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Company Information

Board of Directors

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Executive Director & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Omer Nabeel

Share Registrar

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

Bankers (Conventional)

Allied Bank Ltd.
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Habib bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

Bankers (Islamic)

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

Registered Office / Factory

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

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Legal Advisor

K.M.S. Low Associates

Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2016.

Production

Crushing for the season 2016/17 started on 15th November 2016. Since the start of the season, the plant operated for 39 days out of a total of 47 days, compared to 38 days during the same time frame last year. The Company had to stop its operations for 8 days due to low harvesting of sugarcane. The factory crushed 225,430 metric tons of sugarcane to produce 20,745 metric tons of sugar during this period as compared to 243,336 metric tons of sugarcane crushed to produce 23,410 metric tons of sugar during the corresponding period last year. During the period under review, the sucrose recovery was 9.59% as against 9.98% at the same time last year. In line with decline in crushing, the production of molasses also decreased to 10,115 metric tons compared with 10,360 metric tons at the corresponding period last year.

Financial Performance

During the period under review, the Company sold 9,800 metric tons of sugar against 13,920 metric tons sold at the same time last year. This resulted in a 22% decline i.e. Rs. 152 million in the sales revenue of the Company as compared to the same quarter last year. Although the Sindh Government had notified the price of sugarcane at Rs.182 per maund for the season 2016/17, an early start of the season, enhanced crushing capacities of other mills and slow harvesting of sugarcane lead to price competition, resulting in increased cost of sugarcane. During the quarter under review, there was an increase in other income due to 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. 22.11 million and adjusted its investment in the associate by the same amount. For the quarter ended December 31, 2016 the Company recorded an after tax profit of Rs. 43.28 million.

	Dec. 31, 2016	Dec. 31, 2015
	(Rs. in million)	
Net sales	531.36	683.38
Cost of sales	(512.27)	(619.01)
Gross profit	19.09	64.37
Other income	45.44	32.80
Share of profit in associate	22.11	27.36
Other expenses & taxes	(43.36)	(74.25)
Net profit	43.28	50.28

UniEnergy

UniEnergy Limited - a joint venture wind power project, has been granted the Letter of Intent (LOI) and has been formally allotted land for setting up the project at Jhampir, district Thatta. The JV partners have made initial equity investment in the Company to meet the ongoing financial requirement for the project. In this regard, MSM has made an equity investment of Rs. 7.69 million following the approval of the shareholders. Work on various approvals, including financing arrangements and studies is progressing steadily, and land acquired has been registered in the name of the Company.

Mirpurkhas Energy - Bagasse based Power Generation Project

Mirpurkhas Energy Limited, which is a wholly owned subsidiary of MSM has received the Letter of Intent (LOI) and is in the process of obtaining regulatory approvals from various government agencies. It is in the process of making financial arrangements for the project, which is expected to be commissioned in 24 months' time from the date of the award of up-front tariff.

Future Prospects

The Government on the request of Pakistan Sugar Mills Association has approved export of 225,000 tons of refined sugar through its ECC decision dated 28 December 2016. However, no subsidies/rebate have been offered to the sugar millers. At present, international prices of sugar are depressed due to which it is not financially viable to export. The Company will continue to look for export opportunities till 31 March 2017 at which point the permission expires.

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 3 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

