



Progressing through changing Dynamics



Directors' Report

On behalf of the Board, I feel pleasure in presenting financial results for the period ended June 30, 2018.

Operational Highlights	2017-18	2016-17
Season Duration (Days)	129	133
Capacity Utilization	70.33%	72.19%
Sucrose Recovery	11.52%	11.06%
Sugar Production-M. Tons	120,200	116,780
Molasses production M. Tons	48,405	47,865
Molasses Recovery	4.64%	4.53%

Financial Highlights		2017-18	2016-17
Turnover	(Rs.'000')	3,826,257	4,226,991
Sales tax /F.E.D	(Rs.'000')	138,503	235,598
Gross Profit	(Rs.'000')	400,818	385,582
Gross Profit Margin	(%)	10.87	9.66
Profit before tax	(Rs.'000')	287,450	481,497
Profit before tax margin	(%)	7.79	12.06
Net Profit after tax	(Rs.'000')	236,457	397,635
Net Profit margin	(%)	6.41	9.96
Earnings per share	(Rs.)	7.38	12.41

While profitability for the 9 months period has been lower than the previous year. There were many records Mehran was able to break. Firstly we were able to achieve our highest sucrose recovery which was also the highest achieved by any sugar mill in Pakistan. Secondly, we were able to achieve or record highest export volume of 64,000 Tons and thirdly we were able to achieve a bagasse saving of over 50,000 Tons for the first time.

The crushing season was extended till April 2018 which was an anomaly as usually the season ends in March. Regular availability of sugarcane enabled mills to crush consistently. All across the country mills were able to crush cane consistently which led to Pakistan producing a record sugar production of over 7.0 Million Tons.

This year the provincial and federal governments timely export policy coupled with a subsidy to compensate for the fall in international sugar prices allowed mills to continue export the surplus production. As we write today, the entire 1.5 Million Tons of sugar has been contracted for export and approximately 100,000 Tons would need to be lifted to complete the program.

Following factors contributed to our operational and financial results:

- Sucrose recovery increased to 11.52% from 11.06% of last year.
- Improvement in Gross Margin.
- Share of profit from associates amounted to Rs. 211.19 Million compared to Rs.73.53 Millions in the corresponding period of last year. Unicol was the major contributory in this amount.
- Export sales volume rose to 64,115 metric tons compared to 24,893 metric tons of last year. Similarly, revenue increased to Rs.2.4 Billion (USD 21.95 Million) from Rs.1.4 Billions of last year showing an increase of 72%.
- Freight Support Subsidy from Provincial and Federal Governments were received which contributed positively and helped our cash flow.
- Increase in the sales of bagasse from 25,249 metric tons during last year to 45,658 metric tons.
- Molasses revenue declined due to reduction in selling price; however this benefited Unicol which had a lower priced feedstock.
- Finance charges declined to Rs. 138 million from Rs. 149.31 million during the same period of 2017.
- Due to recent devaluation of PKR, exchange gain contributed positively by Rs.59.15 million.
- Export Expenses increased to Rs.49.7 millions due to enhanced volume of sales.
- Due to reduction in other income, profit before tax declined as compared to last accounting period.
- Tax incidence reduced compared to last corresponding period due to reduction in deferred taxation.

As the cash flows of current year are somewhat uncertain due to a protracted dispute and large receivables on account of federal government subsidy, therefore considerable caution was exercised while approving budget of maintenance and energy efficiency measures. Also due to the lack of a clear policy on the energy project spending on further energy efficiency measures have also been curbed.

We are proud to state that as a company we are 100 percent SEQs compliant. Our state of the art effluent treatment plant has allowed us to become a zero discharge producer whereby all our treated water is used on our own farms.

Due to the uncertain economic conditions, the Equities Portfolio could not repeat its last year's performance. However, given the fundamental strength of our investments, we are quite hopeful for its rebound in the post election scenario. Power supply to HESCO continued during the crushing season and payment was realized in a timely manner.

We are pleased to report that as per directives of Honorable Supreme Court of Pakistan for payment to growers on settled price, we have cleared all dues of sugarcane growers.

UNICOL LTD

During the period, Unicol has performed very well. Due to the record sugar and consequently molasses production, the prices of molasses remained competitive which was one of the main factors enabling record profitability.

Ethanol production improved to 53,522 tons compared to 43,031 tons during the last year. CO₂ production also improved to 10,192 Tons compared to 4,899 tons, which was an excellent growth of over 100 percent.

Overall profitability during the period amounted to Rs. 838.50 million compared to 269.18 million. Gross margin improved significantly compared to last corresponding period. We expect Unicol to post record yearly profit in its history by the end of its financial year.

