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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. 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

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. Law Associates

Directors' Review

The Board of Directors presents the un-audited financial results of the company, duly reviewed by the auditors, for the half year ended March 31, 2017.

Overview

During the crushing season 2016/17, which started on 15 November 2016, the plant operated for 131 days compared to 106 days last season. The factory crushed 738,378 metric tons of sugarcane to produce 78,897 metric tons of sugar during this period as compared to 616,716 metric tons of sugarcane crushed to produce 66,753 metric tons of sugar during the corresponding period last year. The company also produced 34,860 metric tons of molasses during the period as compared to 28,325 metric tons from last year. The sucrose recovery was 10.68% compared to 10.82% last season. This was in line with lower recoveries witnessed in Sindh and across Pakistan.

Financial Performance

During the period under review, the company sold 33,193 metric tons of sugar against 21,794 metric tons sold at the same time last year, which led to a 66% increase in the sales revenue of the company. The current period sales includes 17,056 metric tons of sugar exported by the company after the Economic Coordination Committee (ECC) in its decision dated December 28, 2016 allowed the sugar mills to export 225,000 metric tons of sugar. 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 resulted in a price competition, which increased the cost of sugarcane. During the period, the company exported 17,056 metric tons of sugar, which led to increase in distribution cost. The company earned other income of Rs. 49.88 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets during the period. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 56.71 million and adjusted its investment in the associate by the same amount. For the six months ended March 31, 2017 the company recorded an after tax profit of Rs. 76.18 million.

	March 31, 2017	March 31, 2016
	(Rs. in million)	
Net Sales	1,815.81	1,090.76
Cost of Sales	(1,612.45)	(982.11)
Gross Profit	203.36	108.65
Other Income	49.88	51.89
Share of profit in associate	56.71	68.67
Other expenses & taxes	(233.77)	(178.55)
Net Profit/(Loss)	76.18	50.66

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 Jhimpir, 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 financing arrangements for the project, which is expected to be commissioned in 24 months' time from the date of the award of up-front tariff.

Industry Update

Pakistan's sugar production for 2016/17 was 7.20 million tons, which is in excess of domestic requirement of 5.50 million tons plus one month strategic stock of 0.5 million tons. Due to the surplus stock of 1.20 million tons in the country, the retail price of sugar has declined significantly, which makes it financially challenging for the mills to operate. Sugar industry remains one of the most regulated industries in the country. Due to the short time frame given by the government, the industry was not able to export the entire quantity of sugar at higher international prices. These prices have since been constantly declining.

The Government of Pakistan vide its ECC decisions dated December 28, 2016 and March 28, 2017 has allowed export of sugar in 2 tranches of 225,000 and 200,000 metric tons respectively. However, the final modalities allowed a limited time period of 45 days and 60 days respectively to complete the exports. No subsidy/rebate was offered. However, considering the highest sugar production in Pakistan's history, Pakistan Sugar Mills Association (PSMA) has repeatedly requested the Government to allow open ended exports of upto 1.0 million tons without any restrictions by government institutions.

The sugar industry has also requested the government to review the price of sugarcane and link the same with the selling price of sugar to ensure adequate return to all stakeholders including sugar mills. 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. Government is further requested to review the base price of sales tax that was earlier fixed at Rs.60 per kg. It requires downward revision in view of consistent decline in sugar prices in local market.

Future Prospects

Pakistan is heading towards another bumper crop for the year 2017/18. It is requested that the government should devise a strategy in consultation with the Sugar industry for timely exports, and allow financial relief to the sugar industry in form of export rebates/subsidies to help the domestic industry in these challenging times.

Acknowledgment

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

On behalf of the Board of Directors

Karachi: May 17, 2017

Shehryar Faruque
Chairman

Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information

INTRODUCTION:

We have reviewed the accompanying unconsolidated condensed interim balance sheet of MIRPURKHAS SUGAR MILLS LIMITED as of March 31, 2017, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "unconsolidated condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account for quarters ended March 31, 2017 and March 31, 2016 have not been reviewed, as we were required to review only the cumulative figures for the half year ended March 31, 2017.