Shehryar Faruque
Chairman

Karachi: January 24, 2017

Unconsolidated Condensed Interim Balance Sheet

As At December 31, 2016

	Note	Dec. 31, 2016 (Unaudited)	Sep. 30, 2016 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,086,306	2,036,694
Long-term investments	7	773,106	749,993
Long-term deposits		2,585	2,883
		2,861,997	2,789,570
CURRENT ASSETS			
Stores, spare parts and loose tools		198,772	180,442
Stock-in-trade	8	1,120,918	218,560
Biological assets	9	55,167	61,319
Trade debts	10	65,610	58,949
Loans and advances		204,904	183,568
Trade deposits and short-term prepayments		14,609	2,736
Other receivables		315,246	318,516
Short-term investments		1,501,063	1,308,325
Tax refunds due from the Government		154,606	119,446
Cash and bank balances		55,532	21,033
		3,686,427	2,472,894
		6,548,424	5,262,464
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	122,682	122,682
Reserves		2,436,903	2,262,222
		2,559,585	2,384,904
SURPLUS ON REVALUATION OF FIXED ASSETS			
		555,749	555,749
NON-CURRENT LIABILITIES			
Long-term financing		577,500	590,000
Deferred liabilities		268,602	266,347
		846,102	856,347
CURRENT LIABILITIES			
Trade and other payables		767,076	670,096
Accrued mark-up		16,952	21,525
Short-term borrowings	12	1,752,960	723,843
Current portion of long-term financing		50,000	50,000
		2,586,988	1,465,464
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES			
		6,548,424	5,262,464

The annexed notes from 1 to 21 form an integral part of these Unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

	Note	Dec. 31, 2016	Dec. 31, 2015
(Rupees in '000)			
Turnover - net	15	531,356	683,375
Cost of sales	16	(512,265)	(619,008)
Gross profit		19,091	64,367
Distribution cost		(1,202)	(1,515)
Administrative expenses		(26,127)	(27,143)
Other operating expenses		(647)	(3,364)
		(27,976)	(32,022)
Other income	17	45,442	32,800
Operating profit		36,557	65,145
Finance cost		(28,829)	(22,250)
		7,728	42,895
Share of profit in an associate		22,114	27,361
Profit before taxation		29,842	70,256
Taxation		13,442	(19,972)
Profit for the quarter		43,284	50,284
Earnings per share - basic (Rupees)	18	3.53	4.10

The annexed notes from 1 to 21 form an integral part of these Unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in '000)	
Profit for the quarter	43,284	50,284
Other Comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Fair value gain on available-for-sale securities	192,738	160,058
Total comprehensive income for the quarter	<u>236,022</u>	<u>210,342</u>

The annexed notes from 1 to 21 form an integral part of these Unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For The Quarter Ended December 31, 2016

	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,842	70,256
Adjustments for :		
Depreciation	16,600	14,477
Amortization	-	275
Provision for market committee fee	2,255	2,433
Fair value adjustment of biological assets	708	(2,806)
Dividend income from related parties	(23,273)	(24,148)
Share of profit in an associate	(22,114)	(27,361)
Gain on disposal of property, plant and equipment	(31)	(983)
Finance cost	28,829	22,250
	2,974	(15,863)
	32,816	54,393
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(18,330)	(39,858)
Stock-in-trade	(902,358)	(509,765)
Biological assets	5,444	15,243
Trade debts	(6,661)	(12,297)
Loans and advances	(21,336)	(38,034)
Short-term prepayments	(11,873)	(4,005)
Other receivables	3,270	(16,063)
	(951,844)	(604,779)
Increase in current liabilities:		
Trade and other payables	35,673	548,704
Cash used in operations	(883,355)	(1,682)
Income tax paid	(21,718)	(17,217)
Net cash used in operating activities	(905,073)	(18,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(66,885)	(145,253)
Sale proceeds of property, plant and equipment	704	1,510
Short-term investments in related party	-	(14,357)
Long-term investments in subsidiary and associates	(999)	-
Long-term deposits	298	298
Dividend received from related parties	23,273	24,148
Net cash used in investing activities	(43,609)	(133,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(33,402)	(29,099)
Short-term borrowings	1,029,117	231,332
Long-term financing repaid	(12,500)	(12,500)
Payment of dividend	(34)	(30,544)
Net cash generated from financing activities	983,181	159,189
Net increase in cash and cash equivalents	34,499	6,636
Cash and cash equivalents at the beginning of the quarter	21,033	56,156
Cash and cash equivalents at the end of the quarter	55,532	62,792

The annexed notes from 1 to 21 form an integral part of these Unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

