



# maintaining the **delicate balance** of success

Quarterly Report December 2018



## Directors' Report

On behalf of the Board, I am pleased to present financial results for the first quarter ended December 31, 2018.

| Operational Highlights       | December 2018 | December 2017 |
|------------------------------|---------------|---------------|
| Season Started               | 13-12-2018    | 27-11-2017    |
| Crushing - M.Tons            | 160,007       | 146,229       |
| Capacity Utilization         | 67.37%        | 64.99%        |
| Sucrose Recovery             | 10.84%        | 10.26%        |
| Sugar Production - M.Tons    | 15,597        | 14,504        |
| Molasses production - M.Tons | 5,520         | 5,330         |
| Molasses Recovery            | 3.45%         | 4.41%         |

| Financial Highlights              | December 2018                   | December 2017 |
|-----------------------------------|---------------------------------|---------------|
|                                   | (Rupees in Thousand except EPS) |               |
| Turnover                          | 1,318,355                       | 1,207,033     |
| Sales tax /F.E.D                  | 167,209                         | 77,583        |
| Gross Profit/ (loss)              | 155,041                         | (57,757)      |
| Gross Profit / (loss) margin      | 13.47%                          | (5.11%)       |
| Profit / (loss) before tax        | 123,627                         | (131,388)     |
| Profit / (loss) before tax margin | 10.74%                          | (11.63%)      |
| Net Profit / (loss) after tax     | 107,775                         | (76,107)      |
| Net Profit / (loss) margin        | 9.36%                           | (6.74%)       |
| Earnings / ( loss) per share      | 3.36                            | (2.38)        |

Following factors were primarily responsible for these results:

- Sucrose recovery was 10.84% compared to 10.26%.
- Sugar sales consist of last year's closing stock, where the realised price of sugar was higher than the cost of production. Thereby, better gross margin was realized.
- Selling price of molasses substantially improved by 73% as compared to last year.
- Selling price of bagasse increased by 9%.
- Company booked a capital loss of Rs.45.96 million during the quarter on sale of shares. However, Dividend income from equity investments mitigated the impact of capital loss to the extent of Rs. 30.52 million.
- Finance costs increased from Rs.33.45 million to Rs.55.66 million due to holding carryover sugar from the previous crop year.

- Unicol continued to dominate the bottom line by contributing Rs.127.96 million during the quarter.

## SEASON 2018-2019

Season 2018-2019 is expected to be a shorter crop compared to the previous two years. This situation would mean that sugar production and availability should create an equilibrium, which would lead to better sugar realised prices for the year.

In order to clear the excess carryover stock of the previous year the Federal Government has allowed sugar exports of 1.10 million metric tons. The federal government has allowed exports, which the provincial governments were to support the millers with an export subsidy to create a linkage between the sugarcane notified prices and the sugar export prices. Punjab has in this context announced a subsidy for 600,000 Tons at a sliding scale mechanism with an average subsidy of Rs. 5.50 per kilogram.

Due to close proximity to Punjab the Majority of these exports have been contracted to Afghanistan. Also since international prices are low due to a global glut, it has been challenging selling sugar by sea. Globally there is a sugar surplus, which has led to a reduction in international price of sugar and has made sugar exports less attractive. Currently international price are hovering between \$ 330/335 per metric ton. The beneficial aspect of export is the clearance of sugar surplus at national level as well as inflow of precious foreign exchange to the country.

Initial estimates indicate that crop size in both Sindh and Punjab may be considerably lower than last year due to lower cultivation and yields while the present production estimates are for 6.0 million tons compared to 7.5 million tons last season. However, final production figures will only be ascertained by mid March. The short supply has already created a situation whereby sugar mills are eagerly buying sugarcane at market price to attain maximum capacity utilization and absorption of costs. However, slow harvesting of the crop is affecting mills ability to crush at capacity. Also mills all across Pakistan are getting better recoveries which would help absorb costs and also increase production.

For the industry to remain profitable, it is important for sugar prices to stabilise and remain in a range between Rs. 60-65 per kilogram, which makes present cane prices viable. It is also important to mention that the industry is presently paying sales tax at a sugar sales value of Rs. 66.60 per kilogram.

## UNICOL LIMITED

The Companies financial and operational numbers remained satisfactorily during the period. Ethanol and CO<sub>2</sub> plants ran efficiently. Prices for both ethanol and CO<sub>2</sub> remain constant. The company was able to take advantage of last year's sugar and molasses glut and procured enough Molasses at competitive prices during the season, which has guarded its sales for the entire year. Also the Company has hedged its sales and has committed its sales till the half year ending March 2019. Profit before tax for Unicol was Rs. 366.7 million as compared to Rs. 105.86 million in the same period last year. Overall profitability for the year is expected to remain similar as last year.