SCOPE OF REVIEW:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of this unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended on March 31, 2017, is not prepared, in all material respects, in accordance with approved Accounting Standards as applicable in Pakistan.

Karachi: May 17, 2017

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

Unconsolidated Condensed Interim Balance Sheet

As at March 31, 2017

	Note	Mar. 31, 2017 (Unaudited)	Sep. 30, 2016 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,090,805	2,036,694
Long-term investments	8	819,199	749,993
Long-term deposits		2,287	2,883
		2,912,291	2,789,570
CURRENT ASSETS			
Stores, spare parts and loose tools		191,197	180,442
Stock-in-trade	9	3,099,402	218,560
Biological assets	10	28,915	61,319
Trade debts	11	875,700	58,949
Loans and advances		127,828	183,568
Trade deposits and short-term prepayments		14,735	2,736
Other receivables		380,839	318,516
Short-term investments		1,539,136	1,308,325
Tax refunds due from the Government		152,883	119,446
Cash and bank balances		101,304	21,033
		6,511,939	2,472,894
		9,424,230	5,262,464
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	122,682	122,682
Reserves		2,507,874	2,262,222
		2,630,556	2,384,904
SURPLUS ON REVALUATION OF FIXED ASSETS			
		555,749	555,749
NON-CURRENT LIABILITIES			
Long-term financing		836,000	590,000
Deferred liabilities		282,720	266,347
		1,118,720	856,347
CURRENT LIABILITIES			
Trade and other payables		1,221,877	670,096
Accrued mark-up		53,437	21,525
Short-term borrowings	13	3,764,891	723,843
Current portion of long-term financing		79,000	50,000
		5,119,205	1,465,464
CONTINGENCIES AND COMMITMENTS			
	14		
TOTAL EQUITY AND LIABILITIES			
		9,424,230	5,262,464

The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

March 31, 2017 07

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

For The Half Year Ended March 31, 2017

	Note	Half year Ended		Quarter Ended	
		Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
(Rupees in '000)					
Turnover - net	16	1,815,807	1,090,761	1,284,451	407,386
Cost of sales	17	(1,612,450)	(982,115)	(1,100,185)	(363,107)
Gross profit		203,357	108,646	184,266	44,279
Distribution cost	18	(47,304)	(3,898)	(46,102)	(2,383)
Administrative expenses		(60,645)	(59,697)	(34,518)	(32,554)
Other operating expenses		(4,404)	(2,926)	(3,757)	438
		(112,353)	(66,521)	(84,377)	(34,499)
Other income	19	49,876	51,888	4,434	19,088
Operating profit		140,880	94,013	104,323	28,868
Finance cost		(89,633)	(61,510)	(60,804)	(39,260)
		51,247	32,503	43,519	(10,392)
Share of profit in associates		56,707	68,667	34,593	41,306
Profit before taxation		107,954	101,170	78,112	30,914
Taxation		(31,772)	(50,513)	(45,214)	(30,541)
Profit after taxation		76,182	50,657	32,898	373
Earnings per share - basic (Rupees)	20	6.21	4.13	2.68	0.03

The annexed notes from 1 to 24 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 Half Year Ended March 31, 2017

	Half year Ended		Quarter Ended	
	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
	(Rupees in '000)			
Profit after taxation	76,182	50,657	32,898	373
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Fair value gain on available-for-sale securities	230,811	219,986	38,073	59,928
Total comprehensive income for the period	<u>306,993</u>	<u>270,643</u>	<u>70,971</u>	<u>60,301</u>

The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

March 31, 2017 **09**

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For The Half Year Ended March 31, 2017