	Issued subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unapp- ropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available- for-sale securities		
(Rupees in '000')							
Balance as at October 01, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the Quarter	-	-	50,284	-	-	50,284	50,284
Other comprehensive income	-	-	-	-	160,058	160,058	160,058
Total comprehensive income	-	-	50,284	-	160,058	210,342	210,342
Balance as at December 31, 2015	122,682	34,250	759,839	117,330	865,822	1,777,241	1,899,923
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Profit for the year	-	-	43,284	-	-	43,284	43,284
Other comprehensive income	-	-	-	-	192,738	192,738	192,738
Total comprehensive income	-	-	43,284	-	192,738	236,022	236,022
Transaction with owners							
Final cash dividend for the year ended September 30, 2016 @ Rs. 5/= per share	-	-	(61,341)	-	-	(61,341)	(61,341)
Balance as at December 31, 2016	122,682	34,250	798,628	203,053	1,400,972	2,436,903	2,559,585

The annexed notes from 1 to 21 form an integral part of these Unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 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 Unconsolidated condensed interim financial statements of the Company for the quarter ended December 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

These Unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984. 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, 2016.

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, 2016.

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 and alternate corporate tax under section 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the 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

	Dec. 31, 2016	Sep. 30, 2016 (Audited)
	(Rupees in '000)	
Opening book value	2,036,694	1,681,812
Additions during the period / year	20,097	169,215
	2,056,791	1,851,027
Disposals during the period / year at book value	(673)	(1,776)
Depreciation charged during the period / year	(16,600)	(63,325)
Addition to / transfer from capital work in progress-net	46,788	250,768
	2,086,306	2,036,694

6.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Dec. 31, 2016	Sep. 30, 2016 (Audited)	Dec. 31, 2016	Sep. 30, 2016 (Audited)
	(Rupees in '000)			
Free hold land	10,320	2,942	-	-
Building on free hold land - Non factory	-	3,147	-	-
Plant and machinery	-	129,395	-	-
Vehicles	8,502	31,578	673	1,776
Furniture & fixture	-	95	-	-
Office and other equipment	588	1,140	-	-
Computers & accessories	687	918	-	-
	<u>20,097</u>	<u>169,215</u>	<u>673</u>	<u>1,776</u>

6.2 Capital work in progress:

	Dec. 31, 2016	Sep. 30, 2016 (Audited)
	(Rupees in '000)	
Plant and machinery	437,986	391,198
Stores held for capitalization	1,100	1,100
	<u>439,086</u>	<u>392,298</u>

6.3 Movement in Capital work in progress

Opening	392,298	141,530
Add: Addition during the period / year	46,788	340,577
	<u>439,086</u>	<u>482,107</u>
Less: Transferred during the period / year	-	(89,809)
	<u>439,086</u>	<u>392,298</u>

7. LONG-TERM INVESTMENT

		Dec. 31, 2016	Sep. 30, 2016 (Audited)
In Associates			
Unicol Limited			
Dividend received	7.1	742,302	660,274
		-	(23,060)
		<u>742,302</u>	<u>637,214</u>
Share of profit for the period		22,114	105,088
		<u>764,416</u>	<u>742,302</u>
UniEnergy Limited	7.2	7,690	7,690
In Subsidiary			
Mirpurkhas Energy Limited	7.3	1,000	1
		<u>773,106</u>	<u>749,993</u>

7.1 The Company holds 33.33 percent (Sep. 2016: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2016. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the quarter ended December 31, 2016.

7.2 The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2016: 7.69%) 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.

7.3 The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate a 26 MW bagasse based power plant and thereafter sale of electricity.

The company is in process of taking various regulatory approvals. The expected time for commissioning of the project is 24 months from the award of Up-front Tariff.