## UNI-FOOD INDUSTRIES LIMITED

The packaged cake plant has been showing moderate improvement in volumes. However, presence of strong competition will take time for penetration in the market. The sponsors are

## Director's Report

fully committed with the project and assured their full support for its continuity and integration in the market. Pakistan is considered a growing market for this segment and we are geared to take advantage accordingly. Our equity investment in UniFoods till this period is Rs.180.00 million.

### FUTURE OUTLOOK

The crop survey shows that sugarcane output is expected to reduce significantly in our region and all across the country. This should reduce the annual glut created due to excess sugar production. The governments pro active policy to export should clear the previous year's over hang. One of the concerns for the industry however remains that approx. Rs. 14.0 Billion of Subsidy payment is pending from last year.

Mehran's production is also expected to reduce due to lower size of crop. However, we expect sucrose Recovery will improve from the last year. This along with higher realised value for sugar, molasses and Baggasse should continue to keep the company competitive and profitable.

While we foresee increase in sugarcane purchase price due to lower harvest, we anticipate an improvement in sugar selling price. Future profitability largely depends on the behavior of sugar price and capacity utilisation for the entire year.

Unicol Limited continues to contribute positively and we sincerely look forward to a good year in view of better operating margins. We expect Unicol to pay healthy dividends throughout the year which shall contribute positively and allow us to pass on dividends to our share holders and reinvest in our operations or allow further investments.

Considering sugar remains a seasonal business and we average our sales across the year while we pay our farmer promptly the cost of holding sugar and the associated higher interest rates will have a large impact on our cost structure. Thus an effective sales strategy will be critical in ensuring a healthy financial result.

For and on behalf of the Board of Directors

Karachi: January 30, 2018

**Mohammed Ebrahim Hasham**  
**Chief Executive Officer**

میں اضافہ کی توقع ہے جب کہ ہمیں چینی کی قیمت میں بھی بہتری کی توقع ہے مستقبل میں کمپنی کے منافع کا انحصار چینی کے نرخوں میں اضافے اور بہتر پیداواری صلاحیت کے استعمال پر ہے۔

یونی کول لمیٹڈ کی جانب سے ہمارے منافع میں بہتری کی توقع ہے اور ہم اس سال کو بھی ایک بہتر سال کے طور پر دیکھتے ہیں، جس کی وجہ بہتر مارجن ہے۔ ہم یونی کول کی جانب سے بہتر نقد منافع کی امید کرتے ہیں جو کہ ہمیں اپنے حصص یافتگان کو بہتر نقد منافع دینے اور ہمارے آپریشن اور مزید سرمایہ کاری کے لئے سود مند ہوگا۔

چینی کا کاروبار سیزنل ہونے کی وجہ سے ہم سال کے ایک چھوٹے سے عرصے میں چینی بناتے ہیں جبکہ اس کی فروخت پورے سال جاری رہتی ہے، کاشتکار کو ادائیگی سیزن کے دوران کی جاتی ہے جس کی قیمت زائد مالیاتی اخراجات کی صورت میں کی جاتی ہے جس کی وجہ سے ہماری پیداواری لاگت میں اضافہ ہوتا ہے۔ اس لئے ہمیں منافع بخش رہنے کے لئے چینی کی فروخت کی موثر حکمت عملی اپنانی ہوگی۔

از طرف  
بورڈ آف ڈائریکٹرز

محمد ابراہیم ہاشم  
چیف ایگزیکٹو آفیسر

کراچی-30 جنوری 2018

بھر میں بہتر ریکوری دیکھنے میں آرہی ہے جو کہ پیداوار میں اضافے کا سبب بنے گی۔

انڈسٹری کو منافع بخش رہنے کے لئے، چینی کی قیمت میں استحکام ضروری ہے گنے کی زائد قیمت پر خریداری اس بات کی متقاضی ہے کہ چینی کے نرخ کم از کم 60 روپے فی کلوگرام سے لے کر 65 روپے فی کلوگرام تک ہوں، اس موقع پر یہ ذکر کرنا بھی ضروری ہے کہ انڈسٹری فی الوقت بھی سیلز ٹیکس 66.60 فی کلوگرام کی قیمت کے حساب سے ادا کر رہی ہے۔

## یونی کول

متذکرہ عرصے کے دوران یونی کول کے آپریشنل اور مالیاتی اعداد و شمار اطمینان بخش رہے ہستھول اور CO2 کے پلانٹس نے بہتر کارکردگی کا مظاہرہ کیا۔ ہستھول اور CO2 کے نرخوں میں استحکام رہا پچھلے سال ملک میں چینی اور مولیس کے اضافی ذخائر کی وجہ سے کمپنی نے سیزن کے دوران اضافی مولیس بہتر قیمت پر خریدا جس کی وجہ سے پورے سال کے لئے اس کی فروخت کو ممکن بنایا۔ کمپنی نے مارچ 2019 تک اپنی فروخت کے سودے بک کر لئے ہیں۔ یونی کول کا قبل از ٹیکس منافع 366.7 ملین روپے رہا جبکہ پچھلے سال اسی مدت میں یہ 105.86 ملین روپے تھا۔ مجموعی منافع اس مرتبہ بھی پچھلے سال جتنا رہنے کی قوی توقع ہے۔

