IF UNDELIVERED PLEASE RETURN TO

BABA FARID SUGAER MILLS LIMITED

Suite-T-09, 3rd Floor, Hafeez Center,
75-E/1, Main Boulevard,
Gulberg III, Lahore.

BABA FARID

SUGAR MILLS LIMITED

Condensed Interim
Financial Statement
(Un-Audited)
For the 1st Quarter
Ended December 31, 2016

DIRECTOR'S REVIEW

The Members - Asslam-o-Alakum

Your Directors' have pleasure in presenting Un-audited Financial Statements of the Company for the 1st Quarter ended December 31, 2016.

OPERATIONAL PERFORMANCE

Operating results for the year under review are summarized below:

		1st Quarter ended	
		December 31, 2016	December 31, 2015
Season started		November 19, 2016	November 27, 2015
Crushing days		43	35
Sugarcane crushed	M.Tons	134,587.566	107,060.048
Sugar recovery	%	8.438	8.856
Sugar produced	M.Tons	10,490	8,795
Molasses recovery	%	4.932	4.578
Molasses produced	M.Tons	6,637.616	4,901.251

The Company started current Crushing Season on November 19, 2016 and during the First Quarter Mill has crushed 134,587.566 M.Tons of Sugarcane as compared to 107,060.048 M. Tons of corresponding Quarter of last year. Sugar production for the First Quarter is 10,490 M. Tons at an average recovery of 8.438% as compared to 8,795 M. Tons at an average recovery of 8.856% of corresponding Quarter of last year. Current season is in progress and the company targeted maximum utilization of its resources so in this quarter production is increased by 19.27 % as compared to last same quarter.

FINANCIAL RESULTS

The comparative summarized financials results of the company are given below:

	For the period ended December 31	
	2016	2015
	Rupees in thousands	
Net Sales	462,432	21,520
Gross Profit / Loss	59,706	11,554
Operating Profit / Loss	50,095	744
Profit / (Loss) after tax	27,645	(15,794)
Earning / (Loss) per share - basic & diluted	2.93	(1.67)

FUTURE OUTLOOK

The Federal Government has allowed the export of sugar and it is hopped that the price of sugar will stabilize in the coming months.

ACKNOWLEDGEMENT

The Board of directors deeply express their appreciation and pay their gratitude to sugarcane growers, valuable customers, shareholders, banks and Government departments for their continued support, trust, persistent cooperation and patronage which gives strength to pursue our corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

By behalf of the board

January 30, 2017.



(Muhammad Sarwar)
Chief Executive

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	December 31, 2016 Rupees (Un-Audited)	September 30, 2016 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,488,536,297	2,475,983,483
Long term deposits		587,575	587,575
		2,489,123,872	2,476,571,058
CURRENT ASSETS			
Stores, spare parts and loose tools		40,246,622	45,609,787
Stock-in-trade		677,406,965	381,077,616
Trade debts (Considered good-unsecured)		190,379,896	108,890,582
Loans and advances		254,363,054	144,705,252
Trade deposits and short term prepayments		20,677,000	20,632,000
Other receivables		105,742,500	105,742,500
Cash and bank balances		26,219,129	1,694,973
		1,315,035,166	808,352,710
TOTAL ASSETS		3,804,159,038	3,284,923,768
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized			
70,000,000 ordinary shares of Rs. 10/- each		700,000,000	700,000,000
Issued, subscribed and paid up capital		94,500,000	94,500,000
Accumulated loss		(1,179,846,123)	(1,217,959,120)
		(1,085,346,123)	(1,123,459,120)
Surplus on revaluation on property, plant & equipment		1,769,305,950	1,779,773,872
NON-CURRENT LIABILITIES			
Long term financing-secured	6	-	-
Loan from holding company	7	500,000,000	500,000,000
Deferred liability		336,891,107	347,835,618
		836,891,107	847,835,618
CURRENT LIABILITIES			
Current portion of long term liabilities		45,632,000	54,408,109
Short term finance		113,721,156	101,799,132
Due to related party		1,055,521,945	1,111,646,078
Trade and other payables		1,015,494,545	480,373,054
Interest and mark-up accrued		49,501,333	20,715,647
Taxation		3,437,126	11,831,378
		2,283,308,104	1,780,773,398
Contingencies & commitments	8	-	-
TOTAL EQUITY & LIABILITIES		3,804,159,038	3,284,923,768