	Dec. 31, 2016	Sep. 30, 2016 (Audited)
8. STOCK-IN-TRADE	(Rupees in '000)	
Sugar	1,057,777	214,982
Sugar in process	43,630	3,578
Molasses	19,511	-
	<u>1,120,918</u>	<u>218,560</u>
9. BIOLOGICAL ASSETS		
Sugarcane	53,234	53,732
Others	1,933	7,587
	<u>55,167</u>	<u>61,319</u>
Movement during the period / year:		
As at October 01	61,319	28,362
Addition due to cultivation	16,721	64,257
(Loss) / gain arising from initial recognition of standing crops less cost to sell	(708)	19,883
Decrease due to harvest sales	(22,165)	(51,183)
	<u>55,167</u>	<u>61,319</u>
10. TRADE DEBTS - unsecured, considered good		
Others	65,610	58,949
	<u>65,610</u>	<u>58,949</u>
11. SHARE CAPITAL		
11.1 Authorized capital		
	Dec. 31, 2016	Sep. 30, 2016 (Audited)
	Number of shares	
	<u>50,000,000</u>	<u>50,000,000</u>
Ordinary shares of Rs.10/- each	500,000	500,000
11.2 Issued subscribed and paid-up capital		
	<u>1,770,000</u>	<u>1,770,000</u>
	<u>10,498,219</u>	<u>10,498,219</u>
Issued for cash	17,700	17,700
Issued as fully paid bonus shares	104,982	104,982
	<u>122,682</u>	<u>122,682</u>
12. 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.		
13. CONTINGENCIES AND COMMITMENTS		
Letter of credit issued by commercial banks	1,044	3,179
Letter of guarantee issued by commercial bank	1,147	-
The status of other contingencies as at Dec.31, 2016 is same as reported in the annual financial statements for the year ended September 30, 2016.		
14. 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.		

	Quarter ended	
	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in '000)	
15. TURNOVER-NET		
Local sales	562,138	738,045
Less: sales tax	(30,782)	(54,670)
	<u>531,356</u>	<u>683,375</u>
16. COST OF SALES		
Opening stock finished goods	214,982	384,180
Cost of goods manufactured	1,355,060	1,059,363
	<u>1,570,042</u>	<u>1,443,543</u>
Closing stock finished goods	(1,057,777)	(824,535)
	<u>512,265</u>	<u>619,008</u>
17. OTHER OPERATING INCOME		
Income from financial assets		
Dividend income from a related party	23,273	24,148
Profit on PLS accounts with banks	177	113
Mark-up on growers' loan	481	546
	<u>23,931</u>	<u>24,807</u>
Income from non-financial assets		
Gain on disposal of operating property, plant and equipment	31	983
Fair value adjustments / gain on biological assets	21,446	6,942
	<u>21,477</u>	<u>7,925</u>
Others		
Miscellaneous	34	68
	<u>45,442</u>	<u>32,800</u>
18. EARNINGS PER SHARE- Basic		
Profit after taxation (Rs.'000)	<u>43,284</u>	<u>50,284</u>
Weighted average no. of ordinary shares in issue	<u>12,268,219</u>	<u>12,268,219</u>
Earnings per share-basic (Rupees)	<u>3.53</u>	<u>4.10</u>

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

19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Subsidiary companies, 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	
		Dec. 31, 2016	Dec. 31, 2015
		(Rupees in '000)	
Group companies	Goods purchased	18,257	9,688
	Services received	2,151	2,259
	Sales made	79,675	44,732
	Dividend received	23,273	24,148
	Dividend paid	-	14,512
	Investment made in related parties	-	14,357
	Investment made in associates and subsidiary	1,000	-
	Reimbursement of expense to subsidiary	861	-
Other related parties	Charge for staff provident and gratuity funds	2,049	1,826
Key management personnel	Remuneration	16,773	15,632

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.

20. DATE OF AUTHORIZATION

These Unconsolidated condensed interim financial statements have been authorized for issue on January 24, 2017 by the Board of Directors of the Company.

