



Progressing through changing Dynamics



Directors' Report

On behalf of the Board, I am pleased to present financial results for the first quarter ended December 31, 2017.

Operational Highlights	December 2017	December 2016
Season Started	27-11-2017	15-11-2016
Crushing- M.Tons	146,229	255,444
Capacity Utilization	70.64%	58.45%
Sucrose Recovery	10.26%	10.04%
Sugar Production- M.Tons	14,504	23,988
Molasses production- M.Tons	5,330	9,860
Molasses Recovery	4.41%	4.35%

Financial Highlights	December 2017	December 2016
	(Rupees in Thousand except EPS)	
Turnover	1,129,450	868,416
Sales tax /F.E.D	77,583	78,092
Gross (loss) / profit	(57,757)	148,940
Gross (loss) / profit margin	(5.11%)	17.15%
(Loss) / Profit before tax	(131,388)	272,307
(Loss) / Profit before tax margin	(11.63%)	31.36%
Net (Loss) / Profit after tax	(76,107)	259,785
Net (Loss) / Profit margin	(6.74%)	29.91%
(Loss) / Earnings per share	(2.38)	8.11

Following factors were primarily responsible for the negative results:

- During this period the mill was only able to produce 14,504 Tons of sugar compared to 23,988 Tons of sugar in the similar period last year.
- The Average selling price declined by 19% as compared to last year corresponding period.

- Finance Costs increased to Rs. 33.5 Million compared to Rs. 14.18 Million in the corresponding period of last year as we were forced to hold sugar from the previous season due to the glut in the local market.
- Molasses sales decreased by 79% compared to last year due to lower dispatches. Prices of molasses also fell by 43% over the previous year due to excess quantity in the country.
- Due to a bearish trend on the Pakistan Stock Exchange, we suffered a capital loss of Rs. 20.35 Million on disposal of shares as compared to a gain of Rs. 144 Million in the corresponding period of last year.
- Dividend income from Equities Portfolio reduced to Rs. 6.2 Million compared to Rs. 19.42 Million in the previous year.

SEASON 2017-2018

The start of the season was marred by uncertainties. The Support Price was notified on December 5, 2017 @ Rs.182/40 kgs. However, mills point of view was not given due consideration that sugar price should also be given due importance while deciding the cane price. In a partial effort to ensure millers were able to pay the notified price, the Provincial Government announced a subsidy of Rs.9.30/kg on exports limiting the maximum quantity per mill to 20,000 metric tons. This, however was not able to mitigate the pressure in the domestic sugar market which continued to fall as low as Rs. 45/kg with sales tax and thus Rs. 39/kg without sales tax.

The continued glut in the sugar market and its resultant effect on the selling price has made it almost impossible for millers to pay the notified price and thus forced the industry to challenge the notification in the honourable High Court of Sindh. The Honourable Court had directed the Provincial Government to mediate between stakeholders and arrange a resolution of the matter otherwise the court will decide the case on merit. The matter was eventually decided by the high court whereby an interim order of Rs. 160/40 kgs was ordered and the matter would be left for the eventual decision of the Supreme Court where a case is already pending.

Unlike the previous season this year the government has decided to allow sugar exports of up to 1,500,000 metric tons along with a sliding scale subsidy of Rs.10.70/kg. This subsidy is to be shared by the Federal and Provincial Governments equally. In addition, the Sindh Government has also announced an additional subsidy of Rs.9.30/kg on exports of 500,000 metric tons with a maximum limit of 20,000 M. Tons per sugar mill.

Out of the 1.5 Million Tons Sugar export allowed presently approvals have so far totaled 328,928 Metric tons. A majority of these exports have been contracted through the sea route since exports to Afghanistan have been restricted due to oversupply in that market. 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 prices are

hovering between \$ 330/335 per metric ton while at the same time last year they were at \$550/560 per ton. The beneficial aspect of export is the clearance of surplus national stocks as well as inflow of precious foreign exchange to the country.

Initial estimates indicate that crop size in Sindh may be larger than last season while crop in Punjab is expected to show further improvement as compared to last year. While the present production estimates are for 7.5 M Tons compared to 7.1 M Tons last season. However final production figures will only be ascertained by early March.