	Mar. 31, 2017	Mar. 31, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	107,954	101,170
Adjustments for :		
Depreciation	34,835	29,275
Amortization	-	367
Provision for market committee fee	7,384	6,167
Fair value adjustment of biological assets	20,015	(5,457)
Dividend income from related parties	(32,718)	(34,328)
Share of profit in associates	(56,707)	(68,667)
Gain on disposal of property, plant and equipment	(1,141)	(1,240)
Finance cost	89,633	61,510
	61,301	(12,373)
	169,255	88,797
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(10,755)	(35,491)
Stock-in-trade	(2,880,842)	(2,113,793)
Biological assets	12,389	11,498
Trade debts	(816,751)	(25,779)
Loans and advances	55,740	(116,408)
Short-term prepayments	(11,999)	(3,621)
Other receivables	(62,323)	(13,755)
	(3,714,541)	(2,297,349)
Increase in current liabilities:		
Trade and other payables	549,839	977,428
Cash used in operations	(2,995,447)	(1,231,124)
Income tax paid	(56,220)	(47,721)
Net cash (used in) operating activities	(3,051,667)	(1,278,845)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(90,175)	(202,262)
Sale proceeds of property, plant and equipment	2,370	2,702
Short-term investments in related party	-	(14,357)
Long-term investments in subsidiary and others	(12,499)	15,370
Long-term deposits	596	1,102
Dividend received from related parties	32,718	34,328
Net cash (used in) investing activities	(66,990)	(163,117)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(57,721)	(40,155)
Short-term borrowings	3,041,048	1,474,593
Long-term financing obtained	300,000	-
Long-term financing repaid	(25,000)	75,000
Payment of dividend	(59,399)	(71,905)
Net cash generated from financing activities	3,198,928	1,437,533
Net increase in cash and cash equivalents	80,271	(4,429)
Cash and cash equivalents at the beginning of the period	21,033	56,156
Cash and cash equivalents at the end of the period	101,304	51,727

The annexed notes from 1 to 24 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 Half Year Ended March 31, 2017

Description	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 after taxation for the period	-	-	50,657	-	-	50,657	50,657
Other comprehensive income for the period	-	-	-	-	219,986	219,986	219,986
Total comprehensive income	-	-	50,657	-	219,986	270,643	270,643
Transaction with owners							
Final cash dividend for the year ended September 30, 2015 @ Rs. 3.50 per share	-	-	(42,939)	-	-	(42,939)	(42,939)
Balance as at March 31, 2016	122,682	34,250	717,273	117,330	925,750	1,794,603	1,917,285
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Profit after taxation for the period	-	-	76,182	-	-	76,182	76,182
Other comprehensive income for the period	-	-	-	-	230,811	230,811	230,811
Total comprehensive income	-	-	76,182	-	230,811	306,993	306,993
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 March 31, 2017	122,682	34,250	831,527	203,053	1,439,045	2,507,874	2,630,556

The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

March 31, 2017

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

For The Half Year Ended March 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 six months period ended March 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. BASIS OF PRESENTATION

3.1 These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by auditors and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984. These 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.

3.2 The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended March 31, 2017 and March 31, 2016 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended March 31, 2017 & March 31, 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 except that the Company has adopted the following IFRSs which became effective during the period:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests on Other Entities and IAS 27 Separate Financial Statement: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant & Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant & Equipment and IAS 41 Agriculture: 'Agriculture-Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements: Equity method in Separate ' Financial Statement (Amendment)

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

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, 2016.

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, 2016.

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% of turnover tax, calculated at applicable tax rates under section 113 and alternate corporate tax under section 113 C 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.

		Mar. 31, 2017	Sep. 30, 2016 (Audited)
		(Rupees in '000)	
7. PROPERTY, PLANT AND EQUIPMENT	Note		
Opening book value		2,036,694	1,681,812
Additions during the period / year	7.1	300,210	169,215
		2,336,904	1,851,027
Disposals during the period / year at book value	7.1	(1,229)	(1,776)
Depreciation charged during the period / year		(34,835)	(63,325)
Addition to / transfer from capital work in progress-net		(210,035)	250,768
		<u>2,090,805</u>	<u>2,036,694</u>