Key financial data for the period are as under:

Key Highlights		June-2018	June-2017
Turnover	(Rs.'000)	3,735,546	3,194,066
Gross Profit	(Rs.'000)	1,226,153	549,493
Gross Profit Margin	(%)	32.82	17.20
Net Profit	(Rs.'000)	800,697	239,182
Net Profit Margin	(%)	7.49	9.43
Earning per share	(Rs.)	5.34	1.59

Encouraged by profitability and international demand, the company is exploring to further enhance its storage and production facilities. Initial feasibility study have been discussed and final decision is expected to be taken in near future. This will enable the company to become the market leader in the country and avail economies of scale.

UNIFOOD INDUSTRIES LTD

The plant has started commercial production in March 2018. The initial challenge has been distribution; and the Management has done a good job in resolving these issues in a timely manner. Inshallah we are confident that with the marketing campaign to be launched this quarter sales shall pick up. The sales and financial projections so far are as planned.

MEHRAN ENERGY LTD

As regards H.P. Co-generation project, NEPRA has dismissed review petition filed by CPPA for purchasing power from producers on take and pay basis. CPPA has now filed an appeal in Islamabad High Court, which is pending adjudication. NEPRA is also conducting another hearing for revision of tariff taking into account the concessional financing by state bank of Pakistan. The outcome of this hearing is crucial for the future of these projects. Pending outcome of above referred matters, project may remain stalled. However, we still strongly believe that this source of Indigenous power is critical for Pakistan and for the future growth of the sugar industry. We look forward to a more investor friendly policy on this from the government in the near future.

RETAIL SALES

Retail Division has performed well during the period. Volumes have shown continuous improvement in Brown Sugar. The geographical coverage has also registered improvement in addition to introduction of industrial clients. We are now exploring export markets for enhancing our presence outside the country.

FUTURE OUTLOOK

In view of pricing disputes with farmers and scarcity of water all over the country, we apprehend a reduction in area under cultivation of sugarcane crop, particularly in Sindh. Thus, availability of sugarcane may reduce in the next couple of years unless concrete steps are taken to address these issues. This may give rise to unwanted competition amongst sugar mills for procurement of sugarcane. In view of these developments, next year looks to be a challenging year.

Unicol is poised for a stable and healthy financial year. However, we do not foresee major change in our 26.5 MW Cogen and Wind Power projects in the near future.

As far as financial results are concerned, we are optimistic of better results for the year-end. The realisation of sugar export proceeds and subsidies shall enhance the profitability for the year-end. We feel that our diversified balance sheet shall continue to allow us to post consistent profitability. We acknowledge the contribution of all concerned in achieving these results and hope that they would continue with the same zeal to achieve even better results by the end of the financial year.

For and on behalf of Board of Directors



Mohammed Ebrahim Hasham
Chief Executive Officer

Karachi: July 30, 2018

یونی کول ایک مستحکم اور اچھے مالی سال کو حاصل کرے گا۔ انشاء اللہ۔ لیکن مستقبل قریب میں ہمارے 26.5 میگاواٹ کے CO-GEN پلانٹ اور ہوا سے چلنے والے منصوبے میں کوئی بڑی تبدیلی نہیں دیکھ رہے۔

جہاں تک سالانہ منافع کا تعلق ہے ہمیں بہتر منافع کی امید ہے۔ چینی کی برآمدات اور اس پر سبسڈی کی ادائیگیاں ہمارے منافع کو بڑھائیں گی، ہمیں امید ہے کہ ہماری متنوع سرمایہ کاری کی وجہ سے ہم متواتر منافع کی تاریخ کو برقرار رکھیں گے۔

ہم ان تمام افراد کو سراہتے ہیں جنہوں نے یہ نتائج حاصل کرنے کے لئے محنت کی اور امید ہے کہ مستقبل میں بھی وہ اسی جذبہ سے کام لیں گے جو کہ اس سال بہتر نتائج حاصل کرنے میں مددگار ثابت ہوئے۔

از طرف

بورڈ آف ڈائریکٹرز



محمد ابراہیم ہاشمی

چیف ایگزیکٹو آفیسر

کراچی - 30 جولائی 2018

یونی فوڈز انڈسٹری لمیٹڈ

پلانٹ نے تجارتی بنیادوں پر مارچ 2018 سے کام شروع کر دیا ہے بنیادی چیلنج، مصنوعات کی ترسیل تھا جسے انتظامیہ نے صحیح وقت اور مناسب طریقے سے حل کر لیا ہے۔ ہمیں امید ہے کہ انشاء اللہ اس سہ ماہی میں جبکہ تشریری مہم شروع کی جائے گی، فروخت میں اضافہ ہوگا۔ فروخت اور معاشی اشاریے اب تک پلان کے مطابق ہیں۔