## یونی فوڈز انڈسٹری لمیٹڈ

کیک کی فروخت میں اضافے کا رجحان جاری ہے۔ تاہم، مارکیٹ میں سخت مقابلہ کی بناء پر اپنے قدم جانے میں کچھ وقت لگے گا مارکیٹ میں اپنی جگہ بنانے لئے منصوبے میں ہمارے شراکت دار بھی پُر عزم ہیں اور انہوں نے اپنی مکمل حمایت کی یقین دہانی کرائی ہے۔ پاکستان کو اس شعبے میں ایک بھرتی ہوئی منڈی تصور کیا جاتا ہے اور ہم اس سے فائدہ اٹھانے کے لئے پُر عزم ہیں۔ اس منصوبے میں ہماری سرمایہ کاری اس مدت تک 180 ملین روپے ہے۔

## مستقبل کا منظر نامہ

گنے کی فصل کے سروے سے پتا چلتا ہے کہ ہمارے علاقے میں بالخصوص اور پورے ملک میں بالعموم فصل کے کم ہونے کا رجحان ہے۔ اس سے چینی کے پچھلے سالوں کے اضافی ذخائر میں کمی کی توقع ہے گورنمنٹ کو پچھلے سال کی برآمدات کے زیر التوا معاملات کو بھی حل کرنا چاہئے۔ جس میں سب سے بڑا زیر التوا مسئلہ پچھلے سال کی برآمدات پر اعلان شدہ 14 ارب روپے کی زرعات ہے جو کہ ابھی تک ادا نہیں کیا گیا۔

گنے کی کم دستیابی کے سبب مہران کی پیداوار میں بھی کمی کے امکانات ہیں، تاہم قوی امید ہے کہ سکروز ریکوری پچھلے سال کے مقابلے میں کچھ بہتر ہوگی۔ چینی، بگاس اور مولیس کے نرخوں میں بہتری کی بناء پر اس سال بھی کمپنی کے کو بہتر منافع کی توقع ہے۔ گنے کی پیداوار میں کمی کے باعث اس کے نرخ

- بگاس کی قیمت فروخت پچھلے سال کی نسبت 9% زائد رہی۔
- کمپنی کو حصص کی فروخت کی مد میں اس سہ ماہی میں 45.56 ملین روپے کا نقصان ہوا، تاہم حصص پر منافع منقسمہ (Dividend) سے حاصل ہونے والی آمدنی نے اس نقصان کو 30.52 ملین روپے سے کم کر دیا۔
- مالیاتی اخراجات میں اضافہ ہوا یہ 33.45 ملین سے بڑھ کر 55.66 ملین روپے ہو گئے جس کی وجہ پچھلے سال کی چینی کا اسٹاک میں رہنا تھا
- اس سہ ماہی میں یونی کول نے 127.96 ملین روپے کا منافع دیا جو کہ ہمارے مجموعی نقصان کو کم کرنے میں بہت معاون ثابت ہوا۔

## سیزن 2018-2019

سیزن 2018-2019 پچھلے دو سیزن کے مقابلے میں نسبتاً چھوٹا سیزن ہوگا۔ جس کا مطلب یہ ہوا چینی کی پیداوار اور دستیابی میں مساوات قائم ہو جائے گی اور چینی کے نرخوں میں اضافہ ہوگا۔

وفاقی حکومت نے چینی کے پچھلے سال کے اضافی ذخائر کو برآمد کرنے کے لئے 1.10 ملین میٹرک ٹن کی اجازت دی ہے اور ساتھ میں صوبائی حکومتوں کو چینی کی ملوں کو سپورٹ کرنے کے لئے برآمدات پر زر اعانت دینے کا کہا گیا تاکہ گنے کے مقرر کردہ نرخ اور چینی کی قیمت میں توازن پیدا کیا جاسکے اس سلسلے میں حکومت پنجاب نے پنجاب کی ملوں کے لئے 600,000 ٹن کے برآمدی کوٹے کے لئے 5.50 روپے فی کلو زر اعانت کا اعلان کیا ہے۔

