

Contents

02	Company Information
03	Directors' Review
05	Unconsolidated Condensed Interim Statement of Financial Position (Un-audited)
06	Unconsolidated Condensed Interim Profit And Loss Account (Un-audited)
07	Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
08	Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
09	Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
10	Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
16	Consolidated Condensed Interim Statement of Financial Position (Un-audited)
17	Consolidated Condensed Interim Profit And Loss Account (Un-audited)
18	Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
19	Consolidated Condensed Interim Cash Flow Statement (Un-audited)
20	Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
21	Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

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

Human Resource and Remuneration Committee

Engr. Mahfaz-ur-Rehman Pasha (NIT)	Chairman
Mr. Arif Faruque	Member
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.
MCB Islamic 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 period ended June 30, 2018.

Production

The company started crushing on 28 November 2017. The plant operated for 143 days till June 30, 2018 compared to 131 days during the same time last year. During this period, the factory crushed 774,171 MT of sugarcane to produce 88,183 MT of sugar as compared to 738,378 MT of sugarcane crushed to produce 78,897 MT of sugar during the corresponding period last year. During the period under review, the Company achieved its highest ever sucrose recovery of 11.39% (2017:10.68%) and stood as second highest in Sindh and Pakistan. The company also produced 38,725 MT of molasses during the period under review compared to 34,860 MT of molasses produced during the corresponding period last year.

Financial Performance

During the period under review, the company sold 95,068 MT of sugar against 43,223 MT sold at the same time last year. The reason for the increased turnover is mainly due to export sales, which stood at 71,421 MT i.e. 75% of the total quantity sold. The Federal Government due to surplus production in the country allowed export of two million tons coupled with freight support subsidy of Rs. 10.70 per KG to support the sugar industry on cane payments. In addition, Sindh Government also announced subsidy of Rs.9.30 per kg to a maximum of 20,000 metric tons of sugar exported by each sugar mill during Season 2017-18. The company has received its full share from Sindh Government during the period while a significant portion of federal announced subsidy is yet to be received. The company has paid the settlement price of sugarcane agreed with the growers and Honorable Courts of Pakistan.

During the period under review, the company earned dividend income of Rs. 39.60 million while the finance cost stood at Rs. 152.88 million. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 266.89 million (un-audited) and adjusted its investment in the associate by the same amount. For the nine months ended June 30, 2018, the company earned an after tax profit of Rs.18.69 million.

	June 30, 2018	June 30, 2017
	(Rs. in million)	
Net sales	3,890.68	2,333.39
Cost of sales	(2,685.58)	(2,306.31)
Gross profit	205.10	27.08
Other income	67.55	51.13
Share of profit in associate	266.89	79.72
Other expenses & taxes	(520.85)	(275.39)
Net profit / (loss)	18.69	117.46

Unicol - Joint Venture Distillery Project

The Board of Directors of Unicol Ltd had decided to list the shares of Unicol Limited on Pakistan Stock Exchange Limited (PSX). Various regulatory approvals were secured to procure listing for the shares in accordance with the rules and regulations of the Pakistan Stock Exchange and Security and Exchange Commission of Pakistan. For the purpose of listing, the Company had been authorized by the Board of Directors to divest up to 12.50 million shares of Unicol Ltd held by it representing 8.33% of the paid up capital and issued shares of Unicol Ltd through PSX. Deteriorating stock market conditions in light of political and economic developments has forced the Sponsors to delay the listing process for the time being. Once the Sponsors decide to again secure the status of listing on PSX, it would revalidate and secure fresh approvals and update the stakeholders accordingly.

New Projects:

The company had set up a 100% owned subsidiary under Mirpurkhas Sugar Mills Limited (MSM) by the name of Mirpurkhas Energy Limited (MEL) to produce power from bagasse. In this regard, MEL applied for and received Letter of Intent (LOI), Generation License and consent for power supply to the national grid successfully. Furthermore, the upfront tariff with National Electric and Power Regulatory Authority (NEPRA) was awarded to the company along with Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Subsequent to the award of tariff by NEPRA, the power purchaser (CPPA) filed a review petition with NEPRA against the award of tariff. Although NEPRA dismissed the review motion filed by CPPA-G against the tariff, it did not make any change with respect to the date of COD, which was kept from the date of award of upfront tariff. CPPA-G has also filed a petition in the Honorable Islamabad High Court against the decision of NEPRA, which is being contested by the company.