مہران انرجی لمیٹڈ

نیپرا (NEPRA) نے سی پی پی اے (CPPA) کی جانب سے دائر کی گئی نظر ثانی پیشکش (Petition) جس میں نیپرا کی بنیادی پالیسی «خرید یا ادائیگی» کو «خرید اور ادائیگی» سے تبدیل کرنے کی استدعا کی گئی تھی کو مسترد کر دیا ہے۔ اب CPPA نے اسلام آباد ہائی کورٹ میں اپیل دائر کی ہے۔ نیپرا نے بھی ایک سماعت مقرر کی ہے جس میں اسٹیٹ بینک آف پاکستان کی جانب سے رعایتی نرخوں پر دیئے گئے قرضوں کے فوائد کو بھی ٹریف کا حصہ بنانے سے متعلق جائزہ لیا جائے گا۔ اس سماعت کے نتائج توانائی منصوبوں کے مستقبل سے متعلق بہت اہم ہیں۔ مندرجہ بالا سماعتوں کے فیصلوں تک یہ منصوبہ جمود کا شکار رہے گا۔ ہمیں اب بھی یقین ہے کہ اس متبادل ذریعہ سے توانائی کا حصول ملک اور چین کی صنعت کے لئے بہت اہم ہے۔ مستقبل قریب میں حکومت کی جانب سے سرمایہ کار دوست پالیسی کی امید ہے۔

ریٹیل سیلز

ریٹیل ڈویژن نے اس مدت کے دوران اچھی کارکردگی کا مظاہرہ کیا ہے اور مجموعی طور پر براؤن شوگر کے حجم میں بہتری آئی ہے۔ صنعتی گاہکوں کے علاوہ اس کی ترسیل کی جغرافیائی حدود میں اضافہ نے بھی اہم کردار ادا کیا۔ اب ہم بیرون ملک مارکیٹ تلاش کر رہے ہیں تاکہ اپنے مال کی بیرون ملک ترسیل بھی کر سکیں۔

مستقبل کا منظر نامہ

زمینداروں کو گنے کی ادائیگی کے تنازعات اور بالعموم نہری پانی کی کمی سے گنے کے زیر کاشت رقبہ میں کمی کا سامنا کرنا ہوگا خاص طور پر صوبہ سندھ میں۔ اس لئے آنے والے چند برسوں میں گنے کی دستیابی میں کمی واقع ہو سکتی ہے جب تک کہ ان مسائل کے حل کے لئے کوئی ٹھوس اقدامات نہ کئے جائیں۔ گنے کی دستیابی میں کمی کی وجہ سے ملوں کے درمیان مقابلے کا رجحان بڑھ جائے گا۔ مندرجہ بالا عوامل کو دیکھتے ہوئے ایسا لگتا ہے کہ آنے والا سال بھی ایک چیلنج سے کم نہیں۔

غیر یقینی معاشی صورتحال کی وجہ سے ، لیکوئٹی پورٹ فولیو گذشتہ سال کی کارکردگی کو دہرا نہیں سکا ، تاہم ہماری سرمایہ کاری کی وجہ سے ہم پرامید ہیں کہ الیکشن کے بعد صورتحال بہتر ہو جائے گی۔ حیسکو کو بجلی کی فراہمی دوران سیزن تسلسل سے جاری رہی اور حیسکو کی جانب سے ادائیگیاں بھی بروقت کی گئی ہیں۔

ہم بجا طور پر یہ بتلانے میں فخر محسوس کرتے ہیں کہ ہم نے سپریم کورٹ آف پاکستان کی ہدایات کے مطابق کسانوں کو گنے کے طے کردہ نرخ پر مکمل ادائیگی کردی ہے۔

یونی کول

متذکرہ عرصے کے دوران یونی کول کی کارکردگی بہت اچھی رہی۔ ریکارڈ چیلنی اور اس کے نتیجے میں مولیسس کی پیداوار کی وجہ سے مولیسس کی قیمت خرید میں مسابقت پیدا ہوئی اور نتیجتاً مولیسس کے نرخوں میں کمی واقع ہوئی جو کہ منافع میں اضافہ کی بنیادی وجہ ہے۔

ایتھونول کی پیداوار 53,522 ٹن رہی جو کہ گذشتہ سال 43,031 ٹن تھی۔ CO₂ کی پیداوار میں بھی بہتری رہی جو کہ 10,192 ٹن بمقابلہ گذشتہ سال 4,899 ٹن رہی جو کہ 100 فیصد اضافہ ہے۔ متذکرہ عرصے میں مجموعی منافع 838.50 ملین روپے بمقابلہ گذشتہ سال کے جو کہ 269.18 ملین روپے تھا۔ منافع کی مجموعی شرح پچھلے سال کی نسبت بہت بہتر رہی۔ ہم پرامید ہیں کہ یونی کول اس مالی سال کے اختتام تک اپنے حاصل کردہ منافع کے تمام ریکارڈ توڑ دے گا۔