پنجاب کی ملوں نے افغانستان تک آسان رسائی کی وجہ سے برآمدی سودے افغانستان کے لئے کئے ہیں ، بین الاقوامی منڈی میں چینی کے وافر ذخائر کی وجہ سے چینی کی قیمت کم ہے جس کی وجہ سے سمندر کے ذریعے برآمد کرنا ایک بڑا چیلنج ہے۔ بین الاقوامی منڈی میں اس وقت چینی کے وافر ذخائر کی وجہ سے برآمدی قیمت میں کمی واقع ہوئی ہے جس کی وجہ سے چینی کی برآمد زیادہ پُرکشش نہیں رہی۔ اس وقت چینی کی برآمدی قیمت 330 سے 335 ڈالر فی میٹرک ٹن ہے۔ چینی کی برآمد کا فائدہ مند پہلو یہ ہے کہ ملک سے چینی کے اضافی ذخائر کم ہونگے اور قیمتی زرمبادلہ حاصل ہوگا۔

سیزن سے متعلق ابتدائی تخمینوں کے مطابق سندھ اور پنجاب میں گنے کی کاشت کا رقبہ اور فی ایکڑ پیداوار میں کمی کی وجہ سے اس سال گنے کی پیداوار میں پچھلے سال کی نسبت کمی متوقع ہے اس سال چینی کی پیداوار کا تخمینہ 6 ملین ٹن ہے جو کہ پچھلے سال 7.5 ملین ٹن تھی۔ تاہم، حتمی اعداد و شمار مارچ کے وسط تک سامنے آئیں گے۔ گنے کی فراہمی میں کمی کے باعث ملوں کے درمیان مسابقت کی وجہ سے ہر مل زیادہ سے زیادہ گنا حاصل کرنے کے لئے گنے کی زیادہ سے زیادہ قیمت دے کر حاصل کرنے کی کوشش کر رہی ہے تاکہ زیادہ سے زیادہ پیداواری صلاحیت کو بروئے کار لائیں۔ لیکن گنے کی کٹائی میں سست روی کی وجہ سے ملز اپنی مکمل پیداواری صلاحیت کا استعمال نہیں کر پا رہی ہیں، تاہم پاکستان

# ڈائریکٹرز رپورٹ

میں 31 دسمبر 2018 کو ختم ہونے والی تیسری سہ ماہی کے مالی نتائج کو آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

| دسمبر 2017 | دسمبر 2018 | آپریشنل معلومات             |
|------------|------------|-----------------------------|
| 27-11-2017 | 13-12-2018 | سیزن کی شروعات              |
| 146,229    | 160,007    | کرشنگ (میٹرک ٹن)            |
| 64.99%     | 67.37%     | پیداواری صلاحیت کا استعمال  |
| 10.26%     | 10.84%     | سکروز کی ریکوری             |
| 14,504     | 15,597     | چینی کی پیداوار (میٹرک ٹن)  |
| 5,330      | 5,520      | مولیس کی پیداوار (میٹرک ٹن) |
| 4.41%      | 3.45%      | مولیس کی ریکوری             |

| دسمبر 2017 | دسمبر 2018 | مالیاتی معلومات (فنانشل ہائی لائنس)  |
|------------|------------|--------------------------------------|
| 1,207,033  | 1,318,355  | مجموعی فروخت (ٹوٹل ٹرن اوور)         |
| 77,583     | 167,209    | سیلز ٹیکس/ایف ای ڈی                  |
| (57,757)   | 155,041    | روپے ہزاروں میں خالص منافع           |
| (5.11%)    | 13.47%     | خالص منافع/(نقصان) کی شرح (%)        |
| (131,388)  | 123,627    | قبل از ٹیکس منافع/(نقصان)            |
| (11.63%)   | 10.74%     | قبل از ٹیکس منافع/(نقصان) کی شرح (%) |
| (76,107)   | 107,775    | بعد از ٹیکس منافع/(نقصان)            |
| (6.74%)    | 9.36%      | بعد از ٹیکس منافع/(نقصان) کی شرح (%) |
| (2.38)     | 3.36       | نی حصص آمدنی روپے                    |

بنیادی عوامل جو ان نتائج کے حصول میں کارفرما رہے:

- سکروز ریکوری 10.84% رہی جو کہ پچھلے سال 10.26% تھی۔
- فروخت شدہ چینی پچھلے سال کے ذخائر پر مشتمل تھی جس کی بہتر قیمت فروخت اور پیداواری لاگت کم ہونے کی وجہ سے بہتر منافع ریکارڈ کیا گیا۔
- مولیس کی قیمت فروخت پچھلے سال کی نسبت 73% زائد رہی۔