7.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Mar. 31, 2017	Sep. 30, 2016 (Audited)	Mar. 31, 2017	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	273,267	129,395	-	-
Vehicles	15,146	31,578	1,229	1,776
Furniture & fixture	-	95	-	-
Office and other equipment	588	1,140	-	-
Computers & accessories	889	918	-	-
	<u>300,210</u>	<u>169,215</u>	<u>1,229</u>	<u>1,776</u>

		Mar. 31, 2017	Sep. 30, 2016 (Audited)
		(Rupees in '000)	
7.2 Capital work in progress:	Note		
Plant and machinery		178,301	391,198
Building on free hold Land		2,862	-
Stores held for capitalization		1,100	1,100
	7.3	<u>182,263</u>	<u>392,298</u>
7.3 Movement in Capital work in progress			
Opening		392,298	141,530
Add: Addition during the period / year		63,232	340,577
		455,530	482,107
Less: Transferred during the period / year		(273,267)	(89,809)
		<u>182,263</u>	<u>392,298</u>

		Mar. 31, 2017	Sep. 30, 2016 (Audited)
		(Rupees in '000)	
8. LONG-TERM INVESTMENT	Note		
In Associates			
Unicol Limited			
Opening balance	8.1	742,302	660,274
Dividend received		-	(23,060)
		742,302	637,214
Share of profit for the period		56,716	105,088
		799,018	742,302
UniEnergy Limited	8.2	7,690	7,690
Share of (loss) for the period		(9)	-
		7,681	7,690
In Subsidiary			
Mirpurkhas Energy Limited	8.3	11,000	1
In Term Deposit			
Commercial Bank		1,500	-
		819,199	749,993

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 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 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 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.

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

	Mar. 31, 2017	Sep. 30, 2016 (Audited)
		(Rupees in '000)
9. STOCK-IN-TRADE		
Sugar	3,019,161	214,982
Sugar in process	2,562	3,578
Molasses	77,679	-
	3,099,402	218,560
10. BIOLOGICAL ASSETS		
Sugarcane	19,315	53,732
Others	9,600	7,587
	28,915	61,319
Movement during the period / year:		
As at October 01	61,319	28,362
Addition due to cultivation	36,064	64,257
(Loss) / gain arising from initial recognition of standing crops less cost to sell	(20,015)	19,883
Decrease due to harvest sales	(48,453)	(51,183)
	28,915	61,319

	Mar. 31, 2017	Sep. 30, 2016 (Audited)
(Rupees in '000)		
11. TRADE DEBTS - unsecured, considered good		
Others	875,700	58,949
	<u>875,700</u>	<u>58,949</u>

12. SHARE CAPITAL

12.1 Authorized capital

	Mar. 31, 2017	Sep. 30, 2016 (Audited)			
Number of shares					
	50,000,000	50,000,000	Ordinary shares of Rs.10/- each	500,000	500,000

12.2 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>

13. SHORT-TERM BORROWINGS - SECURED

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

14. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by commercial banks	-	3,179
Letter of guarantee issued by commercial bank	1,147	-

The status of other contingencies as at March 31, 2017 is same as reported in the annual financial statements for the year ended September 30, 2016.

