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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
Engr. Mahfuz-ur-Rehman Pasha (NIT)	Director

Audit Committee

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

Human Resource and Remuneration Committee

Mr. Arif Faruque	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

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 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

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, 2017.

Production

Since the start of the season on 28th November 2017, the plant operated for 34 days compared to 47 days during the same time frame last year. During this period, the factory crushed 119,112 metric tons of sugarcane to produce 10,909 metric tons of sugar during this period as compared to 225,430 metric tons of sugarcane crushed to produce 20,745 metric tons of sugar during the corresponding period last year. During the period under review, the sucrose recovery improved to 10.13% as against 9.59% at the same time last year.

Financial Performance

During the period, company sold sugar locally as well as exported under the government announced permission by ECC for 500,000 tons dated 03 October 2017. Exports were made considering the cost benefit analysis while taking into account freight support of Rs. 10.70 per KG announced to support the sugar industry. Current year's sales figures also include carryover stock from last year's production. Despite the genuine concern and repeated representation of the Sugar Industry on the prevailing price of refined sugar in the market, both domestic and international, due to supply glut, the Sindh Government notified the purchase price of sugarcane at Rs.182 per maund for the season 2017/18. This will result in a higher cost of production compared to the sale price for the sugar produced during the current financial year. During the quarter under review, the company earned other income of Rs. 36 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets. Furthermore, there was an increase in finance cost due to long term loan taken by the company and increase in working capital requirement. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 31.28 million and adjusted its investment in the associate by the same amount. For the quarter under review, the company incurred an after tax loss of Rs. 44.51 million.

	December 31, 2017	December 31, 2016
	(Rs. in million)	
Net Sales	1,839.35	531.36
Cost of Sales	(1,816.34)	(512.27)
Gross Profit	23.01	19.09
Other Income	36.06	45.44
Share of profit in associate	31.27	22.11
Other expenses & taxes	(134.85)	(43.36)
Net Profit/(Loss)	(44.51)	43.28

Mirpurkhas Energy - Bagasse based Power Generation Project

Mirpurkhas Energy Limited (MEL), which is a wholly owned subsidiary of MSM, has received the Letter of Intent (LOI), Generation License and consent for power supply to the national grid successfully. Further, the upfront tariff with National Electric and Power Regulatory Authority (NEPRA) has also been awarded to the company. MEL has also received Letter of Support (LOS) after the award of tariff from Alternate Energy Development Board (AEDB). Subsequent to the award of tariff by NEPRA, the power purchaser (CPPA) has filed a review petition with NEPRA against the award of tariff being allowed under the policy. The review application is pending with NEPRA. On 5 January 2018, Ministry of Energy on decision of the Cabinet committee on energy has announced various amendments to the Renewable Energy Policy 2006 (frame work 2013). These proposed changes as announced do not fall under the ambit of their jurisdiction therefore, MEL along with other bagasse based projects is considering filing a petition at IHC to challenge these proposed amendments.

Future Prospects

The current season is expected to be one of the most challenging in the recent history of the sugar industry. The country is likely to have another bumper crop for the year 2017/18 with production volumes expected to exceed 8.0 million metric tons. Pakistan Sugar Mills Association (PSMA) has made repeated requests to Provincial Governments to review the price of sugarcane as the freight announced by federal/provincial government on export of sugar does not even cover the cost of production. Favorable policy for uninterrupted export of sugar along with export freight support is a necessary requirement for the industry to survive and avoid incurring heavy financial losses like last financial year. The government is urged to allow financial relief to the sugar industry through timely release freight support for the ongoing exports by the sugar mills to ease their burden for cane payments. Furthermore, it is also requested to rationalize the assessable value of sugar rate for sales tax purpose, which is currently fixed at Rs. 60 per KG while the domestic price hovers around Rs. 41/42 per KG (net of sales tax). The government is also requested to immediately release freight subsidy on export of sugar, which is due since 2012-13.