# Condensed Interim Statement of Financial Position

as at December 31, 2018

|                                                                        | Note | Un-audited<br>Dec 31, 2018<br>Rupees | Audited<br>Sep 30, 2018<br>Rupees |
|------------------------------------------------------------------------|------|--------------------------------------|-----------------------------------|
| <b>ASSETS</b>                                                          |      |                                      |                                   |
| <b>NON-CURRENT ASSETS</b>                                              |      |                                      |                                   |
| Property, plant and equipment                                          | 5    | 2,219,391,771                        | 2,168,327,677                     |
| Long term investment                                                   | 6    | 1,304,681,025                        | 1,190,222,826                     |
| Long term deposits                                                     |      | 862,400                              | 872,400                           |
|                                                                        |      | <b>3,524,935,196</b>                 | <b>3,359,422,903</b>              |
| <b>CURRENT ASSETS</b>                                                  |      |                                      |                                   |
| Biological assets                                                      |      | 8,993,258                            | 8,785,700                         |
| Stores and spare parts                                                 |      | 125,317,577                          | 101,670,530                       |
| Stock-in-trade                                                         |      | 1,091,369,438                        | 1,167,157,420                     |
| Trade debts                                                            |      | 35,527,757                           | 130,583,180                       |
| Loans and advances                                                     |      | 84,475,453                           | 116,066,589                       |
| Trade deposits and short term prepayments                              |      | 38,161,335                           | 12,881,643                        |
| Other receivables                                                      |      | 609,090,639                          | 580,798,351                       |
| Short-term investments                                                 |      | 1,038,986,298                        | 1,258,744,288                     |
| Taxation - net                                                         |      | 88,415,070                           | 82,333,173                        |
| Cash and bank balances                                                 |      | 6,846,066                            | 15,954,187                        |
|                                                                        |      | <b>3,127,182,891</b>                 | <b>3,474,975,061</b>              |
| <b>TOTAL ASSETS</b>                                                    |      | <b>6,652,118,087</b>                 | <b>6,834,397,964</b>              |
| <b>EQUITY AND LIABILITIES</b>                                          |      |                                      |                                   |
| <b>SHARE CAPITAL AND RESERVES</b>                                      |      |                                      |                                   |
| Issued, subscribed and paid-up capital                                 |      | 320,312,450                          | 320,312,450                       |
| Reserves                                                               |      | 2,323,287,188                        | 2,289,009,149                     |
|                                                                        |      | <b>2,643,599,638</b>                 | <b>2,609,321,599</b>              |
| <b>NON-CURRENT LIABILITIES</b>                                         |      |                                      |                                   |
| Long-term financing                                                    |      | 688,330,842                          | 745,414,175                       |
| Liabilities against assets subject to finance lease                    |      | 12,678,663                           | 18,206,588                        |
| Market committee fee payable                                           |      | 62,216,604                           | 62,216,604                        |
| Deferred liability                                                     |      | 4,785,010                            | 4,785,010                         |
| Deferred taxation                                                      |      | 234,604,614                          | 225,769,432                       |
| Provision for quality premium                                          |      | 119,290,919                          | 119,290,919                       |
|                                                                        |      | <b>1,121,906,652</b>                 | <b>1,175,682,728</b>              |
| <b>CURRENT LIABILITIES</b>                                             |      |                                      |                                   |
| Trade and other payables                                               |      | 1,555,056,884                        | 695,153,861                       |
| Unclaimed dividends                                                    |      | 19,365,348                           | 19,503,183                        |
| Accrued mark-up                                                        |      | 40,808,313                           | 49,254,343                        |
| Short-term borrowings                                                  |      | 959,702,879                          | 1,966,893,276                     |
| Current portion of long-term financing                                 |      | 228,333,332                          | 203,333,332                       |
| Current portion of liabilities against assets subject to finance lease |      | 18,503,060                           | 20,790,894                        |
| Current portion of market committee fee payable                        |      | 3,757,652                            | 3,757,652                         |
| Provision for market committee fee                                     |      | 32,001,111                           | 30,401,039                        |
| Sales tax and federal excise duty payable                              |      | 29,083,218                           | 60,306,057                        |
|                                                                        |      | <b>2,886,611,797</b>                 | <b>3,049,393,637</b>              |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                   | 7    | -                                    | -                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    |      | <b>6,652,118,087</b>                 | <b>6,834,397,964</b>              |

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

Chief Executive Officer

Chief Financial Officer

Director

## Condensed Interim Statement of Profit or Loss

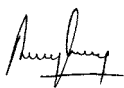
for the period ended December 31, 2018 (Un-Audited)

