>	<u>2,410,997</u>
Opening: Capital work in progress		71,423	69,822
Addition to capital work in progress		34,733	124,296
Transferred to property plant & equipment		(44,526)	(122,695)
Capital work in progress	6.2	61,630	71,423
		<u>2,498,313</u>	<u>2,482,420</u>

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

	Additions at cost		Disposals at book value	
	December 31, 2019	September 30, 2019 (Audited)	December 31, 2019	September 30, 2019 (Audited)
	(Rupees '000)			
Free hold land	-	25,756	-	4,033
Building on free hold land - factory	-	31,930	-	-
Building on free hold land – Non factory	-	6,128	-	-
Plant and machinery	44,526	90,105	-	179
Vehicles	5,835	6,877	1,921	3,800
Furniture & fixture	-	1,509	-	-
Office and other equipment	-	1,173	-	-
Computers & accessories	805	2,678	-	-
	<u>51,166</u>	<u>166,156</u>	<u>1,921</u>	<u>8,012</u>

## 6.2 Capital work in progress:

	December 31, 2019	September 30, 2019 (Audited)
		(Rupees '000)
Plant and machinery	48,630	70,510
Civil work	13,000	913
	<u>61,630</u>	<u>71,423</u>

## 7. SHARE CAPITAL

### 7.1 Authorized capital

December 31, 2019	September 30, 2019 (Audited)		December 31, 2019	September 30, 2019 (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
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>

## 8. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	6,388	25,996
Commitments for lease rentals under ijarah contracts	<u>18,214</u>	<u>16,100</u>

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

## 9. 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.

## 10. EARNINGS PER SHARE- Basic

	December 31, 2019	December 31, 2018
Profit after taxation (Rs.'000)	51,292	62,144
Weighted average no. of ordinary shares in issue	12,268,219	12,268,219
Earnings per share-basic (Rupees)	4.18	5.07

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

## 11. 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, 2019. 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 statements approximate their fair values.

## 12. 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, 2019	December 31, 2018
		(Rupees '000)	
Group companies	Goods purchased	814	24,620
	Services received	3,682	2,587
	Sales made	2,000	342
	Dividend received	10,567	31,423
Associated company	Sales made	45,695	10,929
	Goods purchased	-	401
Subsidiary	Reimbursement of expense to subsidiary	-	5,278
Other related parties	Charge for staff provident and gratuity funds	2,110	1,908
Key management personnel	Remuneration	9,038	12,674

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:**

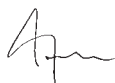
	December 31, 2019	September 30, 2019 (Audited)
	(Rupees '000)	
<b>Subsidiary Company</b>		
Long term loans & deposits	9,979	9,979
<b>Associated Company</b>		
Trade and other payables	127,705	173,655

### 13. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorized for issue on January 28, 2020 by the Board of Directors of the Company.

### 14. 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



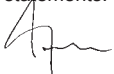
**Wasif Khalid**  
Director & Chief Financial Officer

# Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,498,313	2,482,420
Intangible assets		4,185	4,638
Long-term investments		1,836,336	1,474,259
Long-term loan and deposits		2,299	2,145
		4,341,133	3,963,462
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		256,403	206,876
Stock-in-trade		746,697	976,972
Biological assets		24,250	34,492
Trade debts		109,131	27,840
Loans and advances		204,136	135,312
Trade deposits and short-term prepayments		17,228	4,710
Other receivables		280,238	227,340
Current portion of long-term investments		1,730	1,710
Tax refunds due from the Government		164,469	169,483
Cash and bank balances		44,370	42,395
		1,848,652	1,827,130
<b>TOTAL ASSETS</b>		<b>6,189,785</b>	<b>5,790,592</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	122,682	122,682
Reserves		1,389,446	1,034,791
Surplus on revaluation of property, plant & equipment		816,065	816,065
		2,328,193	1,973,538
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		547,500	581,429
Deferred liabilities		611,904	610,861
Deferred tax liability-net		76,907	76,907
		1,236,311	1,269,197
<b>CURRENT LIABILITIES</b>			
Trade and other payables		690,279	474,912
Unclaimed dividend		8,470	8,513
Accrued mark-up		49,626	70,385
Short-term borrowings		1,681,192	1,798,333
Current portion of long-term financing		195,714	195,714
		2,625,281	2,547,857
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,189,785</b>	<b>5,790,592</b>

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



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director & Chief Financial Officer



# Consolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the quarter ended December 31, 2019

	Note	December 31,	December 31,
		2019	2018
		(Rupees '000)	
<b>Turnover - net</b>		1,326,917	818,968
Cost of sales		(1,205,929)	(778,783)
<b>Gross profit</b>		120,988	40,185
Distribution cost		(3,666)	(2,811)
Administrative expenses		(36,480)	(37,330)
Other operating expenses		(1,296)	(13,015)
		(41,442)	(53,156)
Other income		16,910	34,035
<b>Operating profit</b>		96,456	21,064
Finance cost		(81,741)	(67,194)
		14,715	(46,130)
Share of profit in associates - net		58,715	118,121
<b>Profit before taxation</b>		73,430	71,991
Taxation		(22,138)	(15,125)
<b>Profit after taxation</b>		51,292	56,866
Earnings per share - basic & diluted (Rupees)	10	4.18	4.64

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

  
**Aslam Faruque**  
Chief Executive

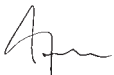
  
**Wasif Khalid**  
Director & Chief Financial Officer

# Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter ended December 31, 2019

	December 31, 2019	December 31, 2018
	(Rupees '000)	
<b>Profit after taxation for the quarter</b>	51,292	56,866
<b>Other Comprehensive income / (loss)</b>		
<b>Items that may not be reclassified subsequently to statement of profit or loss</b>		
Unrealised gain / (loss) on remeasurement of equity investment at fair value through Other Comprehensive income	303,362	(22,681)
<b>Total comprehensive income</b>	<u>354,654</u>	<u>34,185</u>

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



**Aslam Faruque**  
Chief Executive



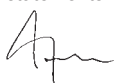
**Wasif Khalid**  
Director & Chief Financial Officer

# Consolidated Condensed Interim Statement of Cash Flow (Unaudited)

For the quarter ended December 31, 2019

	December 31, 2019	December 31, 2018
	(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	73,430	71,991
<b>Adjustments for:</b>		
Depreciation	23,559	22,396
Amortization	453	452
Provision for market committee fee	1,043	1,270
Accrued profit on term deposit	(20)	-
Fair value adjustment of biological assets	(5,050)	(4,694)
Dividend income from related parties	(10,567)	(31,423)
Share of profit in associates	(58,715)	(118,121)
Gain on disposal of property, plant and equipment	(1,080)	(395)
Finance cost	81,741	67,194
	<u>31,364</u>	<u>(63,321)</u>
	104,794	8,670
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(49,527)	(47,900)
Stock-in-trade	230,275	13,435
Biological assets	15,292	6,212
Trade debts	(81,291)	(47,081)
Loans and advances	(68,824)	9,031
Short-term prepayments	(12,518)	(9,620)
Other receivables	(52,898)	22,159
	<u>(19,491)</u>	<u>(53,764)</u>
<b>Increase in current liabilities:</b>		
Trade and other payables	215,368	608,690
<b>Cash generated from operations</b>	<u>300,671</u>	<u>563,596</u>
Income tax paid	(17,124)	(9,136)
<b>Net cash generated from operating activities</b>	<u>283,547</u>	<u>554,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(41,373)	(35,365)
Sale proceeds of property, plant and equipment	3,001	1,698
Long-term loans and deposits	(154)	(68)
Dividend received from related parties	10,567	31,423
<b>Net cash used in investing activities</b>	<u>(27,959)</u>	<u>(2,312)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(102,500)	(77,524)
Short-term borrowings-net	(117,141)	(409,865)
Long-term financing repaid	(33,929)	(33,928)
Payment of dividend	(43)	(29)
<b>Net cash used in financing activities</b>	<u>(253,613)</u>	<u>(521,346)</u>
<b>Net increase in cash and cash equivalents</b>	1,975	30,802
<b>Cash and cash equivalents at the beginning of the quarter</b>	42,395	18,618
<b>Cash and cash equivalents at the end of the quarter</b>	<u>44,370</u>	<u>49,420</u>

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



**Aslam Faruque**  
Chief Executive



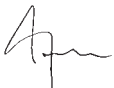
**Wasif Khalid**  
Director & Chief Financial Officer