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 29, 2018

Unconsolidated Condensed Interim Balance Sheet

as at December 31, 2017

	Note	Dec. 31, 2017 (Unaudited)	Sep. 30, 2017 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,362,498	2,366,349
Intangible asset		7,805	8,258
Long-term investments	8	828,903	872,627
Long-term deposits		1,511	1,709
		<u>3,200,717</u>	<u>3,248,943</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		255,181	195,605
Stock-in-trade	9	906,135	2,029,952
Biological assets		63,063	57,838
Trade debts		133,777	104,069
Loans and advances		260,242	228,319
Trade deposits and short-term prepayments		12,052	1,635
Other receivables		518,823	314,547
Short-term investments		971,985	986,301
Tax refunds due from the Government		204,769	191,023
Cash and bank balances		58,280	22,623
		<u>3,384,307</u>	<u>4,131,912</u>
TOTAL ASSETS		<u>6,585,024</u>	<u>7,380,855</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	122,682	122,682
Reserves		1,485,085	1,568,715
		<u>1,607,767</u>	<u>1,691,397</u>
SURPLUS ON REVALUATION OF FIXED ASSETS			
		816,571	816,571
NON-CURRENT LIABILITIES			
Long-term financing		938,928	972,857
Deferred liabilities		238,842	251,917
		<u>1,177,770</u>	<u>1,224,774</u>
CURRENT LIABILITIES			
Trade and other payables		1,031,518	696,540
Accrued mark-up		39,882	56,517
Short-term borrowings		1,750,801	2,739,342
Current portion of long-term financing		160,715	155,714
		<u>2,982,916</u>	<u>3,648,113</u>
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		<u>6,585,024</u>	<u>7,380,855</u>

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

DECEMBER 31,
2017
05

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

for the quarter ended December 31, 2017

	Note	Dec. 31, 2017	Dec. 31, 2016
(Rupees in '000)			
Turnover - net	13	1,839,350	531,356
Cost of sales	14	(1,816,339)	(512,265)
Gross profit		23,011	19,091
Distribution cost		(41,526)	(1,202)
Administrative expenses		(35,642)	(26,127)
Other operating expenses		(104)	(647)
		(77,272)	(27,976)
Other income	15	36,055	45,442
Operating (loss) / profit		(18,206)	36,557
Finance cost		(55,106)	(28,829)
		(73,312)	7,728
Share of profit in associates - net		31,275	22,114
(Loss) / profit before taxation		(42,037)	29,842
Taxation		(2,472)	13,442
(Loss) / profit for the quarter		(44,509)	43,284
Earnings per share - basic (Rupees)	16	(3.63)	3.53

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

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

for the quarter ended December 31, 2017

	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in '000)	
(Loss) / profit for the quarter	(44,509)	43,284
Other Comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss account		
Fair value (loss) / gain on available-for-sale securities	(39,121)	192,738
Total comprehensive (loss) / profit for the quarter	(83,630)	236,022

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

DECEMBER 31,
2017

07

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended December 31, 2017

	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(42,037)	29,842
Adjustments for :		
Depreciation	21,321	16,600
Amortization	453	-
Provision for market committee fee	1,192	2,255
Fair value adjustment of biological assets	(2,239)	708
Dividend income from related parties	(30,485)	(23,273)
Share of profit in associates	(31,275)	(22,114)
Gain on disposal of property, plant and equipment	(1,246)	(31)
Finance cost	55,106	28,829
	12,827	2,974
	(29,210)	32,816
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(59,576)	(18,330)
Stock-in-trade	1,123,817	(902,358)
Biological assets	(2,986)	5,444
Trade debts	(29,708)	(6,661)
Loans and advances	(31,923)	(21,336)
Short-term prepayments	(10,417)	(11,873)
Other receivables	(204,276)	3,270
	784,931	(951,844)
Increase in current liabilities:		
Trade and other payables	334,984	35,673
Cash generated from / (used in) operations	1,090,705	(883,355)
Income tax paid	(30,485)	(21,718)
Net cash generated from / (used in) operating activities	1,060,220	(905,073)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(19,127)	(66,885)
Additions to Intangible asset	-	704
Sale proceeds of property, plant and equipment	2,903	-
Short-term investments in related party	(24,805)	-
Long-term investments in subsidiary and others	-	(999)
Long-term deposits	198	298
Dividend received from associates	74,999	-
Dividend received from related parties	30,485	23,273
Net cash generated from / (used in) investing activities	64,653	(43,609)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(71,741)	(33,402)
Short-term borrowings	(988,541)	1,029,117
Long-term financing repaid	(28,928)	(12,500)
Payment of dividend	(6)	(34)
Net cash (used in) / generated from financing activities	(1,089,216)	983,181
Net increase in cash and cash equivalents	35,657	34,499
Cash and cash equivalents at the beginning of the quarter	22,623	21,033
Cash and cash equivalents at the end of the quarter	58,280	55,532