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

	Note	1st Quarter Ended December 31, 2016 Rupees	1st Quarter Ended December 31, 2015 Rupees
Sales-net	9	462,431,760	21,519,906
Cost of sales	10	402,725,843	9,965,539
Gross Profit		59,705,917	11,554,367
Distribution costs		682,737	837,039
Administrative expenses		8,928,305	9,973,791
		9,611,042	10,810,830
Operating Profit		50,094,875	743,537
Finance costs		29,957,186	24,243,291
Profit / (Loss) before taxation		20,137,689	(23,499,754)
Taxation		7,507,385	7,706,239
Profit / (Loss) after taxation		27,645,074	(15,793,515)
Earning / (Loss) per share - basic and diluted		2.93	(1.67)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

	Note	1st Quarter Ended December 31, 2016 Rupees	1st Quarter Ended December 31, 2015 Rupees
Profit / (Loss) for the 1st quarter		27,645,074	(15,793,515)
Other Comprehensive Income for the 1st quarter:			
Other Comprehensive Income for 1st quarter:		-	-
Total comprehensive income / (loss) for 1st quarter transferred to equity:		27,645,074	(15,793,515)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up capital	Accumulated Profit / (Loss)	Total
Balance as at October 01, 2015	94,500,000	(1,266,087,217)	(1,171,587,217)
Current year incremental depreciation - net of deferred tax		35,674,373	35,674,373
Total comprehensive income for the year		12,453,724	12,453,724
Balance as at September 30, 2016	94,500,000	(1,217,959,120)	(1,123,459,120)
Balance as at October 01, 2016	94,500,000	(1,217,959,120)	(1,123,459,120)
Current year incremental depreciation - net of deferred tax		10,467,922	10,467,922
Total comprehensive income for the quarter	-	27,645,074	27,645,074
Balance as at December 31, 2016	94,500,000	(1,179,846,123)	(1,085,346,123)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

NTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

	Note	1st Quarter Ended December 31, 2016 Rupees	1st Quarter Ended December 31, 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	11	126,944,625	(202,127,180)
		(1,171,500)	(1,123,695)
		(12,938,356)	(2,505,756)
Net cash generated from/ (used in) operating activities		112,834,769	(205,756,631)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(32,186,480)	(1,728,270)
Net cash (used in) investing activities		(32,186,480)	(1,728,270)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from related party		(56,124,133)	227,599,564
Net cash (used in) / generated from financing activities		(56,124,133)	227,599,564
Net increase / decrease in cash and cash equivalents		24,524,156	20,114,663
Cash and cash equivalents at the beginning of the year		1,694,973	15,214,483
Cash and cash equivalents at the end of the period		26,219,129	35,329,146

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

1 STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan in 1978 as a Public Limited Company and its shares are quoted at Pakistan Stock Exchanges. It is principally engaged in the manufacturing and sale of sugar including its by-product i.e. molasses and V.Filter cake. The registered office of the Company is situated at Suit - T-09, 3rd Floor, 75-E/1 Main Boulevard, Gulberg III, Lahore and its manufacturing facilities are located in the district Okara, Punjab.

1.2 Going Concern Assumption

During the current financial period, the Company has earned a gross profit of Rs.59,705,917 (2015: Rs. 11,554,367) and earned profit for the quarter before tax amounting to Rs. 20,932,060 (2015: Loss of Rs.23,499,753). The Company's equity is in negative however, the management has taken various measures to improve the financial position of the Company which include the sponsors' continued assurance for arrangement of funds as and when required, prompt discharging of its liabilities including financial obligations, securing growers' commitments for availability of quality sugarcane and hiring of competent management personnel for managing Company's affairs.

The management has firm belief that the above stated measures shall mitigate the doubt about the Company's ability to continue as a going concern and also justifies the preparation of these financial statements on going concern basis.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3 ACCOUNTING POLICIES

3.1 These financial statements have been prepared on the historical cost basis except for freehold land, buildings on freehold land and plant & machinery which are stated at revalued amounts.

3.2 The provision for the current taxation for the period represents the minimum tax on turnover and final liabilities will be determined on the basis of annual results. However, deferred taxation has been provided / reversed in this condensed interim financial information. The Company has accounted for deferred tax assets to the extent of un-absorbed tax depreciation.

3.3 Due to seasonal availability of sugar cane the manifesting of sugar is carried out during the period of sugar cane 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 financial information.

4 ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Staff retirement benefits - gratuity
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

In preparing this condensed interim financial information the significant estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainties were the same as those that applied to the financial information as at and for the year ended September 30, 2016.