یونی کول سے متعلق اہم مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

مالیاتی معلومات (فنانسل ہائی لائٹس)			
جون 2017	جون 2018		
3,194,066	3,735,546	روپے ہزاروں میں	مجموعی فروخت (ٹوٹل ٹرن اوور)
549,493	1,226,153	روپے ہزاروں میں	خالص منافع
17.20	32.82	(%)	خالص منافع کی شرح
239,182	800,697	روپے ہزاروں میں	بعد از ٹیکس منافع
7.49	21.43	(%)	بعد از ٹیکس منافع کی شرح
1.59	5.34	روپے	فی حصص آمدنی

ریکارڈ منافع اور بین الاقوامی مارکیٹ میں بڑھتی ہوئی طلب کی وجہ سے کمپنی اپنی اسٹوریج اور پیداواری صلاحیت بڑھانے پر غور کر رہی ہے۔ اس کے لئے ابتدائی جائزے لئے جا رہے ہیں اور مستقبل قریب میں حتمی فیصلے متوقع ہیں۔ جس کی وجہ سے کمپنی مستقبل میں مارکیٹ لیڈر کے طور پر نظر آئے گی۔

مندرجہ ذیل عوامل بہتر نتائج حاصل کرنے میں کارفرما رہے:

- سکروز ریکوری %11.52 رہی جو کہ پچھلے سال %11.06 تھی۔
- خالص منافع (Gross Profit) کی شرح میں اضافہ
- ایسوسی لینڈ کمپنیوں سے حاصل ہونے والا منافع 211.19 ملین رہا جو کہ گذشتہ سال اسی عرصے کے دوران 73.53 ملین روپے تھا حاصل کردہ منافع میں سب سے زیادہ حصہ یونیکول کا تھا۔
- برآمدات کا حجم گذشتہ سال 24,893 میٹرک ٹن تھا جو کہ اس سال 64,115 میٹرک ٹن رہا۔ اسی طریقے سے گذشتہ سال کی آمدن 1.4 بلین روپے تھی جو کہ اس سال 2.4 بلین روپے (21.95 ملین ڈالر) رہی اور اس طرح اس مد میں %72 کا اضافہ ریکارڈ ہوا۔
- صوبائی اور وفاقی حکومتوں کی جانب سے فریٹ سپورٹ سبسڈی کی فراہمی جس سے کیش فلو (Cash Flow) میں بہتری آئی۔
- بگاس کی فروخت میں اضافہ جو کہ گذشتہ سال 25,249 میٹرک ٹن تھی جبکہ اس سال 45,658 میٹرک ٹن رہی۔
- مولا سس کی فروخت سے حاصل ہونے والی رقم میں کمی واقع ہوئی جس کی وجہ قیمتوں میں کمی کا رجحان تھا لیکن اس کمی کا فائدہ یونیکول کو ہوا۔
- مالیاتی اخراجات 138 ملین روپے رہے جبکہ 2017 میں 149.31 ملین روپے تھے۔
- پاکستانی روپے کی قدر میں کمی کی وجہ سے شرح تبادلہ کے فرق سے حاصل ہونے والا منافع کی مد میں 59.15 ملین روپے حاصل ہوئے۔
- برآمدی اخراجات 49.7 ملین ریکارڈ کیا گیا جس کی وجہ پھینکی کی اضافی برآمدات تھی۔
- متذکرہ عرصے کے دوران متبادل ذرائع سے آمدن میں کمی کی وجہ سے قبل از ٹیکس منافع میں بھی کمی واقع ہوئی۔
- پچھلے سال کی نسبت ٹیکس میں کمی واقع ہوئی جس کی وجہ ڈیفرد ٹیکس (Differed Tax) میں کمی ہے۔
- گنے کے نرخ میں اب تک ابہام اور حکومت کی جانب سے سبسڈی کی مد میں عدم ادائیگیوں کی وجہ سے مل کی مینٹیننس (Maintenance) اور توانائی کی بچت کے منصوبوں میں فی الحال احتیاط کی جارہی ہے۔ اسی طرح حکومت کی جانب سے واضح پالیسی نہ ہونے کے باعث بھی توانائی کی بچت کے منصوبہ پر اس وقت قدغن لگائی گئی ہے۔
- ہم یہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ ہم ماحولیاتی آلودگی سے متعلق تمام قوانین پر 100 فیصد عمل کرنے والی کمپنی ہیں۔ ہمارے جدید ٹریٹمنٹ پلانٹ آلودہ پانی کا اخراج صفر ہو چکا ہے اور خارج ہونے والا پانی کو ہم اپنے زرعی فارم پر ہی استعمال کر رہے ہیں۔