21. GENERAL

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Consolidated Condensed Interim Balance Sheet

As At December 31, 2016

	Note	Dec. 31, 2016 (Unaudited)	Sep. 30, 2016 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,086,306	2,036,694
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Long-term deposits		2,585	2,883
		2,860,997	2,789,570
CURRENT ASSETS			
Stores, spare parts and loose tools		198,772	180,442
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Biological assets	9	55,167	61,319
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Other receivables		315,246	318,516
Short-term investments		1,501,063	1,308,325
Tax refunds due from the Government		154,606	119,446
Cash and bank balances		56,532	21,033
		3,686,567	2,472,894
		6,547,564	5,262,464
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	122,682	122,682
Reserves		2,436,102	2,262,222
		2,558,784	2,384,904
SURPLUS ON REVALUATION OF FIXED ASSETS			
		555,749	555,749
NON-CURRENT LIABILITIES			
Long-term financing		577,500	590,000
Deferred liabilities		268,602	266,347
		846,102	856,347
CURRENT LIABILITIES			
Trade and other payables		767,017	670,096
Accrued mark-up		16,952	21,525
Short-term borrowings	12	1,752,960	723,843
Current portion of long-term financing		50,000	50,000
		2,586,929	1,465,464
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES			
		6,547,564	5,262,464

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

	Note	Dec. 31, 2016	Dec. 31, 2015
(Rupees in '000)			
Turnover - net	15	531,356	683,375
Cost of sales	16	(512,265)	(619,008)
Gross profit		19,091	64,367
Distribution cost		(1,202)	(1,515)
Administrative expenses		(26,988)	(27,143)
Other operating expenses		(587)	(3,364)
		(28,777)	(32,022)
Other income	17	45,442	32,800
Operating profit		35,756	65,145
Finance cost		(28,829)	(22,250)
		6,927	42,895
Share of profit in an associate		22,114	27,361
Profit before taxation		29,041	70,256
Taxation		13,442	(19,972)
Profit for the quarter		42,483	50,284
Earnings per share - basic (Rupees)	18	3.46	4.10

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in '000)	
Profit for the quarter	42,483	50,284
Other Comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Fair value gain on available-for-sale securities	192,738	160,058
Total comprehensive income for the quarter	<u>235,221</u>	<u>210,342</u>

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For The Quarter Ended December 31, 2016

	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,041	70,256
Adjustments for :		
Depreciation	16,600	14,477
Amortization	-	275
Provision for market committee fee	2,255	2,433
Fair value adjustment of biological assets	708	(2,806)
Dividend income from related parties	(23,273)	(24,148)
Share of profit in an associate	(22,114)	(27,361)
Gain on disposal of property, plant and equipment	(31)	(983)
Finance cost	28,829	22,250
	2,974	(15,863)
	32,015	54,393
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(18,330)	(39,858)
Stock-in-trade	(902,358)	(509,765)
Biological assets	5,444	15,243
Trade debts	(6,661)	(12,297)
Loans and advances	(20,476)	(38,034)
Short-term prepayments	(11,873)	(4,005)
Other receivables	3,270	(16,063)
	(950,984)	(604,779)
Increase in current liabilities:		
Trade and other payables	35,615	548,704
Cash used in operations	(883,354)	(1,682)
Income tax paid	(21,718)	(17,217)
Net cash used in operating activities	(905,072)	(18,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(66,885)	(145,253)
Sale proceeds of property, plant and equipment	704	1,510
Short-term investments in related party	-	(14,357)
Long-term deposits	298	298
Dividend received from related parties	23,273	24,148
Net cash used in investing activities	(42,610)	(133,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(33,402)	(29,099)
Short-term borrowings	1,029,117	231,332
Long-term financing repaid	(12,500)	(12,500)
Payment of dividend	(34)	(30,544)
Net cash generated from financing activities	983,181	159,189
Net increase in cash and cash equivalents	35,499	6,636
Cash and cash equivalents at the beginning of the quarter	21,033	56,156
Cash and cash equivalents at the end of the quarter	56,532	62,792