The annexed notes form an integral part of these unconsolidated Condensed Interim financial statements.

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

for the quarter ended December 31, 2017

Description	Issued subscribed and paid-up capital	Reserves			Fair value gain / (loss) on available for sale securities	Total reserves	Total
		General reserves	Unapp- ropriated profit	Actuarial gain / (loss) on defined benefit plan			
(Rupees in '000')							
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 quarter	-	-	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
Balance as at October 01, 2017	122,682	34,250	485,300	162,955	886,210	1,568,715	1,691,397
Loss after taxation for the quarter	-	-	(44,509)	-	-	(44,509)	(44,509)
Other comprehensive Loss for the quarter	-	-	-	-	(39,121)	(39,121)	(39,121)
Total comprehensive Loss	-	-	(44,509)	-	(39,121)	(83,630)	(83,630)
Balance as at December 31, 2017	122,682	34,250	440,791	162,955	847,089	1,485,085	1,607,767

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

DECEMBER 31,
2017
09

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

for the quarter ended December 31, 2017

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, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed 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 repealed 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, 2017.

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, 2017

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2017.

6. 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 1.25% 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 unconsolidated 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.

7. PROPERTY, PLANT AND EQUIPMENT	Note	Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Opening book value		2,366,349	2,036,694
Additions during the period / year	7.1	561	447,056
Revaluation of free hold land		-	260,822
		2,366,910	2,744,572
Disposals during the period / year at book value	7.1	(1,657)	(1,536)
Depreciation charged during the period / year		(21,321)	(76,599)
Addition to / transfer from capital work in progress-net		18,566	(300,088)
		<u>2,362,498</u>	<u>2,366,349</u>

7.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Dec. 31, 2017	Sep. 30, 2017 (Audited)	Dec. 31, 2017	Sep. 30, 2017 (Audited)
	(Rupees in '000)			
Free hold land	-	10,320	-	-
Building on free hold land - Non factory	-	500	-	-
Building on lease hold land - Non factory	-	15,211	-	-
Plant and machinery	64	397,311	-	-
Vehicles	228	16,389	1,657	7,263
Furniture & fixture	-	131	-	-
Office and other equipment	-	1,421	-	-
Computers & accessories	269	5,773	-	188
	<u>561</u>	<u>447,056</u>	<u>1,657</u>	<u>7,451</u>

7.2 Capital work in progress:	Note	Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Plant and machinery		63,810	90,710
Building on free hold Land		-	-
Stores held for capitalization		1,500	1,500
	7.3	<u>65,310</u>	<u>92,210</u>
7.3 Movement in Capital work in progress			
Opening		92,210	392,298
Add: Addition / removal during the period / year		18,565	87,651
		110,775	479,949
Less: Transferred during the period / year		(45,465)	(387,739)
		<u>65,310</u>	<u>92,210</u>

		Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
8. LONG-TERM INVESTMENT	Note		
In Associates			
Unicol Limited			
Opening balance	8.1	852,413	742,302
Dividend received		(74,999)	-
		777,414	742,302
Share of profit for the period		31,275	110,111
		808,689	852,413
UniEnergy Limited			
Share of (loss) for the period	8.2	7,661	7,690
		-	(29)
		7,661	7,661
		816,350	860,074
In Subsidiary			
Mirpurkhas Energy Limited	8.3	11,000	11,000
In Term Deposit			
Commercial Bank		1,553	1,553
		828,903	872,627

8.1 The Company holds 33.33 percent (Sep. 2017: 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, 2017. 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, 2017. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, steps will be taken to procure listing for the shares in accordance with the rules and regulations of the PSX and Securities & Exchange Commission of Pakistan.