|                                        | Dec 31, 2018<br>Rupees | Dec 31, 2017<br>Rupees |
|----------------------------------------|------------------------|------------------------|
| <b>Turnover</b>                        | <b>1,318,355,468</b>   | 1,207,032,915          |
| Less: Sales Tax                        | (167,209,388)          | (77,582,817)           |
| <b>Turnover - net</b>                  | <b>1,151,146,080</b>   | 1,129,450,098          |
| <br>Cost of Sales                      | <br>(996,105,295)      | <br>(1,187,207,386)    |
| <b>Gross profit / (loss)</b>           | <b>155,040,785</b>     | (57,757,288)           |
| <br>Distribution costs                 | <br>(7,261,272)        | (17,559,152)           |
| Administrative expenses                | (58,175,940)           | (51,170,860)           |
| Other operating expense                | (46,577,781)           | (22,758,296)           |
| Other operating income                 | 33,804,079             | 20,080,335             |
|                                        | (78,210,914)           | (71,407,973)           |
| <b>Operating profit / (loss)</b>       | <b>76,829,871</b>      | (129,165,261)          |
| <br>Finance costs                      | <br>(55,661,542)       | (33,495,778)           |
| Share of profits from associates - net | 102,458,199            | 31,272,628             |
| <b>Profit / (loss) before tax</b>      | <b>123,626,528</b>     | (131,388,411)          |
| <br>Taxation                           | <br>(15,851,359)       | 55,281,294             |
| <b>Profit / (loss) after tax</b>       | <b>107,775,169</b>     | (76,107,117)           |
| <br><b>Earnings / (Loss) per share</b> | <br><b>3.36</b>        | <br>(2.38)             |

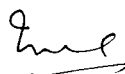
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Chief Executive Officer



Chief Financial Officer



Director

# Condensed Interim Statement of Comprehensive Income

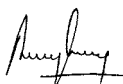
for the period ended December 31, 2018 (Un-Audited)

|                                                                                                | Dec 31, 2018<br>Rupees | Dec 31, 2017<br>Rupees |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Net (loss) / profit for the period                                                             | 107,775,169            | (76,107,117)           |
| <u>Other comprehensive income / (loss)</u>                                                     |                        |                        |
| Items to be reclassified to statement of profit or loss in subsequent periods                  |                        |                        |
| Unrealised (loss) on revaluation of short-term investments – net of tax                        | (104,623,107)          | (20,904,276)           |
| Reclassification to statement of profit or loss for loss on disposal of short-term investments | 31,125,977             | 8,107,138              |
|                                                                                                | (73,497,130)           | (12,797,138)           |
| Total comprehensive income / (loss) for the period                                             | 34,278,039             | (88,904,255)           |

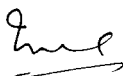
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Chief Executive Officer



Chief Financial Officer



Director

# Condensed Interim Statement of Cash Flows

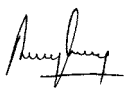
for the period ended December 31, 2018 (Un-Audited)

|                                                               | Note | Dec 31, 2018<br>Rupees | Dec 31, 2017<br>Rupees |
|---------------------------------------------------------------|------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                        |                        |
| Profit / (Loss) before taxation                               |      | 123,626,528            | (131,388,411)          |
| <b>Adjustments for non-cash charges and other items:</b>      |      |                        |                        |
| Depreciation                                                  |      | 43,153,824             | 40,265,642             |
| Share of profit from associates - net                         |      | (102,458,199)          | (31,272,628)           |
| Finance costs                                                 |      | 55,661,542             | 33,495,778             |
| Realised gain on disposal of short term investments           |      | 45,962,449             | 20,351,247             |
| Provision for market committee fee                            |      | 1,600,072              | 1,462,289              |
| Working Capital Changes                                       | 8    | 953,688,141            | 475,455,640            |
|                                                               |      | 997,607,829            | 539,757,968            |
| Taxes paid                                                    |      | (13,098,074)           | (24,214,078)           |
| Finance costs paid                                            |      | (64,107,572)           | (42,311,728)           |
| Long term deposits                                            |      | 10,000                 | -                      |
| <b>Net cash generated from operating activities</b>           |      | <b>1,044,038,711</b>   | <b>341,843,751</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                        |                        |
| Fixed capital expenditure                                     |      | (94,217,918)           | (38,536,135)           |
| Investments made during the period                            |      | (290,879,528)          | (406,751,495)          |
| Proceeds from disposal of short-term investments              |      | 379,177,938            | 211,877,903            |
| Dividend received                                             |      | -                      | 74,999,996             |
| <b>Net cash used in investing activities</b>                  |      | <b>(5,919,508)</b>     | <b>(158,409,731)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                        |                        |
| Long term financing (paid) / obtained                         |      | (32,083,333)           | 472,555,121            |
| Short-term borrowings obtained                                |      | (1,007,190,397)        | (610,444,395)          |
| Liabilities against assets subject to finance lease - net     |      | (7,815,759)            | (6,026,417)            |
| Dividends paid                                                |      | (137,835)              | (15,870,252)           |
| <b>Net cash used in financing activities</b>                  |      | <b>(1,047,227,324)</b> | <b>(159,785,943)</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(9,108,121)</b>     | <b>23,648,077</b>      |
| Cash and cash equivalent at the beginning of the period       |      | 15,954,187             | 28,761,062             |
| Cash and cash equivalents at the end of the period            |      | <b>6,846,066</b>       | <b>52,409,139</b>      |

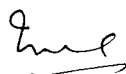
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Chief Executive Officer