15. SEASONAL PRODUCTION

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

	Half year ended		Quarter ended	
	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
16. TURNOVER-NET	(Rupees in '000)			
Local sales	940,536	1,178,022	378,398	439,977
Less: Duties & taxes	(42,362)	(87,261)	(11,580)	(32,591)
	898,174	1,090,761	366,818	407,386
Export sales	917,633	-	917,633	-
	1,815,807	1,090,761	1,284,451	407,386
17. COST OF SALES				
Opening stock finished goods	214,982	384,180	1,057,777	824,535
Cost of goods manufactured / purchased	4,416,629	3,031,891	3,061,569	1,972,528
	4,631,611	3,416,071	4,119,346	2,797,063
Closing stock finished goods	(3,019,161)	(2,433,956)	(3,019,161)	(2,433,956)
	1,612,450	982,115	1,100,185	363,107
18. DISTRIBUTION COST				
Salaries, wages and other benefits	1,772	1,815	1,089	923
Insurance	1,141	1,049	856	740
Sugar export freight & port handling	43,075	-	43,075	-
Other expenses	1,240	919	1,044	672
Depreciation	76	78	38	39
Amortization	-	37	-	9
	47,304	3,898	46,102	2,383
19. OTHER INCOME				
Income from Financial Assets				
Dividend income from related parties	32,718	34,328	9,445	10,180
Profit on PLS accounts with banks	501	555	324	442
Mark-up on growers' loan	525	630	44	84
	33,744	35,513	9,813	10,706
Income / (loss) from non-financial assets				
Gain on disposal of operating property, plant and equipment	1,141	1,240	1,110	257
Fair value adjustment of biological assets	11,383	15,012	(10,063)	8,070
Exchange gain on Export sales	3,537	-	3,537	-
	16,061	16,252	(5,416)	8,327
Others				
Miscellaneous	71	123	37	55
	49,876	51,888	4,434	19,088
20. EARNINGS PER SHARE- Basic				
Profit / (loss) after taxation (Rs.'000)	76,182	50,657	32,898	373
Weighted average no. of ordinary shares in issue	12,268,219	12,268,219	12,268,219	12,268,219
Earnings per share-basic (Rupees.)	6.21	4.13	2.68	0.03

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

21. FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

22. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
		(Rupees in '000)			
Group companies	Goods purchased	35,641	23,897	17,384	14,209
	Services received	4,767	4,151	2,616	1,892
	Sales made	259,401	188,969	179,726	144,237
	Dividend received	32,718	57,388	9,445	33,240
	Dividend paid	28,186	33,323	28,186	18,811
	Investment made in related party	-	14,357	-	-
	Investment made in associate	-	7,690	-	7,690
	Investment made in subsidiary	11,000	-	10,000	-
	Reimbursement of expense to subsidiary	1,005	-	144	-
	Advance to subsidiary	5,491	-	4,630	-
Other related parties	Charge for staff provident and gratuity funds	4,202	3,671	2,153	1,845
Key management personnel	Remuneration	35,161	31,264	18,388	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.

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

	Mar. 31, 2017 (Un-audited)	Sep. 30, 2016 (Audited)
	(Rupees in '000)	
Subsidiary Company		
Loan and advances	5,491	-
Associated Company		
Trade and other payables	85,464	1,453

23. DATE OF AUTHORIZATION

These Unconsolidated condensed interim financial statements have been authorized for issue on May 17, 2017 by the Board of Directors of the Company.

24. 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 Financial Statements
March 31, 2017

Consolidated Condensed Interim Balance Sheet

As at March 31, 2017

	Note	Mar. 31, 2017 (Unaudited)	Sep. 30, 2016 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,096,566	2,036,694
Long-term investments	8	808,199	749,992
Long-term deposits		2,287	2,883
		2,907,052	2,789,569
CURRENT ASSETS			
Stores, spare parts and loose tools		191,197	180,442
Stock-in-trade	9	3,099,402	218,560
Biological assets	10	28,915	61,319
Trade debts	11	875,700	58,949
Loans and advances		122,337	183,569
Trade deposits and short-term prepayments		14,735	2,736
Other receivables		380,839	318,516
Short-term investments		1,539,136	1,308,325
Tax refunds due from the Government		152,883	119,446
Cash and bank balances		111,029	21,033
		6,516,173	2,472,895
TOTAL ASSETS		9,423,225	5,262,464
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	122,682	122,682
Reserves		2,506,869	2,262,222
		2,629,551	2,384,904
SURPLUS ON REVALUATION OF FIXED ASSETS			
		555,749	555,749
NON-CURRENT LIABILITIES			
Long-term financing		836,000	590,000
Deferred liabilities		282,720	266,347
		1,118,720	856,347
CURRENT LIABILITIES			
Trade and other payables		1,221,877	670,096
Accrued mark-up		53,437	21,525
Short-term borrowings	13	3,764,891	723,843
Current portion of long-term financing		79,000	50,000
		5,119,205	1,465,464
CONTINGENCIES AND COMMITMENTS			
	14		
TOTAL EQUITY AND LIABILITIES		9,423,225	5,262,464