Given the complexities involved and expected delays, the Board of Directors of the company has decided against pursuing the Mirpurkhas Energy Limited project. It has instead decided to set up a captive 26MW dual fuel coal/bagasse based power plant to supply power to the company and its various businesses. Keeping in view the boom in construction activities in the country and taking advantage of the availability of power based on bagasse, the Board of Directors of MSM has decided to establish a TMT steel rebar manufacturing plant. The plant will have melting and re-rolling capacity of 150,000-200,000 tons per annum. The power project along with steel plant will be established at a cost of approximately Rs. 6.50 billion. Establishment of steel project along with power plant will allow the company to diversify its business operations. Furthermore, it will increase revenues for the company, which will enhance its profitability, thus enabling it to provide adequate return to its shareholders. The project will take approximately 24 - 30 months to become operational.

Future Prospects

The current season has proved to be the most challenging in the recent history of the sugar industry. The country has fully exported the approved quota of two and half million tons as approved by the government. The government is urged to allow immediate financial relief to the sugar industry through timely release of subsidy to the sugar mills to ease its burden for cane payments to sugarcane growers which have already been made by the mills from their own sources and incurring heavy financial charges due to non-release of the export freight subsidy. 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. 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



Aslam Faruque
Chief Executive

Karachi: July 27, 2018

Unconsolidated Condensed Interim Statement of financial position

as at June 30, 2018

	Note	Jun. 30, 2018 (Unaudited)	Sep. 30, 2017 (Audited)
(Rupees in '000)			
Restated			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,376,626	2,366,349
Intangible asset		6,901	8,258
Long-term investments	8	964,565	872,627
Long-term deposits		915	1,709
		<u>3,349,007</u>	<u>3,248,943</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		235,033	195,605
Stock-in-trade		1,600,429	2,029,952
Biological assets		22,386	57,838
Trade debts		216,155	104,069
Loans and advances		209,231	228,319
Trade deposits and short-term prepayments		4,583	1,635
Other receivables		285,905	314,547
Short-term investments		800,770	986,301
Tax refunds due from the Government		199,629	191,023
Cash and bank balances		82,988	22,623
		<u>3,657,109</u>	<u>4,131,912</u>
TOTAL ASSETS		<u><u>7,006,116</u></u>	<u><u>7,380,855</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	122,682	122,682
Reserves		1,377,071	1,568,715
Surplus on revaluation of property, plant & equipment		816,571	816,571
		<u>2,316,324</u>	<u>2,507,968</u>
NON-CURRENT LIABILITIES			
Long-term financing		841,072	972,857
Deferred liabilities		224,174	251,917
		<u>1,065,246</u>	<u>1,224,774</u>
CURRENT LIABILITIES			
Trade and other payables		1,267,863	689,049
Unclaimed dividend		7,486	7,491
Accrued mark-up		42,104	56,517
Short-term borrowings		2,111,379	2,739,342
Current portion of long-term financing		195,714	155,714
		<u>3,624,546</u>	<u>3,648,113</u>
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		<u><u>7,006,116</u></u>	<u><u>7,380,855</u></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

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

For The Period Ended June 30, 2018

	Note	Period Ended		Quarter ended	
		Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
(Rupees in '000)					
Turnover - net	12	3,890,680	2,333,390	265,005	517,583
Cost of sales	13	(3,685,575)	(2,306,305)	(344,872)	(693,855)
Gross profit / (loss)		205,105	27,085	(79,867)	(176,272)
Distribution cost		(175,810)	(50,630)	(26,745)	(3,326)
Administrative expenses		(114,327)	(92,859)	(39,911)	(32,214)
Other operating expenses		(48,555)	(724)	(1,405)	3,680
		(338,692)	(144,213)	(68,061)	(31,860)
Other income	14	67,550	51,126	1,070	1,250
Operating loss		(66,037)	(66,002)	(146,858)	(206,882)
Finance cost		(152,878)	(156,352)	(55,329)	(66,719)
		(218,915)	(222,354)	(202,187)	(273,601)
Share of profit in associates - net		266,899	79,719	130,097	23,012
Profit / (loss) before taxation		47,984	(142,635)	(72,090)	(250,589)
Taxation		(29,292)	25,178	34,721	56,950
Profit / (loss) after taxation		18,692	(117,457)	(37,369)	(193,639)
Earnings per share - basic (Rupees)	15	1.52	(9.57)	(3.05)	(15.78)

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 Period Ended June 30, 2018

	Period Ended		Quarter ended	
	Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
	(Rupees in '000)			
Profit after taxation	18,692	(117,457)	(37,369)	(193,639)
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Fair value gain on available-for-sale securities	(210,336)	72,801	(224,445)	(158,010)
Total comprehensive income for the period	(191,644)	(44,656)	(261,814)	(351,649)

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

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For The Period Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation

Adjustments for :