ڈائریکٹر رپورٹ

میں 30 جون 2018 کو ختم ہونے والی تیسری سہ ماہی کے مالی نتائج کو آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

اپریشل معلومات	جون 2018	جون 2017
سیزن کا دورانیہ	129	133
پیداواری صلاحیت کا استعمال	70.33%	72.19%
سکروز کی ریکوری	11.52%	11.06%
چینی کی پیداوار (میٹرک ٹن)	120,200	116,780
مولاس کی پیداوار (میٹرک ٹن)	48,470	48,864
مولاس کی ریکوری	4.65%	4.63%

مالیاتی معلومات (نفصل ہائی لائنس)	جون 2018	جون 2017
مجموعی فروخت (ٹوٹل ٹرن اوور)	3,826,257	4,226,991
ایف ای ڈی / سیلز ٹیکس	138,503	235,598
خالص منافع	400,818	385,582
خالص منافع کی شرح	10.87	9.66
قبل از ٹیکس منافع	287,450	481,497
قبل از ٹیکس منافع کی شرح	7.79	12.06
بعد از ٹیکس منافع	236,457	397,635
بعد از ٹیکس منافع کی شرح	6.41	9.96
فی حصص آمدنی	7.38	12.41

پچھلے سال کی نسبت منافع میں کچھ کمی واقع ہوئی ہے لیکن مہران شوگر مل کئی ریکارڈ توڑنے میں کامیاب ہوئی ہے۔ سب سے پہلے ہم اپنی تاریخ کی سب سے زیادہ سکروز ریکوری حاصل کرنے میں کامیاب ہوئے ہیں۔ جو کہ پاکستان کی کسی بھی شوگر مل سے زیادہ ہے۔ دوسرے ہم نے اپنی تاریخ کی ریکارڈ برآمدات کا حجم یعنی 64000 چونسٹھ ہزار ٹن کا ہدف حاصل کیا۔ اور تیسرے ہم نے پہلی مرتبہ 50000 پچاس ہزار ٹن بگاس Bagasse کی بچت کی ہے۔

کرشنگ سیزن جو کہ عام طور پر مارچ کے آخر تک جاری رہتا ہے اس مرتبہ اپریل 2018 تک جاری رہا۔ جس کی وجہ گنے کی متواتر دستیابی تھی۔ پورے ملک میں گنے کی متواتر دستیابی اور کرشنگ کی وجہ سے پاکستان میں چینی کی پیداوار ریکارڈ ستر لاکھ (7 ملین) ٹن رہی۔ اس سال وفاقی اور صوبائی حکومتوں کی بروقت برآمدی پالیسی اور بین الاقوامی مارکیٹ میں چینی کے نرخوں میں کمی کو مد نظر رکھتے ہوئے سبسڈی دینے کا بھی فیصلہ کیا گیا، جس کے باعث ملک میں موجود اضافی چینی کے ذخائر برآمد کئے گئے۔ آج کی تاریخ تک پندرہ لاکھ (1.5 ملین) ٹن کے برآمدی سودے ہو چکے ہیں جس میں سے تقریباً ایک لاکھ (100,000) ٹن Dispatch ہونا باقی ہے۔

Condensed Interim Statement of Financial Position

As at June 30, 2018

	Note	Jun 30, 2018 (Un-audited)	Sep 30, 2017 (Audited)
-----Rupees-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,122,036,761	2,188,132,989
Long term investments	7	1,109,862,589	977,676,351
Long term deposits		722,400	1,113,170
		3,232,621,750	3,166,922,510
CURRENT ASSETS			
Biological assets		8,120,609	17,662,000
Stores and spare parts		94,595,431	83,880,941
Stock-in-trade	8	2,075,549,870	1,205,456,973
Trade debts		320,399,222	174,514,430
Loans and advances - unsecured		174,928,245	148,344,754
Trade deposits and short term prepayments		15,815,224	7,753,808
Other receivables		417,672,884	4,493,899
Short term investments		1,661,984,465	830,319,250
Taxation - net		75,512,799	54,617,134
Cash and bank balances		86,994,920	28,761,062
		4,931,573,669	2,555,804,251
TOTAL ASSETS		8,164,195,419	5,722,726,761
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		320,312,450	320,312,450
Reserves		2,105,482,782	1,897,941,949
		2,425,795,232	2,218,254,399
NON-CURRENT LIABILITIES			
Long-term financing - secured	9	776,910,574	448,747,505
Liabilities against assets subject to finance leases		14,165,179	31,686,538
Deferred liabilities		4,698,827	4,878,275
Deferred taxation		284,825,173	288,210,549
Provision for quality premium	10	119,290,919	119,290,919
Market committee fee payable		64,396,604	65,974,256
		1,264,287,276	958,788,042
CURRENT LIABILITIES			
Trade and other payables		847,304,246	1,088,931,575
Accrued mark-up		54,082,816	32,324,757
Short term borrowings - secured	11	3,279,784,317	1,117,039,706
Current portion of long term financing		214,911,673	156,023,610
Current maturity of liabilities against assets subject to finance lease		21,922,174	24,434,897
Provision for market committee fee		30,401,039	19,968,245
Current Portion of Market Committee fee payable		3,757,652	3,757,652
Sales Tax / S.E.D. payable		21,948,994	103,203,878
		4,474,112,911	2,545,684,320
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		8,164,195,419	5,722,726,761