The annexed notes from 1 to 24 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 Half Year Ended March 31, 2017

	Note	Half year Ended		Quarter Ended	
		Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
(Rupees in '000)					
Turnover - net	16	1,815,807	1,090,761	1,284,451	407,386
Cost of sales	17	(1,612,450)	(982,115)	(1,100,185)	(363,107)
Gross profit		203,357	108,646	184,266	44,279
Distribution cost	18	(47,304)	(3,898)	(46,102)	(2,383)
Administrative expenses		(61,650)	(59,697)	(34,662)	(32,554)
Other operating expenses		(4,404)	(2,926)	(3,817)	438
		(113,358)	(66,521)	(84,581)	(34,499)
Other income	19	49,876	51,888	4,434	19,088
Operating profit		139,875	94,013	104,119	28,868
Finance cost		(89,633)	(61,510)	(60,804)	(39,260)
		50,242	32,503	43,315	(10,392)
Share of profit in associates		56,707	68,667	34,593	41,306
Profit before taxation		106,949	101,170	77,908	30,914
Taxation		(31,772)	(50,513)	(45,214)	(30,541)
Profit after taxation		75,177	50,657	32,694	373
Earnings per share - basic (Rupees)	20	6.13	4.13	2.66	0.03

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

March 31, 2017 **21**

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

For The Half Year Ended March 31, 2017

	Half year Ended		Quarter Ended	
	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
	(Rupees in '000)			
Profit after taxation	75,177	50,657	32,694	373
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Fair value gain on available-for-sale securities	230,811	219,986	38,073	59,928
Total comprehensive income for the period	<u>305,988</u>	<u>270,643</u>	<u>70,767</u>	<u>60,301</u>

The annexed notes from 1 to 24 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 Half Year Ended March 31, 2017

	Mar. 31, 2017	Mar. 31, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	106,949	101,170
Adjustments for :		
Depreciation	34,835	29,275
Amortization	-	367
Provision for market committee fee	7,384	6,167
Fair value adjustment of biological assets	20,015	(5,457)
Dividend income from related parties	(32,718)	(34,328)
Share of profit in an associate	(56,707)	(68,667)
Gain on disposal of property, plant and equipment	(1,141)	(1,240)
Finance cost	89,633	61,510
	61,301	(12,373)
	168,250	88,797
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(10,755)	(35,491)
Stock-in-trade	(2,880,842)	(2,113,793)
Biological assets	12,389	11,498
Trade debts	(816,751)	(25,779)
Loans and advances	61,232	(116,408)
Short-term prepayments	(11,999)	(3,621)
Other receivables	(62,323)	(13,755)
	(3,709,049)	(2,297,349)
Increase in current liabilities:		
Trade and other payables	549,839	977,428
Cash used in operations	(2,990,960)	(1,231,124)
Income tax paid	(56,220)	(47,721)
Net cash (used in) operating activities	(3,047,180)	(1,278,845)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(95,936)	(202,262)
Sale proceeds of property, plant and equipment	2,370	2,702
Short-term investments in related party	-	(14,357)
Long-term investments in associates and others	(1,500)	15,370
Long-term deposits	596	1,102
Dividend received from related parties	32,718	34,328
Net cash (used in) investing activities	(61,752)	(163,117)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(57,721)	(40,155)
Short-term borrowings	3,041,048	1,474,593
Long-term financing obtained	300,000	-
Long-term financing repaid	(25,000)	75,000
Payment of dividend	(59,399)	(71,905)
Net cash generated from financing activities	3,198,928	1,437,533
Net increase / (decrease) in cash and cash equivalents	89,996	(4,429)
Cash and cash equivalents at the beginning of the period	21,033	56,156
Cash and cash equivalents at the end of the period	111,029	51,727