Depreciation	66,404	54,196
Amortization	1,357	108
Provision for market committee fee	7,745	7,384
Fair value adjustment of biological assets	25,276	16,607
Dividend income from related parties	(39,592)	(32,718)
Share of profit in associates	(266,899)	(79,719)
Gain on disposal of property, plant and equipment	(1,389)	(1,209)
Finance cost	152,878	156,352
	(54,220)	121,001
	(6,236)	(21,634)

Working capital changes :

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(39,428)	(13,411)
Stock-in-trade	429,523	(2,210,535)
Biological assets	10,176	(13,572)
Trade debts	(112,086)	(3,701)
Loans and advances	19,088	(59,616)
Short-term prepayments	(2,948)	(2,448)
Other receivables	28,642	(45,592)
	332,967	(2,348,875)

Increase in current liabilities:

Trade and other payables	578,814	164,181
--------------------------	---------	---------

Cash generated from / (used in) operations

Income tax paid	905,545	(2,206,328)
-----------------	---------	-------------

	(73,386)	(65,963)
--	----------	----------

Net cash generated from / (used in) operating activities

	832,159	(2,272,291)
--	---------	-------------

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	(78,752)	(102,277)
--	----------	-----------

Additions to Intangible asset	-	(2,156)
-------------------------------	---	---------

Sale proceeds of property, plant and equipment	3,460	2,745
--	-------	-------

Short-term investments in related party	(24,805)	-
---	----------	---

Long-term investments in subsidiary and others	(38)	(12,499)
--	------	----------

Long-term deposits	794	876
--------------------	-----	-----

Dividend received from an associate	174,999	-
-------------------------------------	---------	---

Dividend received from related parties	39,592	32,718
--	--------	--------

Net cash generated from / (used in) investing activities

	115,250	(80,593)
--	---------	----------

CASH FLOWS FROM FINANCING ACTIVITIES

Finance cost paid	(167,291)	(129,360)
-------------------	-----------	-----------

Short-term borrowings	(627,963)	2,035,068
-----------------------	-----------	-----------

Long-term financing obtained	-	900,000
------------------------------	---	---------

Long-term financing repaid	(91,785)	(377,500)
----------------------------	----------	-----------

Payment of dividend	(5)	(59,453)
---------------------	-----	----------

Net cash (used in) / generated from financing activities

	(887,044)	2,368,755
--	-----------	-----------

Net increase in cash and cash equivalents

	60,365	15,871
--	--------	--------

Cash and cash equivalents at the beginning of the period

	22,623	21,033
--	--------	--------

Cash and cash equivalents at the end of the period

	82,988	36,904
--	--------	--------

	Jun. 30, 2018	Jun. 30, 2017
(Rupees in '000)		
Profit / (loss) before taxation	47,984	(142,635)
Adjustments for :		
Depreciation	66,404	54,196
Amortization	1,357	108
Provision for market committee fee	7,745	7,384
Fair value adjustment of biological assets	25,276	16,607
Dividend income from related parties	(39,592)	(32,718)
Share of profit in associates	(266,899)	(79,719)
Gain on disposal of property, plant and equipment	(1,389)	(1,209)
Finance cost	152,878	156,352
	(54,220)	121,001
	(6,236)	(21,634)
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(39,428)	(13,411)
Stock-in-trade	429,523	(2,210,535)
Biological assets	10,176	(13,572)
Trade debts	(112,086)	(3,701)
Loans and advances	19,088	(59,616)
Short-term prepayments	(2,948)	(2,448)
Other receivables	28,642	(45,592)
	332,967	(2,348,875)
Increase in current liabilities:		
Trade and other payables	578,814	164,181
Cash generated from / (used in) operations	905,545	(2,206,328)
Income tax paid	(73,386)	(65,963)
Net cash generated from / (used in) operating activities	832,159	(2,272,291)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(78,752)	(102,277)
Additions to Intangible asset	-	(2,156)
Sale proceeds of property, plant and equipment	3,460	2,745
Short-term investments in related party	(24,805)	-
Long-term investments in subsidiary and others	(38)	(12,499)
Long-term deposits	794	876
Dividend received from an associate	174,999	-
Dividend received from related parties	39,592	32,718
Net cash generated from / (used in) investing activities	115,250	(80,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(167,291)	(129,360)
Short-term borrowings	(627,963)	2,035,068
Long-term financing obtained	-	900,000
Long-term financing repaid	(91,785)	(377,500)
Payment of dividend	(5)	(59,453)
Net cash (used in) / generated from financing activities	(887,044)	2,368,755
Net increase in cash and cash equivalents	60,365	15,871
Cash and cash equivalents at the beginning of the period	22,623	21,033
Cash and cash equivalents at the end of the period	82,988	36,904