	Note	1st Quarter Ended December 31, 2016 Rupees	Year Ended September 30, 2016 Rupees
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets		2,369,227,862	2,358,968,546
Assets subject to finance lease		77,852,334	78,837,806
		2,447,080,196	2,437,806,352
Capital Work in Progress		41,456,101	38,177,131
		2,488,536,297	2,475,983,483
6 LONG TERM FINANCING-SECURED			
Bank Al Habib Limited	6.1	-	8,776,109
Less: Current portion		-	(8,776,109)
		-	-

6.1 This represents term finance facility obtained from Bank Al Habib Limited for purchase of plant and machinery and increasing godown capacity. It shall be repaid through 36 equal monthly installments starting from December 2013. It carries mark up at the rate of average 6 month KIBOR plus 1.75% per annum, mark up shall be serviced on quarterly basis. It is secured by way of first charge over plant and machinery of the Company amounting to Rs. 170 million and personal guarantees of directors and corporate guarantee of M/s Pattoki Sugar Mills Limited.

7 LOAN FROM HOLDING COMPANY

Pattoki Sugar Mills Limited	525,000,000	525,000,000
Less: Current portion	(25,000,000)	(25,000,000)
	500,000,000	500,000,000

7.1 The Company obtained unsecured loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up rate charged by PSML during the quarter is 8.04% (2016: 7.79% to 8.24%) per annum and this loan is subordinate to the loan from Bank AL Habib Limited.

8 CONTINGENCIES & COMMITMENTS

- The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996 - 1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999 - 2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh. In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses.

- The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 -2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication.

- In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

- The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.

- The company (Baba Farid Sugar Mills Limited - BFSML) has issued a corporate guarantee for Rs. 300 million in favour of Apna Micro Finance Bank Limited. Against the said guarantee the bank agreed to finance facility to the local sugarcane growers upto an aggregate amount of Rs. 300 million.

Commitments

- There are no changes in the status of contingencies and commitments since the year ended September 30, 2016.

	1st Quarter Ended December 31, 2016 Rupees	1st Quarter Ended December 31, 2015 Rupees
9 SALES-NET		
Local Sales	499,426,300	23,241,500
Export Sales	-	-
	499,426,300	23,241,500
Less : Sales tax and special excise duty	(36,994,540)	(1,721,594)
	462,431,760	21,519,906

	1st Quarter Ended December 31, 2016 Rupees	1st Quarter Ended December 31, 2015 Rupees
10 COST OF SALES		
Raw materials and expenses thereon	636,685,199	478,398,512
Manufacturing expenses	62,369,993	47,436,244
	699,055,192	525,834,756
Work in process		
Opening	13,322,874	12,671,829
Closing	(69,995,070)	(44,771,934)
	(56,672,196)	(32,100,105)
	642,382,996	493,734,651
Finished goods		
Opening	367,754,742	240,326,014
Closing	(607,411,895)	(721,651,938)
	(239,657,153)	(481,325,924)
Sale of by-products		
Molasses	-	(2,443,188)
V.F. Cakes	-	-
	-	(2,443,188)
	642,382,996	491,291,463
	402,725,843	9,965,539

11 CASH GENERATED FROM/ (USED IN) OPERATIONS		
Profit / (Loss) before tax	20,137,689	(23,499,753)
Adjustment for:		
Depreciation	19,633,666	16,527,222
Finance costs	29,957,186	24,243,291
Provision for gratuity	-	-
	49,590,852	40,770,513
Operating profit before working capital changes	69,728,541	17,270,760

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	5,363,165	(5,782,590)
Stock-in-trade	(296,329,349)	(513,426,030)
Trade debts (Considered good-unsecured)	(81,489,314)	(2,364,087)
Loans and advances	(108,550,824)	(6,436,721)
Trade deposits and short term prepayments	(45,000)	(213,850)
Other receivables	-	(4,892,027)
	(481,051,322)	(533,115,305)
Increase in current liabilities		
Trade and other payables	538,267,406	313,717,365
	57,216,084	(219,397,940)
	126,944,625	(202,127,180)

12 TRANSACTION WITH RELATED PARTIES

Detail of transactions with related parties is as follows:

Name of related party	Nature of relationship	Nature of transaction	Amount (Rupees)
Imporient Chemicals (Pvt) Limited	**Associate**	**Common directorship**	**4,500,932**
Pattoki Sugar Mills Limited	**Associate**	**Holding company**	**1,628,927,956**

13 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 30, 2017 by the Board of Directors' of the Company.

14 CORRESPONDING FIGURES

- Figures in this condensed interim financial information have been rounded-off to the nearest Rupee; and

- Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE **DIRECTOR**