Chief Financial Officer



Director

# Condensed Interim Statement of Changes In Equity

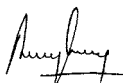
for the period ended December 31, 2018 (Un-Audited)

|                                                           | Reserves                               |                 |                 |                        |                                                        |                                                 |               |               |
|-----------------------------------------------------------|----------------------------------------|-----------------|-----------------|------------------------|--------------------------------------------------------|-------------------------------------------------|---------------|---------------|
|                                                           | Issued, Subscribed and Paid-up Capital | Capital Reserve | Revenue Reserve | Unappropriated profits | Unrealised gain / (loss) on revaluation of investments | Actuarial gain / (loss) on defined benefit plan | Total Reserve | Total         |
|                                                           | Rupees                                 |                 |                 |                        |                                                        |                                                 |               |               |
| Balance as at October 01, 2017                            | 320,312,450                            | 63,281,250      | 85,000,000      | 1,660,106,918          | 86,899,496                                             | 2,654,285                                       | 1,897,941,949 | 2,218,254,399 |
| Loss for the period                                       | -                                      | -               | -               | (76,107,117)           | -                                                      | -                                               | (76,107,117)  | (76,107,117)  |
| Net loss on revaluation of available for sale investments | -                                      | -               | -               | -                      | (12,797,138)                                           | -                                               | (12,797,138)  | (12,797,138)  |
| Total comprehensive income for the year                   | -                                      | -               | -               | (76,107,117)           | (12,797,138)                                           | -                                               | (88,904,255)  | (88,904,255)  |
| Balance as at December 31, 2017                           | 320,312,450                            | 63,281,250      | 85,000,000      | 1,583,999,801          | 74,102,358                                             | 2,654,285                                       | 1,809,037,694 | 2,129,350,144 |
| Balance as at October 01, 2018                            | 320,312,450                            | 63,281,250      | 85,000,000      | 2,073,004,968          | 64,950,566                                             | 2,772,365                                       | 2,289,009,149 | 2,609,321,599 |
| Profit for the period                                     | -                                      | -               | -               | 107,775,169            | -                                                      | -                                               | 107,775,169   | 107,775,169   |
| Net loss on revaluation of available for sale investments | -                                      | -               | -               | -                      | (73,497,130)                                           | -                                               | (73,497,130)  | (73,497,130)  |
| Total comprehensive income for the year                   | -                                      | -               | -               | 107,775,169            | (73,497,130)                                           | -                                               | 34,278,039    | 34,278,039    |
| Balance as at December 31, 2018                           | 320,312,450                            | 63,281,250      | 85,000,000      | 2,180,780,137          | (8,546,564)                                            | 2,772,365                                       | 2,323,287,188 | 2,643,599,638 |

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



Chief Executive Officer



Chief Financial Officer



Director

## Condensed Notes to the Interim Financial Statements

for the period ended December 31, 2018 (Un-Audited)

### 1. THE COMPANY AND ITS OPERATIONS

Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company in December, 1965 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Company is located at Distt. Tando Allahyar, Sindh.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 requirement if IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3. BASIS OF PREPARATION

These condensed interim financial statements are un-audited. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2018.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended September 30, 2018.

### 5. PROPERTY, PLANT AND EQUIPMENT

#### 5.1 OPERATING FIXED ASSETS

|                                                  | Un-audited<br>Dec 31, 2018 | Audited<br>Sep 30, 2018 |
|--------------------------------------------------|----------------------------|-------------------------|
| Opening written down value                       | 2,064,524,860              | 1,991,894,970           |
| Additions during the period                      | 141,835,403                | 242,634,089             |
|                                                  | 2,206,360,263              | 2,234,529,059           |
| Written down value of disposal during the period | -                          | 3,293,580               |
|                                                  | 2,206,360,263              | 2,231,235,479           |
| Depreciation charged during the period           | 43,153,824                 | 166,710,619             |
|                                                  | 2,163,206,439              | 2,064,524,860           |

## 5.2 CAPITAL WORK-IN-PROGRESS

|                         | Un-audited<br>Dec 31, 2018 | Audited<br>Sep 30, 2018 |
|-------------------------|----------------------------|-------------------------|
| Buildings - Civil Works | 22,058,058                 | 29,674,409              |
| Plant & Machinery       | 34,127,274                 | 74,128,408              |
|                         | <u>56,185,332</u>          | <u>103,802,817</u>      |