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

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

For The Period Ended June 30, 2018

Description	Reserves						Total reserves	Total
	Issued subscribed and paid-up capital	General reserves	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available for sale securities	Surplus on Revaluation of property, plant and equipment		
(Rupees in '000')				Restated				
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	555,749	2,817,971	2,940,653
Loss after taxation for the period	-	-	(117,457)	-	-	-	(117,457)	(117,457)
Other comprehensive income for the period	-	-	-	-	72,801	-	72,801	72,801
Total comprehensive income	-	-	(117,457)	-	72,801	-	(44,656)	(44,656)
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 June 30, 2017	122,682	34,250	637,887	203,053	1,281,035	555,749	2,711,974	2,834,656
Balance as at October 01, 2017	122,682	34,250	485,300	162,955	886,210	816,571	2,385,286	2,507,968
Profit after taxation for the period	-	-	18,692	-	-	-	18,692	18,692
Other comprehensive income for the period	-	-	-	-	(210,336)	-	(210,336)	(210,336)
Total comprehensive income	-	-	18,692	-	(210,336)	-	(191,644)	(191,644)
Balance as at June 30, 2018	122,682	34,250	503,992	162,955	675,874	816,571	2,193,642	2,316,324

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

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

For The Period Ended June 30, 2018

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 nine months period ended June 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. BASIS OF PRESENTATION

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

3.2 Effective 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Consequent to deletion of said section from the Act, the Company has changed its accounting policy with respect to surplus arising on revaluation of property, plant and equipment to conform it to the requirement of IAS 16. Previously, the Company used to transfer such surplus to an account called 'Surplus on revaluation of fixed assets' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity). Further the surplus on revaluation of fixed assets was allowed to be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed assets of the Company. The said change in accounting policy has been made in accordance with the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors.

The Company has made the changes in its accounting policy as per the requirements of the Companies Act 2017 and has restated certain comparatives. However there was no change in the reported amounts of statement of profit or loss account and other comprehensive income.

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 except that the Company has adopted the following IFRSs which became effective during the period:

IAS 7 -Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 -Income Taxes - Recognition of Deferred tax Assets for Unrealised losses (Amendment)

IFRS 12 -Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

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, 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

		Jun. 30, 2018	Sep. 30, 2017 (Audited)
	Note	(Rupees in '000)	
Opening book value		2,274,139	1,644,396
Additions during the period / year	7.1	138,429	447,056
Revaluation of free hold land		-	260,822
		2,412,568	2,352,274
Disposals during the period / year at book value	7.1	(2,071)	(1,536)
Depreciation charged during the period / year		(66,404)	(76,599)
		2,344,093	2,274,139
Opening: Capital work in progress		92,210	392,298
Addition to capital work in progress		72,113	87,651
Transferred to property plant & equipment		(131,790)	(387,739)
Capital work in progress	7.2	32,533	92,210
		<u>2,376,626</u>	<u>2,366,349</u>

7.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Jun. 30, 2018	Sep. 30, 2017 (Audited)	Jun. 30, 2018	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	131,464	397,311	-	-
Vehicles	4,739	16,389	2,071	1,535
Furniture & fixture	-	131	-	-
Office and other equipment	291	1,421	-	-
Computers & accessories	1,935	5,773	-	1
	<u>138,429</u>	<u>447,056</u>	<u>2,071</u>	<u>1,536</u>

7.2 Capital work in progress:

	Note	Jun. 30, 2018	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Plant and machinery		31,633	90,710
Stores held for capitalization		900	1,500
		<u>32,533</u>	<u>92,210</u>

8. LONG-TERM INVESTMENT

	Note	Jun. 30, 2018	Sep. 30, 2017 (Audited)
In Associates			
Unicol Limited			
Opening balance	8.1	852,413	742,302
Dividend received		(174,999)	-
		<u>677,414</u>	<u>742,302</u>
Share of profit for the period		266,907	110,111
		<u>944,321</u>	<u>852,413</u>
UniEnergy Limited	8.2	7,661	7,690
Share of loss for the period		(8)	(29)
		<u>7,653</u>	<u>7,661</u>
		<u>951,974</u>	<u>860,074</u>
In Subsidiary			
Mirpurkhas Energy Limited	8.3	11,000	11,000
In Term Deposit			
Commercial Bank		1,591	1,553
		<u>964,565</u>	<u>872,627</u>

- 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 period ended June 30, 2018. 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, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to delay the listing process for the time being. Once the management decides to again attain the status of listing on PSX, it would revalidate and secure fresh approvals and update the stake holders accordingly.