Furthermore, for the purpose of procuring this listing, the Company has been authorized by the Board of Directors to divest up to 12.50 million shares of Unicol Limited held by it representing 8.33% of the paid-up and issued shares of the Investee Company at the strike price determined via Book Building mechanism in accordance with the rules and regulations of the PSX & SECP. Further, it was decided by the Board of Directors to appoint Lead managers & arranger for the purpose of this offer for sale of shares on behalf of the Company.

8.2 The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2017: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals. This investment in UniEnergy Limited has been accounted for using the Equity method.

8.3 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. On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. Subsequent to award of tariff, the Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Central Power Purchasing Agency Guarantee Limited (CPP-G) on September 26, 2017 has filed a review petition with NEPRA against the award of tariff by the competent authority. The Company expects a favourable outcome in Company's favour, only after which Energy purchase agreement will be executed.

		Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
9. STOCK-IN-TRADE			
Sugar		820,082	2,027,239
Sugar in process		56,447	2,713
Molasses		29,606	-
		906,135	2,029,952

10. SHARE CAPITAL

10.1 Authorized capital

Dec. 31, 2017	Sep. 30, 2017 (Audited)		Dec. 31, 2017	Sep. 30, 2017 (Audited)
Number of shares			(Rupees in '000)	
150,000,000	50,000,000	Ordinary shares of Rs.10/- each	1,500,000	500,000

10.2 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
12,268,219	12,268,219		122,682	122,682

11. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	-	9,354
Letter of guarantee issued by commercial bank	7,475	8,892

The status of other contingencies as at December 31, 2017 is same as reported in the annual financial statements for the year ended September 30, 2017.

12. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent annual financial statements.

13. TURNOVER-NET

This includes Export sales of Rs.963.46 million (2016: Nil)

14. COST OF SALES

	Quarter ended	
	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in '000)	
Opening stock finished goods	2,027,239	214,982
Cost of goods manufactured	609,182	1,355,060
	2,636,421	1,570,042
Closing stock finished goods	(820,082)	(1,057,777)
	1,816,339	512,265

15. OTHER OPERATING INCOME

Income from financial assets		
Dividend income from a related party	30,485	23,273
Profit on PLS accounts with banks	80	177
Mark-up on growers' loan	377	481
	30,942	23,931
Income from non-financial assets		
Gain on disposal of operating property, plant and equipment	1,246	31
Fair value adjustments / gain on biological assets	3,351	21,446
	4,597	21,477
Others		
Miscellaneous	516	34
	36,055	45,442

16. EARNINGS PER SHARE- Basic

(Loss) / profit after taxation (Rs.'000)

Weighted average no. of ordinary shares in issue

Earnings per share-basic (Rupees)

Quarter ended	
Dec. 31, 2017	Dec. 31, 2016
(Rupees in '000)	
(44,509)	43,284
12,268,219	12,268,219
(3.63)	3.53

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

17. 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, 2017	Dec. 31, 2016
(Rupees in '000)			
Group companies	Goods purchased	16,431	18,257
	Services received	1,903	2,151
	Sales made	2,089	79,675
	Dividend received	30,485	23,273
	Dividend paid	-	-
	Investment made in related parties	24,805	-
	Investment made in associates and subsidiary	-	1,000
	Reimbursement of expense to subsidiary	202	861
	Advance to subsidiary	11,990	-
Other related parties	Charge for staff provident and gratuity funds	1,781	2,049
Key management personnel	Remuneration	11,743	16,773

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.