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

March 31, 2017 **23**

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

For The Half Year Ended March 31, 2017

Description	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 after taxation for the period	-	-	50,657	-	-	50,657	50,657
Other comprehensive income for the period	-	-	-	-	219,986	219,986	219,986
Total comprehensive income	-	-	50,657	-	219,986	270,643	270,643
Transaction with owners							
Final cash dividend for the year ended September 30, 2015 @ Rs. 3.50 per share	-	-	(42,939)	-	-	(42,939)	(42,939)
Balance as at March 31, 2016	122,682	34,250	717,273	117,330	925,750	1,794,603	1,917,285
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Profit after taxation for the period	-	-	75,177	-	-	75,177	75,177
Other comprehensive income for the period	-	-	-	-	230,811	230,811	230,811
Total comprehensive income	-	-	75,177	-	230,811	305,988	305,988
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 March 31, 2017	122,682	34,250	830,521	203,053	1,439,045	2,506,869	2,629,551

The annexed notes from 1 to 24 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 Half Year Ended March 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.

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 half year ended March 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 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 except that the Company has adopted the following IFRSs which became effective during the period:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests on Other Entities and IAS 27 Separate Financial Statement: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant & Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant & Equipment and IAS 41 Agriculture: 'Agriculture-Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements: Equity method in Separate ' Financial Statement (Amendment)

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

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, 2016.

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, 2016.

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% 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.

	Note	Mar. 31, 2017	Sep. 30, 2016 (Audited)
(Rupees in '000)			
7. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		2,036,694	1,681,812
Additions during the period / year	7.1	300,210	169,215
		2,336,904	1,851,027
Disposals during the period / year at book value	7.1	(1,229)	(1,776)
Depreciation charged during the period / year		(34,835)	(63,325)
Addition to / transfer from capital work in progress-net		(204,274)	250,768
		<u>2,096,566</u>	<u>2,036,694</u>

7.1 Additions & disposals in property, plant and equipment

	Additions		Disposals at book value	
	Mar. 31, 2017	Sep. 30, 2016 (Audited)	Mar. 31, 2017	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	273,267	129,395	-	-
Vehicles	15,146	31,578	1,229	1,776
Office and other equipment	588	1,140	-	-
Furniture & fixture	-	95	-	-
Computers & accessories	889	918	-	-
	<u>300,210</u>	<u>169,215</u>	<u>1,229</u>	<u>1,776</u>

	Note	Mar. 31, 2017	Sep. 30, 2016 (Audited)
(Rupees in '000)			
7.2 Capital work in progress:			
Plant and machinery		184,062	391,198
Building on free hold Land		2,862	-
Stores held for capitalization		1,100	1,100
	7.3	<u>188,024</u>	<u>392,298</u>
7.3 Movement in Capital work in progress			
Opening		392,298	141,530
Add: Addition during the period / year		68,993	340,577
		461,291	482,107
Less: Transferred during the period / year		(273,267)	(89,809)
		<u>188,024</u>	<u>392,298</u>
8. LONG-TERM INVESTMENT			
In Associates			
Unicol Limited			
Opening balance	8.1	742,302	660,274
Dividend received		-	(23,060)
		742,302	637,214
Share of profit for the period		56,716	105,088
		<u>799,018</u>	<u>742,302</u>
UniEnergy Limited	8.2	7,690	7,690
Share of loss for the period		(9)	-
		<u>7,681</u>	<u>7,690</u>
In Term Deposit			
Commercial Bank		1,500	-
		<u>808,199</u>	<u>749,992</u>

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.