- 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. 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.
- 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 (CPPA-G) on September 26, 2017 has filed a review petition with NEPRA against the award of tariff by the competent authority. On April 18, 2018 NEPRA dismissed all the review motions filed by CPPA-G against the tariff. However, NEPRA decided not to make any change with respect to the date of COD and it will continue to be reckoned from the date of award of upfront tariff. Subsequent to NEPRA decision on review motion, CPPA-G has filed a petition against the decision of NEPRA in Honourable Islamabad High Court and the Company is contesting the same.

9. SHARE CAPITAL

9.1 Authorized capital

Jun. 30, 2018	Sep. 30, 2017 (Audited)		Jun. 30, 2018	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

9.2 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>

10. 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 JUNE 30, 2018 is same as reported in the annual financial statements for the year ended September 30, 2017, except the following:

- 10.1 The Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated 26 February 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated 7 June 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company is in the process of consultation with its legal advisors in order to claim the duty duly paid by the Company.

10.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Honorable Supreme Court of Pakistan vide its Order dated 5 March 2018, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impugned Notification of crushing season 1998-99 . The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, no valid notification for quality premium under section 16(V) could have been issued by the provisional government for the period from 1998-99 till to date, hence no liability of quality premium has arisen between the crushing season 1998-99 till the date of Supreme Court Order dated 05 March 2018.

11. 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 annual financial statements.

12. TURNOVER-NET

This includes Export sales of Rs. 2,725.19 million (Jun. 2017: Rs.1,057.47 million)

13. COST OF SALES

	Period ended		Quarter ended	
	Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
	(Rupees in '000)			
Opening stock finished goods	2,027,239	214,982	2,031,746	3,019,161
Cost of goods manufactured / purchased	3,253,996	4,517,218	(91,214)	100,589
	5,281,235	4,732,200	1,940,532	3,119,750
Closing stock finished goods	(1,595,660)	(2,425,895)	(1,595,660)	(2,425,895)
	3,685,575	2,306,305	344,872	693,855

14. OTHER INCOME

Income from Financial Assets

Dividend income from related parties	39,592	32,718	-	-
Profit on PLS accounts with banks	533	640	230	139
Mark-up on growers' loan	1,502	528	2	3
	41,627	33,886	232	142

Income / (loss) from non-financial assets

Gain on disposal of operating property, plant and equipment	1,389	1,209	48	68
Fair value adjustment of biological assets	-	10,221	-	(1,162)
Exchange gain on Export sales	23,038	3,537	-	-
	24,427	14,967	48	(1,094)
Others				
Miscellaneous	1,496	2,273	790	2,202
	67,550	51,126	1,070	1,250

Note

15. EARNINGS PER SHARE- Basic

	Half year ended		Quarter ended	
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017
	(Rupees in '000)			
Profit / (loss) after taxation (Rs.'000)	18,692	(117,457)	(37,369)	(193,639)
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.)	1.52	(9.57)	(3.05)	(15.78)

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

16. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Period ended		Quarter ended	
		Jun. 30, 2018	Jun. 31, 2017	Jun. 30, 2018	Jun. 31, 2017
		(Rupees in '000)			
Group companies	Goods purchased	40,514	36,006	1,766	365
	Services received	7,085	8,006	2,928	3,239
	Sales made	260,183	335,579	71,169	76,178
	Dividend received from related party	39,592	32,718	-	-
	Dividend received from associate	174,999	-	50,000	-
	Dividend paid	-	28,186	-	-
	Investment made in related party	24,805	-	-	-
	Investment made in subsidiary	-	11,000	-	-
	Reimbursement of expense to subsidiary	549	1,082	29	77
	Advance to subsidiary	6,437	5,564	478	73
Other related parties	Charge for staff provident and gratuity funds	5,365	6,292	1,713	2,090
Key management personnel	Remuneration	36,939	52,317	14,725	17,156

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:

	Jun. 30, 2018 (Un-audited)	Sep. 30, 2017 (Audited)
	(Rupees in '000)	
Subsidiary Company		
Loan and advances	12,040	5,603
Associated Company		
Trade and other payables	-	10,573
Trade debts	16,709	-

17. DATE OF AUTHORIZATION

These Unconsolidated condensed interim financial statements have been authorized for issue on July 27, 2018 by the Board of Directors of the Company.

18. GENERAL

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

Corresponding figures have been changed wherever necessary in line with the changes enacted through the Companies Act, 2017.