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer


Director

Condensed Interim Statement of Profit and Loss

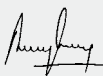
For the period ended June 30, 2018 (Un-Audited)

	Nine months ended		Quarter ended	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	-----Rupees-----		-----Rupees-----	
Turnover	3,826,257,020	4,226,991,422	986,060,760	1,653,462,411
Less: Sales Tax / F.E.D	(138,502,539)	(235,598,408)	(11,970,495)	(136,942,180)
Turnover - net	3,687,754,481	3,991,393,014	974,090,265	1,516,520,231
Cost of sales	(3,286,936,165)	(3,605,810,580)	(804,723,071)	(1,546,847,552)
Gross profit / (loss)	400,818,316	385,582,434	169,367,194	(30,327,321)
Distribution costs	(88,482,591)	(38,762,846)	(23,311,583)	(8,593,070)
Administrative expenses	(205,474,221)	(170,118,269)	(77,320,782)	(46,076,435)
Other operating expense	(15,661,618)	(2,558,536)	2,861,811	14,300,481
Other operating income	123,093,705	383,159,015	52,393,937	68,972,473
	(186,524,725)	171,719,364	(45,376,617)	28,603,449
Operating profit / (loss)	214,293,591	557,301,798	123,990,577	(1,723,872)
Finance costs	(138,029,413)	(149,307,976)	(66,806,752)	(69,196,799)
Share of profit from an associate - net of tax	211,186,228	73,503,160	100,885,483	23,649,737
Profit / (loss) before taxation	287,450,406	481,496,982	158,069,308	(47,270,934)
Taxation	(50,993,899)	(83,861,764)	(30,499,378)	(16,677,658)
Profit / (loss) after taxation	236,456,507	397,635,218	127,569,930	(63,948,592)
Earnings / (loss) per share - basic and diluted	7.38	12.41	3.98	(2.00)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Comprehensive Income

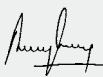
For the period ended June 30, 2018 (Un-Audited)

	Nine months ended		Quarter ended	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	-----Rupees-----		-----Rupees-----	
Profit / (loss) for the period	236,456,507	397,635,219	127,569,930	(63,948,591)
<u>Other comprehensive income:</u>				
Items to be classified to profit and loss account in subsequent periods				
Unrealised gain / (loss) on revaluation of investments	55,243,106	84,233,487	(28,987,458)	(31,246,894)
Reclassification to profit and loss account for (loss/gain) upon sale of investments - net	(26,327,431)	(94,752,964)	(51,261,583)	(10,631,626)
	28,915,675	(10,519,477)	(80,249,041)	(41,878,520)
Total comprehensive income / (loss) for the period	<u>265,372,182</u>	<u>387,115,742</u>	<u>47,320,889</u>	<u>(105,827,111)</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Cash Flow Statement

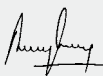
For the period ended June 30, 2018 (Un-Audited)

	Jun 30, 2018	Jun 30, 2017
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	287,450,406	481,496,982
Adjustemnts for non-cash items:		
Depreciation	122,561,316	112,882,760
Share of profit from associates	(211,186,228)	(73,503,160)
Provision for market committee fee	10,432,794	10,561,982
Gain on disposal of fixed assets	(4,553,946)	(2,235,414)
Realised loss / (gain) on disposal of short term investments	7,756,266	(306,944,345)
Finance costs	138,029,413	149,307,976
	63,039,615	(109,930,201)
Working Capital Changes	(1,771,588,676)	(2,598,081,928)
	(1,708,549,061)	(2,708,012,129)
Staff gratuity paid	(179,448)	(301,866)
Taxes paid	(75,274,940)	(2,180,000)
Market Committee fee paid	(1,577,652)	(142,657,926)
Finance costs paid	(116,271,354)	(92,608,054)
Long term deposits	390,770	(40,000)
Net cash used in operating activities	(1,614,011,279)	(2,464,302,993)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(59,671,758)	(179,981,759)
Long term investments made during the period	(96,000,000)	-
Short term investments made during the period	(1,698,526,557)	(2,380,481,794)
Proceeds from disposal of short term investemnts	830,189,390	2,582,172,964
Dividend received from associated companies	174,999,990	
Proceeds from disposal of operating fixed assets	7,760,627	3,410,000
Net cash (used in) / generated from investing activities	(841,248,308)	25,119,411
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing obtained	387,051,132	173,736,993
Short term borrowings obtained	2,162,744,611	2,679,758,463
Financing against assets subject to lease	(20,034,082)	(23,548,821)
Dividend paid	(16,268,216)	(160,156,768)
Net cash generated from financing activities	2,513,493,445	2,669,789,867
Net increase in cash and cash equivalents	58,233,858	230,606,285
Cash and cash equivalent at the beginning of the period	28,761,062	34,438,332
Cash and cash equivalents at the end of the period	86,994,920	265,044,617