	Mar. 31, 2017	Sep. 30, 2016 (Audited)
(Rupees in '000)		
9. STOCK-IN-TRADE		
Sugar	3,019,161	214,982
Sugar in process	2,562	3,578
Molasses	77,679	-
	<u>3,099,402</u>	<u>218,560</u>
10. BIOLOGICAL ASSETS		
Sugarcane	19,315	53,732
Others	9,600	7,587
	<u>28,915</u>	<u>61,319</u>

	Mar. 31, 2017	Sep. 30, 2016 (Audited)
	(Rupees in '000)	
Movement during the period / year:		
As at October 01	61,319	28,362
Addition due to cultivation	36,064	64,257
(Loss) / gain arising from initial recognition of standing crops less cost to sell	(20,015)	19,883
Decrease due to harvest sales	(48,453)	(51,183)
	<u>28,915</u>	<u>61,319</u>

11. TRADE DEBTS - unsecured, considered good

Others	875,700	58,949
	<u>875,700</u>	<u>58,949</u>

12. SHARE CAPITAL

12.1 Authorized capital

	Mar. 31, 2017	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>

12.2 Issued subscribed and paid-up capital Fully paid ordinary shares of Rs.10/- each

	<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>

13. SHORT-TERM BORROWINGS - SECURED

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

14. CONTINGENCIES AND COMMITMENTS

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

The status of other contingencies as at March 31, 2017 is same as reported in the annual financial statements for the year ended September 30, 2016.

15. SEASONAL PRODUCTION

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

	Half year ended		Quarter ended	
	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
16. TURNOVER-NET	(Rupees in '000)			
Local sales	940,536	1,178,022	378,398	439,977
Less: Duties & taxes	(42,362)	(87,261)	(11,580)	(32,591)
	898,174	1,090,761	366,818	407,386
Export sales	917,633	-	917,633	-
	1,815,807	1,090,761	1,284,451	407,386
17. COST OF SALES				
Opening stock finished goods	214,982	384,180	1,057,777	824,535
Cost of goods manufactured / purchased	4,416,629	3,031,891	3,061,569	1,972,528
	4,631,611	3,416,071	4,119,346	2,797,063
Closing stock finished goods	(3,019,161)	(2,433,956)	(3,019,161)	(2,433,956)
	1,612,450	982,115	1,100,185	363,107
18. DISTRIBUTION COST				
Salaries, wages and other benefits	1,772	1,815	1,089	923
Insurance	1,141	1,049	856	740
Sugar export freight & port handling	43,075	-	43,075	-
Other expenses	1,240	919	1,044	672
Depreciation	76	78	38	39
Amortization	-	37	-	9
	47,304	3,898	46,102	2,383
19. OTHER INCOME				
Income from Financial Assets				
Dividend income from related parties	32,718	34,328	9,445	10,180
Profit on PLS accounts with banks	501	555	324	442
Mark-up on growers' loan	525	630	44	84
	33,744	35,513	9,813	10,706
Income / (loss) from non-financial assets				
Gain on disposal of operating property, plant and equipment	1,141	1,240	1,110	257
Fair value adjustment of biological assets	11,383	15,012	(10,063)	8,070
Exchange gain on Export sales	3,537	-	3,537	-
	16,061	16,252	(5,416)	8,327
Others				
Miscellaneous	71	123	37	55
	49,876	51,888	4,434	19,088
20. EARNINGS PER SHARE- Basic				
Profit / (loss) after taxation (Rs.'000)	75,177	50,657	32,694	373
Weighted average no. of ordinary shares in issue	12,268,219	12,268,219	12,268,219	12,268,219
Earnings per share-basic (Rupees.)	6.13	4.13	2.66	0.03

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

21. FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

22. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
		(Rupees in '000)			
Group companies	Goods purchased	35,641	23,897	17,384	14,209
	Services received	4,767	4,151	2,616	1,892
	Sales made	259,401	188,969	179,726	144,237
	Dividend received	32,718	57,388	9,445	33,240
	Dividend paid	28,186	33,323	28,186	18,811
	Investment made in related party	-	14,357	-	-
	Investment made in associate	-	7,690	-	7,690
Other related parties	Charge for staff provident and gratuity funds	4,202	3,671	2,153	1,845
Key management personnel	Remuneration	35,161	31,264	18,388	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.

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

	Mar. 31, 2017 (Un-audited)	Sep. 30, 2016 (Audited)
	(Rupees in '000)	
Associated Company		
Trade and other payables	85,464	1,453

23. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on May 17, 2017 by the Board of Directors of the Company.

24. 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