Aslam Faruque
Chief Executive


Tariq Faruque
Director


Wasif Khalid
Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2018

	Note	Jun. 30, 2018 (Unaudited)	Sep. 30, 2017 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,397,538	2,376,502
Intangible asset		6,901	8,258
Long-term investments	8	953,565	861,627
Long-term deposits		915	1,709
		<u>3,358,919</u>	<u>3,248,096</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		235,033	195,605
Stock-in-trade		1,600,429	2,029,952
Biological assets		22,386	57,838
Trade debts		216,155	104,069
Loans and advances		197,191	222,716
Trade deposits and short-term prepayments		4,583	1,635
Other receivables		285,905	314,547
Short-term investments		800,770	986,301
Tax refunds due from the Government		199,629	191,023
Cash and bank balances		83,296	27,802
		<u>3,645,377</u>	<u>4,131,488</u>
TOTAL ASSETS		<u>7,004,296</u>	<u>7,379,584</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	122,682	122,682
Reserves		1,375,251	1,567,444
Surplus on revaluation of property, plant & equipment		816,571	816,571
		<u>2,314,504</u>	<u>2,506,697</u>
NON-CURRENT LIABILITIES			
Long-term financing		841,072	972,857
Deferred liabilities		224,174	251,917
		<u>1,065,246</u>	<u>1,224,774</u>
CURRENT LIABILITIES			
Trade and other payables		1,267,863	689,049
Unclaimed dividend		7,486	7,491
Accrued mark-up		42,104	56,517
Short-term borrowings		2,111,379	2,739,342
Current portion of long-term financing		195,714	155,714
		<u>3,624,546</u>	<u>3,648,113</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>7,004,296</u>	<u>7,379,584</u>

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

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

For The Period Ended June 30, 2018

	Note	Period ended		Quarter ended	
		Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
		(Rupees in '000)			
Turnover - net	12	3,890,680	2,333,390	265,005	517,583
Cost of sales	13	(3,685,575)	(2,306,305)	(344,872)	(693,855)
Gross profit / (loss)		205,105	27,085	(79,867)	(176,272)
Distribution cost		(175,810)	(50,630)	(26,745)	(3,326)
Administrative expenses		(114,876)	(93,941)	(39,940)	(32,291)
Other operating expenses		(48,555)	(724)	(1,405)	3,680
		(339,241)	(145,295)	(68,090)	(31,937)
Other income	14	67,550	51,126	1,070	1,250
Operating Loss		(66,586)	(67,084)	(146,887)	(206,959)
Finance cost		(152,878)	(156,352)	(55,329)	(66,719)
		(219,464)	(223,436)	(202,216)	(273,678)
Share of profit in associates - net		266,899	79,719	130,097	23,012
Profit / (loss) before taxation		47,435	(143,717)	(72,119)	(250,666)
Taxation		(29,292)	25,178	34,721	56,950
Profit / (loss) after taxation		18,143	(118,539)	(37,398)	(193,716)
Earnings per share - basic (Rupees)	15	1.48	(9.66)	(3.05)	(15.79)

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 Statement of Comprehensive Income (Un-audited)

For The Period Ended June 30, 2018

	Period ended		Quarter ended	
	Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
	(Rupees in '000)			
Profit / (loss) after taxation	18,143	(118,539)	(37,398)	(193,716)
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Fair value gain on available-for-sale securities	(210,336)	72,801	(224,445)	(158,010)
Total comprehensive income for the period	<u>(192,193)</u>	<u>(45,738)</u>	<u>(261,843)</u>	<u>(351,726)</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 Cash Flow Statement (Un-audited)

for the period ended June 30, 2018

	Jun. 30, 2018	Jun. 30, 2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	47,435	(143,717)
Adjustments for :		
Depreciation	66,404	54,196
Amortization	1,357	108
Provision for market committee fee	7,745	7,384
Fair value adjustment of biological assets	25,276	16,607
Dividend income from related parties	(39,592)	(32,718)
Share of profit in associates	(266,899)	(79,719)
Gain on disposal of property, plant and equipment	(1,389)	(1,209)
Finance cost	152,878	156,352
	(54,220)	121,001
	(6,785)	(22,716)
Working capital changes :		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(39,428)	(13,411)
Stock-in-trade	429,523	(2,210,535)
Biological assets	10,176	(13,572)
Trade debts	(112,086)	(3,701)
Loans and advances	25,525	(54,052)
Short-term prepayments	(2,948)	(2,448)
Other receivables	28,642	(45,592)
	339,404	(2,343,311)
Increase in current liabilities:		
Trade and other payables	578,814	164,182
Cash generated from / (used in) operations	911,433	(2,201,845)
Income tax paid	(73,386)	(65,963)
Net cash generated from / (used in) operating activities	838,047	(2,267,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(89,511)	(110,219)
Additions to Intangible asset	-	(2,156)
Sale proceeds of property, plant and equipment	3,460	2,745
Short-term investments in related party	(24,805)	-
Long-term investments in subsidiary and others	(38)	(1,500)
Long-term deposits	794	876
Dividend received from an associate	174,999	-
Dividend received from related parties	39,592	32,718
Net cash generated from / (used in) investing activities	104,491	(77,536)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(167,291)	(129,360)
Short-term borrowings	(627,963)	2,035,068
Long-term financing obtained	-	900,000
Long-term financing repaid	(91,785)	(377,500)
Payment of dividend	(5)	(59,453)
Net cash (used in) / generated from financing activities	(887,044)	2,368,755
Net increase in cash and cash equivalents	55,494	23,411
Cash and cash equivalents at the beginning of the period	27,802	21,033
Cash and cash equivalents at the end of the period	83,296	44,444