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

	Issued subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unapp- ropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available- for-sale securities		
(Rupees in '000')							
Balance as at October 01, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the Quarter	-	-	50,284	-	-	50,284	50,284
Other comprehensive income	-	-	-	-	160,058	160,058	160,058
Total comprehensive income	-	-	50,284	-	160,058	210,342	210,342
Balance as at December 31, 2015	122,682	34,250	759,839	117,330	865,822	1,777,241	1,899,923
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Profit for the year	-	-	42,483	-	-	42,483	42,483
Other comprehensive income	-	-	-	-	192,738	192,738	192,738
Total comprehensive income	-	-	42,483	-	192,738	235,221	235,221
Transaction with owners Final cash dividend for the year ended September 30, 2016 @ Rs. 5/= per share	-	-	(61,341)	-	-	(61,341)	(61,341)
Balance as at December 31, 2016	122,682	34,250	797,827	203,053	1,400,972	2,436,102	2,558,784

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

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

For The Quarter Ended December 31, 2016

1. GROUP AND ITS OPERATIONS

The group consists of Mirpurkhas Sugar Mills Limited ("the Holding Company) and its subsidiary company Mirpurkhas Energy Limited. Brief profiles of Holding company and its subsidiary company are as follows:

1.1 Mirpurkhas Sugar Mills Limited

The Holding Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted at Pakistan Stock Exchange. Principal activity of the Company is manufacturing and selling of sugar. The registered office of the Company is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh.

1.2 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate a 26 MW bagasse based power plant and thereafter sale of electricity.

The Company is in process of taking various regulatory approvals. The expected time for commissioning of the project is 24 months from the award of Up-front Tariff.

The registered office of the Company is situated at Sub post office Sugar Mill Jamrao, Umerkot Road Mirpurkhas Sindh, Pakistan.

2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the quarter ended December 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

These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984. 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, 2016.

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, 2016.

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 and alternate corporate tax under section 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the 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.

	Dec. 31, 2016	Sep. 30, 2016 (Audited)
(Rupees in '000)		
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	2,036,694	1,681,812
Additions during the period / year	20,097	169,215
	2,056,791	1,851,027
Disposals during the period / year at book value	(673)	(1,776)
Depreciation charged during the period / year	(16,600)	(63,325)
Addition to / transfer from capital work in progress-net	46,788	250,768
	<u>2,086,306</u>	<u>2,036,694</u>

6.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Dec. 31, 2016	Sep. 30, 2016 (Audited)	Dec. 31, 2016	Sep. 30, 2016 (Audited)
(Rupees in '000)				
Free hold land	10,320	2,942	-	-
Building on free hold land - Non factory	-	3,147	-	-
Plant and machinery	-	129,395	-	-
Vehicles	8,502	31,578	673	1,776
Office and other equipment	588	1,140	-	-
Furniture & fixture	-	95	-	-
Computers & accessories	687	918	-	-
	<u>20,097</u>	<u>169,215</u>	<u>673</u>	<u>1,776</u>

	Dec. 31, 2016	Sep. 30, 2016 (Audited)
(Rupees in '000)		
6.2 Capital work in progress:		
Plant and machinery	437,986	391,198
Stores held for capitalization	1,100	1,100
	<u>439,086</u>	<u>392,298</u>

6.3 Movement in Capital work in progress

Opening	392,298	141,530
Add: Addition during the period / year	46,788	340,577
	439,086	482,107
Less: Transferred during the period / year	-	(89,809)
	<u>439,086</u>	<u>392,298</u>

7. LONG-TERM INVESTMENT

		Dec. 31, 2016	Sep. 30, 2016 (Audited)
(Rupees in '000)			
In Associates			
Unicol Limited	7.1	742,302	660,274
Dividend received		-	(23,060)
		742,302	637,214
Share of profit for the period		22,114	105,088
		<u>764,416</u>	<u>742,302</u>
UniEnergy Limited	7.2	7,690	7,690
		<u>772,106</u>	<u>749,993</u>

7.1 The Company holds 33.33 percent (Sep. 2016: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a) to the annual audited financial statements for the year ended September 30, 2016. The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the quarter ended December 31, 2016.

- 7.2 The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2016: 7.69%) 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.