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

For the quarter ended December 31, 2019

Description	Issued, subscribed and paid up capital	Reserves					Total reserves	TOTAL
		General reserves	Unappropri- ated profit	Actuarial gain / (loss) on defined benefit plan net-of tax	Unrealised gain / (loss) on investment at fair value through other comp. income	Surplus on revaluation of property, plant and equipment		
(Rupees '000)								
<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	-	-	56,866	-	-	-	56,866	56,866
Other comprehensive loss	-	-	-	-	(22,681)	-	(22,681)	(22,681)
Total comprehensive income / (loss)	-	-	56,866	-	(22,681)	-	34,185	34,185
<b>Balance as at December 31, 2018</b>	<u>122,682</u>	<u>34,250</u>	<u>610,429</u>	<u>89,665</u>	<u>605,912</u>	<u>816,571</u>	<u>2,156,827</u>	<u>2,279,509</u>
<b>Balance as at October 01, 2019</b>	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
<b>Balance as at December 31, 2019</b>	<u>122,682</u>	<u>34,250</u>	<u>888,761</u>	<u>(1,670)</u>	<u>468,104</u>	<u>816,065</u>	<u>2,205,511</u>	<u>2,328,193</u>

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



**Aslam Faruque**  
Chief Executive



**Wasif Khalid**  
Director & Chief Financial Officer

# Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the quarter ended December 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.

As more fully explained in note 6.3 to the unconsolidated annual financial statements for the year ended September 30, 2019, 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 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, 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, 2019.

### 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, 2019.

### 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 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, 2019.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2019	September 30, 2019 (Audited)
(Rupees '000)			
Opening book value		2,410,997	2,346,187
Additions during the period / year	6.1	51,166	166,156
		<u>2,462,163</u>	<u>2,512,343</u>
Reversal of revaluation of free hold land - sold		-	(506)
Disposals during the period / year at book value	6.1	(1,921)	(7,506)
Depreciation charged during the period / year		(23,559)	(93,334)
		<u>2,436,683</u>	<u>2,410,997</u>
Opening: Capital work in progress		71,423	69,822
Addition to capital work in progress		34,733	124,296
Transferred to property plant & equipment		(44,526)	(122,695)
Capital work in progress	6.2	61,630	71,423
		<u>2,498,313</u>	<u>2,482,420</u>

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

	Additions at cost		Disposals at book value	
	December 31, 2019	September 30, 2019 (Audited)	December 31, 2019	September 30, 2019 (Audited)
	(Rupees '000)			
Free hold land	-	25,756	-	4,033
Building on free hold land - factory	-	31,930	-	-
Building on free hold land – Non factory	-	6,128	-	-
Plant and machinery	44,526	90,105	-	179
Vehicles	5,835	6,877	1,921	3,800
Furniture & fixture	-	1,509	-	-
Office and other equipment	-	1,173	-	-
Computers & accessories	805	2,678	-	-
	<u>51,166</u>	<u>166,156</u>	<u>1,921</u>	<u>8,012</u>

## 6.2 Capital work in progress:

	December 31, 2019	September 30, 2019 (Audited)
		(Rupees '000)
Plant and machinery	48,630	70,510
Civil work	13,000	913
	<u>61,630</u>	<u>71,423</u>

## 7. SHARE CAPITAL

### 7.1 Authorized capital

December 31, 2019	September 30, 2019 (Audited)		December 31, 2019	September 30, 2019 (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
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>

## 8. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	<u>6,388</u>	<u>25,996</u>
Commitments for lease rentals under ijarah contracts	<u>18,214</u>	<u>16,100</u>

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

## 9. 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.

## 10. EARNINGS PER SHARE- Basic

	December 31, 2019	December 31, 2018
Profit after taxation (Rs.'000)	51,292	56,866
Weighted average no. of ordinary shares in issue	12,268,219	12,268,219
Earnings per share-basic (Rupees)	4.18	4.64

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

## 11. 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, 2019. 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 statements approximate their fair values.

## 12. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Quarter ended	
		December 31, 2019	December 31, 2018
		(Rupees '000)	
Group companies	Goods purchased	814	24,620
	Services received	3,682	2,587
	Sales made	2,000	342
	Dividend received	10,567	31,423
Associated company	Sales made	45,695	10,929
	Goods purchased	-	401
Other related parties	Charge for staff provident and gratuity funds	2,110	1,908
Key management personnel	Remuneration	9,038	12,674



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.	Common directorship	-
Think Tank	Associated Company	-

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

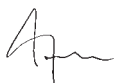
	December 31, 2019	September 30, 2019 (Audited)
	(Rupees '000)	
<b>Associated Company</b>		
Trade and other payables	127,705	173,655

### 13. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on January 28, 2020 by the Board of Directors of the Company.

### 14. 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



**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

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](http://www.gfg.com.pk)