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 Statement of Changes In Equity (Un-audited)

for the Period ended June 30, 2018

Description	Issued subscribed and paid-up capital	Reserves				Total reserves	Total	
		General reserves	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available for sale securities			Surplus on Revaluation of property, plant and equipment
(Rupees in '000')								
Restated								
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	555,749	2,817,971	2,384,903
Loss after taxation for the period	-	-	(118,539)	-	-	-	(118,539)	(118,539)
Other comprehensive income for the period	-	-	-	-	72,801	-	72,801	72,801
Total comprehensive income	-	-	(118,539)	-	72,801	-	(45,738)	(45,738)
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 June 30, 2017	122,682	34,250	636,805	203,053	1,281,035	555,749	2,710,892	2,833,574
Balance as at October 01, 2017	122,682	34,250	484,029	162,955	886,210	816,571	2,384,015	2,506,697
Profit after taxation for the period	-	-	18,143	-	-	-	18,143	18,143
Other comprehensive income for the period	-	-	-	-	(210,336)	-	(210,336)	(210,336)
Total comprehensive income	-	-	18,143	-	(210,336)	-	(192,193)	(192,193)
Balance as at June 30, 2018	122,682	34,250	502,172	162,955	675,874	816,571	2,191,822	2,314,504

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

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

For The Period Ended June 30, 2018

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 nine months period ended June 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. BASIS OF PRESENTATION

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

3.2 Effective 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Consequent to deletion of said section from the Act, the Company has changed its accounting policy with respect to surplus arising on revaluation of property, plant and equipment to conform it to the requirement of IAS 16. Previously, the Company used to transfer such surplus to an account called 'Surplus on revaluation of fixed assets' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity). Further the surplus on revaluation of fixed assets was allowed to be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed assets of the Company. The said change in accounting policy has been made in accordance with the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors.

The Company has made the changes in its accounting policy as per the requirements of the Companies Act 2017 and has restated certain comparatives. However there was no change in the reported amounts of statement of profit or loss account and other comprehensive income.

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 except that the Company has adopted the following IFRSs which became effective during the period:

IAS 7 -Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 -Income Taxes - Recognition of Deferred tax Assets for Unrealised losses (Amendment)

IFRS 12 -Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

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, 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 consolidated 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

		Jun. 30, 2018	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Opening book value		2,274,139	1,644,396
Additions during the period / year	7.1	138,429	447,056
Revaluation of free hold land		-	260,822
		2,412,568	2,352,274
Disposals during the period / year at book value	7.1	(2,071)	(1,536)
Depreciation charged during the period / year		(66,404)	(76,599)
		2,344,093	2,274,139
Opening: Capital work in progress		102,363	392,298
Addition to capital work in progress		82,872	97,804
Transferred to property plant & equipment		(131,790)	(387,739)
Capital work in progress	7.2	53,445	102,363
		2,397,538	2,376,502

7.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	Jun. 30, 2018	Sep. 30, 2017 (Audited)	Jun. 30, 2018	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	131,464	397,311	-	-
Vehicles	4,739	16,389	2,071	1,535
Furniture & fixture	-	131	-	-
Office and other equipment	291	1,421	-	-
Computers & accessories	1,935	5,773	-	1
	<u>138,429</u>	<u>447,056</u>	<u>2,071</u>	<u>1,536</u>

7.2 Capital work in progress:

	Note	Jun. 30, 2018	Sep. 30, 2017 (Audited)
		(Rupees in '000)	
Plant and machinery		52,545	100,863
Stores held for capitalization		900	1,500
		<u>53,445</u>	<u>102,363</u>

8. LONG-TERM INVESTMENT

In Associates			
Unicol Limited			
Opening balance	8.1	852,413	742,302
Dividend received		(174,999)	-
		<u>677,414</u>	<u>742,302</u>
Share of profit for the period		266,907	110,111
		<u>944,321</u>	<u>852,413</u>
UniEnergy Limited			
Share of loss for the period	8.2	7,661	7,690
		(8)	(29)
		<u>7,653</u>	<u>7,661</u>
		<u>951,974</u>	<u>860,074</u>
In Term Deposit			
Commercial Bank			
		1,591	1,553
		<u>953,565</u>	<u>861,627</u>

- 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 period ended June 30, 2018. 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, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to delay the listing process for the time being. Once the management decides to again attain the status of listing on PSX, it would revalidate and secure fresh approvals and update the stake holders accordingly.