	Dec. 31, 2016	Sep. 30, 2016 (Audited)
(Rupees in '000)		
8. STOCK-IN-TRADE		
Sugar	1,057,777	214,982
Sugar in process	43,630	3,578
Molasses	19,511	-
	<u>1,120,918</u>	<u>218,560</u>
9. BIOLOGICAL ASSETS		
Sugarcane	53,234	53,732
Others	1,933	7,587
	<u>55,167</u>	<u>61,319</u>
Movement during the period / year:		
As at October 01	61,319	28,362
Addition due to cultivation	16,721	64,257
(Loss) / gain arising from initial recognition of standing crops less cost to sell	(708)	19,883
Decrease due to harvest sales	(22,165)	(51,183)
	<u>55,167</u>	<u>61,319</u>
10. TRADE DEBTS - unsecured, considered good		
Others	65,610	58,949
	<u>65,610</u>	<u>58,949</u>

11. SHARE CAPITAL

11.1 Authorized capital

	Dec. 31, 2016	Sep. 30, 2016 (Audited)		Dec. 31, 2016	Sep. 30, 2016 (Audited)
Number of shares					
	<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs.10/- each	<u>500,000</u>	<u>500,000</u>

11.2 Issued subscribed and paid-up capital

	<u>1,770,000</u>	<u>1,770,000</u>	Issued for cash	<u>17,700</u>	<u>17,700</u>
	<u>10,498,219</u>	<u>10,498,219</u>	Issued as fully paid bonus shares	<u>104,982</u>	<u>104,982</u>
	<u>12,268,219</u>	<u>12,268,219</u>		<u>122,682</u>	<u>122,682</u>

12. 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.

13. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	<u>1,044</u>	<u>3,179</u>
Letter of guarantee issued by commercial bank	<u>1,147</u>	<u>-</u>

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

14. 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.

	Quarter ended	
	Dec. 31, 2016	Dec. 31, 2015
	(Rupees in '000)	
15. TURNOVER-NET		
Local sales	562,138	738,045
Less: sales tax	(30,782)	(54,670)
	<u>531,356</u>	<u>683,375</u>
16. COST OF SALES		
Opening stock finished goods	214,982	384,180
Cost of goods manufactured	1,355,060	1,059,363
	<u>1,570,042</u>	<u>1,443,543</u>
Closing stock finished goods	(1,057,777)	(824,535)
	<u>512,265</u>	<u>619,008</u>
17. OTHER OPERATING INCOME		
Income from financial assets		
Dividend income from a related party	23,273	24,148
Profit on PLS accounts with banks	177	113
Mark-up on growers' loan	481	546
	<u>23,931</u>	<u>24,807</u>
Income from non-financial assets		
Gain on disposal of operating property, plant and equipment	31	983
Fair value adjustments / gain on biological assets	21,446	6,942
	<u>21,477</u>	<u>7,925</u>
Others		
Miscellaneous	34	68
	<u>45,442</u>	<u>32,800</u>
18. EARNINGS PER SHARE- Basic		
Profit / (loss) after taxation (Rs.'000)	42,483	50,284
Weighted average no. of ordinary shares in issue	<u>12,268,219</u>	<u>12,268,219</u>
Earnings per share-basic (Rupees)	<u>3.46</u>	<u>4.10</u>

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

19. TRANSACTIONS WITH RELATED PARTIES

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

<u>Relationship</u>	<u>Nature of Transaction</u>	Quarter ended	
		Dec. 31, 2016	Dec. 31, 2015
		(Rupees in '000)	
Group companies	Goods purchased	18,257	9,688
	Services received	2,151	2,259
	Sales made	79,675	44,732
	Dividend received	23,273	24,148
	Dividend paid	-	14,512
	Investment made in related parties	-	14,357
Other related parties	Charge for staff provident and gratuity funds	2,049	1,826
Key management personnel	Remuneration	16,773	15,632

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.

20. DATE OF AUTHORIZATION

These Consolidated condensed interim financial statements have been authorized for issue on January 24, 2017 by the Board of Directors of the Company.

21. GENERAL

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director