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

	Dec. 31, 2017 (Un-audited)	Sep. 30, 2017 (Audited)
(Rupees in '000)		
Subsidiary Company		
Receivable	11,990	5,603
Associated Company		
Payable	102,385	10,573

18. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorized for issue on January 29, 2018 by the Board of Directors of the Company.

19. 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

Wasif Khalid
Chief Financial Officer

Consolidated Condensed Interim Balance Sheet

as at December 31, 2017

	Note	Dec. 31, 2017 (Unaudited)	Sep. 30, 2017 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,380,026	2,376,502
Intangible asset		7,805	8,258
Long-term investments	8	817,903	861,627
Long-term deposits		1,511	1,709
		<u>3,207,245</u>	<u>3,248,096</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		255,181	195,605
Stock-in-trade	9	906,135	2,029,952
Biological assets		63,063	57,838
Trade debts		133,777	104,069
Loans and advances		248,252	222,716
Trade deposits and short-term prepayments		12,052	1,635
Other receivables		518,823	314,547
Short-term investments		971,985	986,301
Tax refunds due from the Government		204,769	191,023
Cash and bank balances		62,269	27,802
		<u>3,376,306</u>	<u>4,131,488</u>
TOTAL ASSETS		<u>6,583,551</u>	<u>7,379,584</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	122,682	122,682
Reserves		1,483,612	1,567,444
		<u>1,606,294</u>	<u>1,690,126</u>
SURPLUS ON REVALUATION OF FIXED ASSETS			
		816,571	816,571
NON-CURRENT LIABILITIES			
Long-term financing		938,928	972,857
Deferred liabilities		238,842	251,917
		<u>1,177,770</u>	<u>1,224,774</u>
CURRENT LIABILITIES			
Trade and other payables		1,031,518	696,540
Accrued mark-up		39,882	56,517
Short-term borrowings		1,750,801	2,739,342
Current portion of long-term financing		160,715	155,714
		<u>2,982,916</u>	<u>3,648,113</u>
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		<u>6,583,551</u>	<u>7,379,584</u>

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

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

for the quarter ended December 31, 2017

	Note	Dec. 31, 2017	Dec. 31, 2016
(Rupees in '000)			
Turnover - net	13	1,839,350	531,356
Cost of sales	14	(1,816,339)	(512,265)
Gross profit		23,011	19,091
Distribution cost		(41,526)	(1,202)
Administrative expenses		(35,844)	(26,988)
Other operating expenses		(104)	(587)
		(77,474)	(28,777)
Other income	15	36,055	45,442
Operating (loss) / profit		(18,408)	35,756
Finance cost		(55,106)	(28,829)
		(73,514)	6,927
Share of profit in associates - net		31,275	22,114
(Loss) / profit before taxation		(42,239)	29,041
Taxation		(2,472)	13,442
(Loss) / profit for the quarter		(44,711)	42,483
Earnings per share - basic (Rupees)	16	(3.64)	3.46

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

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

for the quarter ended December 31, 2017

	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in '000)	
(Loss) / profit for the quarter	(44,711)	42,483
Other Comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss account		
Fair value (loss) / gain on available-for-sale securities	(39,121)	192,738
Total comprehensive (loss) / profit for the quarter	(83,832)	235,221