## 6. LONG TERM INVESTMENT

|                                      |     | Un-audited<br>Dec 31, 2018 | Audited<br>Sep 30, 2018 |
|--------------------------------------|-----|----------------------------|-------------------------|
| <b>Subsidiary - at cost</b>          |     |                            |                         |
| Mehran Energy Limited                | 6.1 | 41,530,339                 | 41,530,339              |
| <b>Associates - at equity method</b> |     |                            |                         |
| Unicol Limited                       | 6.2 | 1,150,185,597              | 1,022,228,271           |
| UniEnergy Limited                    | 6.3 | 19,842,090                 | 19,842,090              |
| Uni Foods Industries Limited         | 6.4 | 93,122,999                 | 106,622,126             |
|                                      |     | <u>1,263,150,686</u>       | <u>1,148,692,487</u>    |
|                                      |     | <u>1,304,681,025</u>       | <u>1,190,222,826</u>    |

- 6.1** The Company holds 4,000,000 (Sep 30, 2018: 4,000,000) shares representing 100 (Sep 30, 2018: 100) percent of the total equity of Mehran Energy Limited. MEL is in a start-up phase and has not commenced its operations. The principal activities of the MEL will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse based power plant for the generation and supply of electric power in relation thereof. MEL has obtained letter of Intent (LOI) from the Government of Sindh (GOS) on November 07, 2016.
- 6.2** The Company holds 49,999,997 (Sep 30, 2018: 49,999,997) shares representing 33.33 (Sep 30, 2018: 33.33) percent of the total equity of Unicol Limited. UL is incorporated in Pakistan as a public unlisted company with its registered office situated at situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (Co2).
- 6.3** The Company holds 1,999,998 (Sep 30, 2018: 1,999,998) shares representing 20 (Sep 30, 2018: 20) percent of the total equity of UniEnergy Limited. UEL is incorporated in Pakistan as a public unlisted company with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations.
- 6.4** The Company holds 18,000,000 (Sep 30, 2018: 16,800,000) shares representing 24 (Sep 30, 2018: 24) percent of the total equity of Uni foods Limited. UFL was incorporated in Pakistan as a public unlisted company with its registered office situated at Bungalow No.14-H, Block 6, P.E.C.H.S., Karachi.. The principal activity is manufacture, sell and distribution of bakery and confectionery items.

## Condensed Notes to the Interim Financial Statements

for the period ended December 31, 2018 (Un-Audited)

### 7. CONTINGENCIES & COMMITMENTS

#### CONTINGENCIES

There is no significant change in the contingencies since the last audited annual financial statements for the year ended September 30, 2018.

#### COMMITMENTS

|                                                                 | Un-audited<br>Dec 31, 2018 | Audited<br>Sep 30, 2018 |
|-----------------------------------------------------------------|----------------------------|-------------------------|
| Capital commitments                                             | 14,193,293                 | 97,821,955              |
| Commitments in respect of operating lease rentals for farms     | 21,309,750                 | 21,309,750              |
| Commitments in respect of finance lease obligation for vehicles | 31,181,723                 | 38,997,482              |

### 8. WORKING CAPITAL CHANGES

|                                                | Un-audited<br>Dec 31, 2018 | Un-audited<br>Dec 31, 2017 |
|------------------------------------------------|----------------------------|----------------------------|
| <b>(Increase) / decrease in current assets</b> |                            |                            |
| Biological assets                              | (207,558)                  | 3,219,939                  |
| Stores and spare parts                         | (23,647,047)               | (28,961,294)               |
| Stock-in-trade                                 | 75,787,982                 | 492,520,175                |
| Trade debts                                    | 95,055,423                 | 2,356,387                  |
| Loans and advances                             | 31,591,136                 | 29,066,969                 |
| Trade deposits and short-term prepayments      | (25,279,692)               | (37,319,422)               |
| Other receivables                              | (28,292,288)               | (1,493,512)                |
|                                                | 125,007,956                | 459,389,242                |
| <b>(Increase) / decrease in current assets</b> |                            |                            |
| Trade and other payables                       | 859,903,023                | 107,057,891                |
| Sales tax payable                              | (31,222,838)               | (90,991,493)               |
|                                                | 828,680,185                | 16,066,398                 |
|                                                | 953,688,141                | 475,455,640                |

### 9. TRANSACTIONS WITH RELATED PARTIES

|                                   | Un-audited<br>Dec 31, 2018 | Un-audited<br>Dec 31, 2017 |
|-----------------------------------|----------------------------|----------------------------|
| <b>Associates</b>                 |                            |                            |
| Investment made during the period | 12,000,000                 | 31,200,000                 |
| Sales                             | 20,182,940                 | 16,698,330                 |
| Expenses shared                   | 346,595                    | 275,998                    |
| Donation                          | 7,285,000                  | 3,050,000                  |
| <b>Retirement benefits Plan</b>   |                            |                            |
| Provident fund contribution       | 2,282,391                  | 2,546,407                  |

## 10. GENERAL

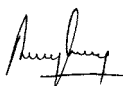
These financial statements were authorized for issue on January 30, 2019 by the Board of Directors of the Company.

Previous period figures have been rearranged / regrouped wherever necessary to facilitate comparison.

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer



Director

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