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity

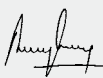
For the period ended June 30, 2018 (Un-Audited)

	Reserves					Total
	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserve	Gain/(loss) on changes in fair value of available for sale investments	Actuarial gain/(loss) on defined benefit plan	Accumulated (Losses) / Profit
	Rupees					
Balance as at October 01, 2016	320,312,450	63,281,250	85,000,000	146,743,587	3,473,393	1,704,604,475
Final dividend for the year ended September 30, 2016 @ Rs. 2.25 per share	-	-	-	-	-	(72,070,387)
First Interim dividend for the year ended September 30, 2017 @ Rs.1.5 per share	-	-	-	-	-	(48,047,259)
Second Interim dividend for the year ended September 30, 2017 @ Rs.1.25 per share	-	-	-	-	-	(40,039,143)
Profit for the Period	-	-	-	-	-	397,635,219
Other comprehensive loss	-	-	-	(10,519,477)	-	-
Total comprehensive income for the Period	-	-	-	(10,519,477)	-	397,635,219
Balance as at June 30, 2017	<u>320,312,450</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>136,224,410</u>	<u>3,473,393</u>	<u>1,942,082,905</u>
Balance as at October 01, 2017	320,312,450	63,281,250	85,000,000	86,080,389	3,473,393	1,660,106,918
Profit for the Period	-	-	-	-	-	236,456,507
Other comprehensive loss	-	-	-	(28,915,675)	-	-
Total comprehensive income for the Period	-	-	-	(28,915,675)	-	236,456,507
Balance as at June 30, 2018	<u>320,312,450</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>57,164,714</u>	<u>3,473,393</u>	<u>1,896,563,425</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Notes to the Financial Statements

For the period ended June 30, 2018 (Un-Audited)

1. THE COMPANY AND ITS OPERATIONS

Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company on December 22, 1965 under the Companies Act, 1913 and then under the Companies Ordinance, 1984, which is now superceded by the Companies Act, 2017. The shares of the Company are quoted on Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and sale of sugar. 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.

These condensed interim financial statements are separate interim financial statements of the Company.

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 PRESENTATION

These condensed interim financial statements are un-audited and being presented to the shareholders as required under Section 237 of the Companies Act, 2017. 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, 2017.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation 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, 2017 except that the Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 7 – Statement of Cash flows: Disclosures – Disclosure initiative (Amendment)
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material impact on these condensed interim financial information of the Company. The Company has not early adopted any other standard, amendment or interpretation that has been issued by the International Accounting Standards Board (IASB) but is not yet effective.

In addition to the above, improvements to various accounting standards have also been issued by the IASB. Such improvements to the standards do not have any material impact on the interim financial information of the Company.

Condensed Notes to the Financial Statements

For the period ended June 30, 2018 (Un-Audited)

5. SEASONALITY OF OPERATIONS

The Company's production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first half of the financial year.

	Un-audited Jun 30, 2018	Audited Sep 30, 2017
6. OPERATING FIXED ASSETS		
Opening written down value	1,991,894,970	1,657,402,561
Additions during the period	199,842,299	490,268,679
	<u>2,191,737,269</u>	<u>2,147,671,240</u>
Written down value of disposal during the period	3,206,670	2,855,831
	<u>2,188,530,599</u>	<u>2,144,815,409</u>
Depreciation charged during the period	122,561,316	152,920,439
	<u>2,065,969,283</u>	<u>1,991,894,970</u>

6.1 CAPITAL WORK-IN-PROGRESS

Civil works	24,630,704	46,152,924
Advance against supply of plant & machinery	31,436,774	150,085,095
	<u>56,067,478</u>	<u>196,238,019</u>

7. LONG TERM INVESTMENTS

	% of holding	Un-audited Jun 30, 2018	Audited Sep 30, 2017
Subsidiary-Unquoted			
Mehran Energy Limited	100	40,000,000	40,000,000
4,000,000 (2017: 4,000,000) ordinary shares of Rs. 10/- each			