- 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. 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.

9. SHARE CAPITAL

9.1 Authorized capital

Jun. 30, 2018	Sep. 30, 2017 (Audited)		Jun. 30, 2018	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

9.2 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

10. 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 June 30, 2018 is same as reported in the annual financial statements for the year ended September 30, 2017, except the following:

- 10.1 The Company has filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated 26 February 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated 7 June 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company is in the process of consultation with its legal advisors in order to claim the duty duly paid by the Company.

10.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Honorable Supreme Court of Pakistan vide its Order dated 5 March 2018 on Civil Appeal No. 334 of 2004 and other connected Appeals, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impugned Notification of crushing season 1998-99 .The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, no valid notification for quality premium under section 16(v) could have been issued by the provisional government for the period from 1998-99 till to date in view of restraining order of Honorable Supreme Court of Pakistan that was in operation after 1998-1999, no liability of quality premium has arisen between the crushing season 1998-99 till the date of Supreme Court Order dated 05 March 2018.

11. 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 annual financial statements.

12. TURNOVER-NET

This includes Export sales of Rs.2,725.19 million (Jun. 2017: 1,057.47)

	Period ended		Quarter ended	
	Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
	(Rupees in '000)			
13. COST OF SALES				
Opening stock finished goods	2,027,239	214,982	2,031,746	3,019,161
Cost of goods manufactured / purchased	3,253,996	4,517,218	(91,214)	100,589
	<u>5,281,235</u>	<u>4,732,200</u>	<u>1,940,532</u>	<u>3,119,750</u>
Closing stock finished goods	(1,595,660)	(2,425,895)	(1,595,660)	(2,425,895)
	<u>3,685,575</u>	<u>2,306,305</u>	<u>344,872</u>	<u>693,855</u>
14. OTHER INCOME				
Income from Financial Assets				
Dividend income from related parties	39,592	32,718	-	-
Profit on PLS accounts with banks	533	640	230	139
Mark-up on growers' loan	1,502	528	2	3
	<u>41,627</u>	<u>33,886</u>	<u>232</u>	<u>142</u>
Income / (loss) from non-financial assets				
Gain on disposal of operating property, plant and equipment	1,389	1,209	48	68
Fair value adjustment of biological assets	-	10,221	-	(1,162)
Exchange gain on Export sales	23,038	3,537	-	-
	<u>24,427</u>	<u>14,967</u>	<u>48</u>	<u>(1,094)</u>
Others				
Miscellaneous	1,496	2,273	790	2,202
	<u>67,550</u>	<u>51,126</u>	<u>1,070</u>	<u>1,250</u>

15. EARNINGS PER SHARE- Basic

Profit / (loss) after taxation (Rs.'000)
 Weighted average no. of ordinary
 shares in issue
 Earnings per share-basic (Rupees.)

Period ended		Quarter ended	
Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
(Rupees in '000)			
18,143	(118,539)	(37,398)	(193,716)
12,268,219	12,268,219	12,268,219	12,268,219
1.48	(9.66)	(3.05)	(15.79)

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

16. 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	Period ended		Quarter ended	
		Jun. 30, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
(Rupees in '000)					
Group companies	Goods purchased	40,514	36,006	1,766	365
	Services received	7,085	8,006	2,928	3,239
	Sales made	260,183	335,579	71,169	76,178
	Dividend received from related parties	39,592	32,718	-	-
	Dividend paid	-	28,186	-	-
	Dividend received from associate	174,999	-	50,000	-
Other related parties	Investment made in related party	24,805	-	-	-
	Charge for staff provident and gratuity funds	5,365	6,292	1,713	2,090
Key management personnel	Remuneration	36,939	52,317	14,725	17,156

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:

	Jun. 30, 2018 (Un-audited)	Sep. 30, 2017 (Audited)
(Rupees in '000)		
Associated Company		
Trade and other payable	-	10,573
Trade debts	16,709	-

17. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been authorized for issue on July 27, 2018 by the Board of Directors of the Company.

18. GENERAL

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

Corresponding figures have been changed wherever necessary in line with the changes enacted through the Companies Act, 2017.


Aslam Faruque
 Chief Executive


Tariq Faruque
 Director


Wasif Khalid
 Chief Financial Officer