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

DECEMBER 31,
2017

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended December 31, 2017

	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(42,239)	29,041
Adjustments for :		
Depreciation	21,321	16,600
Amortization	453	-
Provision for market committee fee	1,192	2,255
Fair value adjustment of biological assets	(2,239)	708
Dividend income from related parties	(30,485)	(23,273)
Share of profit in associates	(31,275)	(22,114)
Gain on disposal of property, plant and equipment	(1,246)	(31)
Finance cost	55,106	28,829
	12,827	2,974
	(29,412)	32,015
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(59,576)	(18,330)
Stock-in-trade	1,123,817	(902,358)
Biological assets	(2,986)	5,444
Trade debts	(29,708)	(6,661)
Loans and advances	(25,536)	(20,476)
Short-term prepayments	(10,417)	(11,873)
Other receivables	(204,276)	3,270
	791,318	(950,984)
Increase in current liabilities:		
Trade and other payables	334,984	35,615
Cash generated from / (used in) operations	1,096,890	(883,354)
Income tax paid	(30,485)	(21,718)
Net cash generated from / (used in) operating activities	1,066,405	(905,072)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(26,502)	(66,885)
Additions to Intangible asset	-	704
Sale proceeds of property, plant and equipment	2,903	-
Short-term investments in related party	(24,805)	-
Long-term deposits	198	298
Dividend received from associates	74,999	-
Dividend received from related parties	30,485	23,273
Net cash generated from / (used in) investing activities	57,278	(42,610)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(71,741)	(33,402)
Short-term borrowings	(988,541)	1,029,117
Long-term financing repaid	(28,928)	(12,500)
Payment of dividend	(6)	(34)
Net cash (used in) / generated from financing activities	(1,089,216)	983,181
Net increase in cash and cash equivalents	34,467	35,499
Cash and cash equivalents at the beginning of the quarter	27,802	21,033
Cash and cash equivalents at the end of the quarter	62,269	56,532

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

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

for the quarter ended December 31, 2017

Description	Issued subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unapp- ropriated profit	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available for sale securities		
(Rupees in '000')							
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 quarter	-	-	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
Balance as at October 01, 2017	122,682	34,250	484,029	162,955	886,210	1,567,444	1,690,126
Loss after taxation for the quarter	-	-	(44,711)	-	-	(44,711)	(44,711)
Other comprehensive Loss for the quarter	-	-	-	-	(39,121)	(39,121)	(39,121)
Total comprehensive Loss	-	-	(44,711)	-	(39,121)	(83,832)	(83,832)
Balance as at December 31, 2017	122,682	34,250	439,318	162,955	847,089	1,483,612	1,606,294

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

DECEMBER 31,
2017
19

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

for the quarter ended December 31, 2017

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 26MW bagasse based power plant and thereafter sale of electricity.

On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. The Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB).

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, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed 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 repealed 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, 2017.

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, 2017

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2017.

6. 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 1.25% 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.

7. PROPERTY, PLANT AND EQUIPMENT	Note	Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Opening book value		2,376,502	2,036,694
Additions during the period / year	7.1	561	447,056
Revaluation of free hold land		-	260,822
		2,377,063	2,744,572
Disposals during the period / year at book value	7.1	(1,657)	(1,536)
Depreciation charged during the period / year		(21,321)	(76,599)
Addition to / transfer from capital work in progress-net		25,941	(289,935)
		2,380,026	2,376,502

7.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Dec. 31, 2017	Sep. 30, 2017 (Audited)	Dec. 31, 2017	Sep. 30, 2017 (Audited)
	(Rupees in '000)			
Free hold land	-	10,320	-	-
Building on free hold land - Non factory	-	500	-	-
Building on lease hold land - Non factory	-	15,211	-	-
Plant and machinery	64	397,311	-	-
Vehicles	228	16,389	1,657	7,263
Furniture & fixture	-	131	-	-
Office and other equipment	-	1,421	-	-
Computers & accessories	269	5,773	-	188
	561	447,056	1,657	7,451

7.2 Capital work in progress:

	Note	Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Plant and machinery		81,338	100,863
Building on free hold Land		-	-
Stores held for capitalization		1,500	1,500
	7.3	82,838	102,363

7.3 Movement in Capital work in progress

Opening	102,363	392,298
Add: Addition during the period / year	25,940	97,804
	128,303	490,102
Less: Transferred during the period / year	(45,465)	(387,739)
	82,838	102,363

		Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
8. LONG-TERM INVESTMENT	Note		
In Associates			
Unicol Limited			
Opening balance	8.1	852,413	742,302
Dividend received		(74,999)	-
		777,414	742,302
Share of profit for the period		31,275	110,111
		808,689	852,413
UniEnergy Limited	8.2	7,661	7,690
Share of loss for the period		-	(29)
		7,661	7,661
		816,350	860,074
In Term Deposit			
Commercial Bank		1,553	1,553
		817,903	861,627

- 8.1 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 half year ended March 31, 2017. The board of Directors has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, steps will be taken to procure listing for the shares in accordance with the rules and regulations of the PSX and Securities & Exchange commission of Pakistan.