Associated Companies

Unicol Limited	33	944,311,277	852,412,955
49,999,997 (2017: 49,999,997) Ordinary shares of Rs. 10 each			
UniEnergy Limited	25	19,895,502	19,925,667
1,999,998 (2017: 1,999,998) ordinary share of Rs. 10/- each			
UniFoods Limited	24	105,655,810	65,337,729
16,800,000 (2017: 7,200,000) Ordinary shares of Rs. 10 each			
		<u>1,069,862,589</u>	<u>937,676,351</u>
		<u>1,109,862,589</u>	<u>977,676,351</u>

Condensed Notes to the Financial Statements

For the period ended June 30, 2018 (Un-Audited)

	Un-audited Jun 30, 2018	Audited Sep 30, 2017
8. STOCK-IN-TRADE		
Manufactured Sugar		
- Work-in-process	1,421,078	2,519,343
- Finished goods	2,258,076,437	1,202,937,630
	2,259,497,515	1,205,456,973
By-products		
- Baggasse	9,000,000	-
	2,268,497,515	1,205,456,973
9. LONG TERM FINANCING - SECURED		
<p>There is no change in the terms and conditions of long term financing as disclosed in the Company's annual audited financial statements for the year ended 30th September 2017, except that during the current period, the Company has obtained additional long term loan facility from a commercial bank amounting to Rs. 500 million. The facility carries a markup rate of 3 months' KIBOR plus 0.4% per annum repayable in sixteen equal quarterly installments commencing from September 2018 and is secured first pari passu hypothecation Company's fixed assets.</p>		
10. PROVISION FOR QUALITY PREMIUM		
<p>Under the Sugar Factories Control Act, 1950 (SFC Act), every sugar mill in Sindh is required to pay quality premium to cane growers at the rate of 50 paisa per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent.</p> <p>The Company had challenged the levy of quality premium before the Sindh High Court (SHC) under Section 16(v) of the Act along with other sugar mills of Sindh, however, the matter was decided against the Company via a Judgment of SHC dated 27 March 2003. Thereafter, the Company filed an appeal with Honorable Supreme Court of Pakistan (SCP) which initially granted stay to the Company, while admitting the appeal against the impugned judgment of SHC. Since the matter was under litigation, however, the Company has recorded full provision for quality premium for years 1999 till 2008, as a matter of prudence.</p> <p>Based on the verdict issued by the SCP dated 05 March 2018 and advice from the legal advisor of the Company, the Company is of the view that since no valid notification for quality premium under section 16(v) could have been issued by the Provincial Government, no liability for payment of quality premium has arisen between the crushing season 1998-1999 till the date of the Judgement. However, as a matter of abundant precaution, the Company has not reversed this provision until further clarification from the Provincial Government.</p>		
11. SHORT-TERM BORROWINGS - SECURED		
Short term running finances	1,529,784,317	182,539,706
Short term finances	1,750,000,000	934,500,000
	3,279,784,317	1,117,039,706

Condensed Notes to the Financial Statements

For the period ended June 30, 2018 (Un-Audited)

- 11.1** There is no change in the terms and conditions of the short term running finances and short term finance facility as disclosed in the annual audited financial statements of the Company for the year ended 30 September 2017 except for a new short term finance facility obtained from a local commercial bank amounting to USD 10 Million with a markup of 6 months LIBOR + 0.25%. The facility is secured by pledge of sugar stocks, Hypothecation charges on fixed assets and Mortgages of the Company.

12. CONTINGENCIES & COMMITMENTS

CONTINGENCIES

There is no significant change in the contingencies since the last audited annual financial statements for the year ended September 30, 2017.

COMMITMENTS

	Un-audited Jun 30, 2018	Audited Sep 30, 2017
Capital commitments	<u>143,256,930</u>	<u>49,885,762</u>
Commitments in respect of equity investments	<u>32,000,000</u>	<u>128,000,000</u>
Commitments in respect of operating lease rentals for farms	<u>19,938,186</u>	<u>5,622,750</u>
Commitments in respect of finance lease obligation for vehicles	<u>36,087,353</u>	<u>56,121,435</u>

13. TRANSACTIONS WITH RELATED PARTIES

	Jun 30, 2018 Un-audited	Jun 30, 2017 Un-audited
Sales	<u>323,157,459</u>	<u>426,240,208</u>
Expenses shared	<u>750,942</u>	<u>804,465</u>
Donation Paid	<u>36,950,000</u>	<u>5,000,000</u>
Provident fund contribution	<u>7,630,273</u>	<u>7,482,169</u>

14. GENERAL

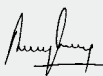
These financial statements were authorized for issue on July 30, 2018 by the Board of Directors of the Company.

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

NOTES

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NOTES








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