Furthermore, for the purpose of procuring this listing, the Company has been authorized by the Board of Directors to sell up to 12.50 million shares of Unicol Limited held by it representing 8.33% of the paid-up and issued shares of the Company at the strike price determined via Book Building mechanism in accordance with the rules and regulations of the PSX & SECP. Further, it was decided by the Board of Directors to appoint Bank Alfalah Limited as the Lead manager & arranger for the purpose of this offer for sale of shares on behalf of the Company.

- 8.2 During the year, 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 50MW wind power project. The Company is in process of taking various regulatory approvals This investment in UniEnergy Limited has been accounted for using the Equity method.

		Dec. 31, 2017	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
9. STOCK-IN-TRADE			
Sugar		820,082	2,027,239
Sugar in process		56,447	2,713
Molasses		29,606	-
		906,135	2,029,952

10. SHARE CAPITAL

10.1 Authorized capital

Dec. 31, 2017	Sep. 30, 2017 (Audited)		Dec. 31, 2017	Sep. 30, 2017 (Audited)
Number of shares			(Rupees in '000)	
150,000,000	50,000,000	Ordinary shares of Rs.10/- each	1,500,000	500,000

10.2 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
12,268,219	12,268,219		122,682	122,682

	Dec. 31, 2017	Sep. 30, 2017 (Audited)
(Rupees in '000)		
11. CONTINGENCIES AND COMMITMENTS		
Letter of credit issued by commercial banks	-	9,354
Letter of guarantee issued by commercial bank	7,475	8,892

The status of other contingencies as at December 31, 2017 is same as reported in the annual financial statements for the year ended September 30, 2017.

12. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent annual financial statement.

13. TURNOVER-NET

This includes Export sales of Rs.963.46 million (2016: Nil).

	Quarter ended	
	Dec. 31, 2017	Dec. 31, 2016
(Rupees in '000)		
14. COST OF SALES		
Opening stock finished goods	2,027,239	214,982
Cost of goods manufactured	609,182	1,355,060
	<u>2,636,421</u>	<u>1,570,042</u>
Closing stock finished goods	(820,082)	(1,057,777)
	<u>1,816,339</u>	<u>512,265</u>
15. OTHER OPERATING INCOME		
Income from financial assets		
Dividend income from a related party	30,485	23,273
Profit on PLS accounts with banks	80	177
Mark-up on growers' loan	377	481
	<u>30,942</u>	<u>23,931</u>
Income from non-financial assets		
Gain on disposal of operating property, plant and equipment	1,246	31
Fair value adjustments / gain on biological assets	3,351	21,446
	<u>4,597</u>	<u>21,477</u>
Others		
Miscellaneous	516	34
	<u>36,055</u>	<u>45,442</u>
16. EARNINGS PER SHARE- Basic		
(Loss) / profit after taxation (Rs.'000)	<u>(44,711)</u>	<u>42,483</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>(3.64)</u>	<u>3.46</u>

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

17. 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	
		Dec. 31, 2017	Dec. 31, 2016
		(Rupees in '000)	
Group companies	Goods purchased	16,431	18,257
	Services received	1,903	2,151
	Sales made	2,089	79,675
	Dividend received	30,485	23,273
	Dividend paid	-	-
	Investment made in related parties	24,805	-
Other related parties	Charge for staff provident and gratuity funds	1,781	2,049
Key management personnel	Remuneration	11,743	16,773

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.

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

Associated Company	Dec. 31, 2017 (Un-audited)	Sep. 30, 2017 (Audited)
	(Rupees in '000)	
Payable	102,385	10,573

18. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on January 29, 2018 by the Board of Directors of the Company.

19. GENERAL

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