UNICOL LIMITED

The Company continued to operate satisfactorily during the period. Ethanol and CO₂ plants ran efficiently. Prices for both ethanol and CO₂ remain constant. Molasses purchases at competitive prices during the season will enable the company to strengthen its overall margins and profitability. Profit before tax for Unicol was Rs. 105.86 Million as compared to Rs. 76.34 Million in the same period last year.

The recent bearish sentiment of the PSX has compelled the management to defer its plan of listing the shares of the Company. The board has decided to review its decision once conditions are more favourable.

UNI-FOOD INDUSTRIES LIMITED

The packaged cake plant has initiated its trial production. We are strongly hopeful that the project will enter in commercial production phase by the end of first quarter of 2018. We have committed to invest up to 24 percent equity in Uni-Food Industries Ltd. The total commitment is for Rs. 200 Million. At present, we have injected 103 Million equity in the company.

MEHRAN ENERGY LIMITED

Progress on 26.5 MW bio-mass project has been slowed down due to the ongoing legal battle between the regulatory authorities. CPPA-G has filed a review petition with NEPRA and asked against the NEPRA framework to revise the take or pay structure to a take and pay policy. NEPRA has conducted a hearing on this matter in the presence of all stakeholders and reserved its decision. We strongly perceived that NEPRA will give its verdict as per the RE Policy and framework which will eventually allow our project to execute EPA and IA with CPPA-G. We shall have more clarity on the same in our next quarterly report. NEPRA has also assured the Sponsors that timelines to achieve financial close and commercial operations shall be extended due to this delay.

UNIENERGY LIMITED

Work on the project is on hold due to non-availability of the grid and expiry of tariff. Government is contemplating to bring a new tariff based on competitive bidding. However,

framework for the same is yet to be decided. Hence, progress is stalled. Sponsors are committed for the revival of the project as soon as regulatory framework is introduced.

FUTURE OUTLOOK

The crop survey shows that sugarcane output is expected to show a single digit increase as compared to last year's figure.

Mehran's production is also expected to increase in the similar percentage as the industries. We expect sucrose Recovery to be higher than last year which shall continue to keep the company competitive.

We do not foresee major improvement in sugar selling price due to further increase in national production and a global sugar glut. Future profitability largely depends on revision of minimum support price which should be in relation to sugar prices. Also timely disbursement of subsidies on exports announced by federal and provincial governments will remain critical in ensuring that excess sugar is exported and thus allowing for domestic sugar prices to stabilise and allow timely cane payments.

Our policy to continue to invest in energy efficiency has started paying dividends and we expect to double our saving of Baggasse this year. This has equipped us to invest into a power project as we have the indigenous feedstock available for it.

Unicol Limited continues to contribute positively and we sincerely look forward to a good year in view of better operating margins. We expect Unicol Ltd. to pay healthy dividends throughout the year which shall contribute positively to our liquidity position.

For and on behalf of the Board of Directors



Mohammed Ebrahim Hasham
Chief Executive Officer

Karachi: January 30, 2018

مہران کی پیداوار بھی اسی تناسب سے بڑھنے کی توقع ہے جبکہ سکروز کا تناسب پچھلے سال کی نسبت بہتر رہے گا۔

قومی پیداوار میں اضافہ اور بین الاقوامی مارکیٹ میں چینی کی وافر مقدار کے باعث ہم چینی کی قیمت فروخت میں کوئی بہتری نہیں دیکھ رہے۔ مستقبل میں منافع کا دارومدار وفاقی اور صوبائی حکومت کے اقدامات پر ہے جو کہ گنے کی کم از کم قیمت میں کمی اور برآمدات پر دی جانے والی سبسڈی کی بروقت ادائیگی پر منحصر ہے۔

ہماری توانائی کے استعمال میں بہتری لانے کے لئے کی گئی سرمایہ کاری کے نتائج آنا شروع ہو گئے ہیں اور ہمیں اس سال Bagasse کی بچت دگنی ہونے کی توقع ہے۔ جو کہ ہمارے مستقبل کے توانائی منصوبہ کے لئے بنیادی ایندھن ہے۔

یونی کول کی جانب سے بہتر نتائج کی توقع ہے اور امید ہے کہ بہتر منافع کی شرح کے باعث یہ ایک بہترین سال ثابت ہوگا۔ ہمیں امید ہے کہ یونی کول سے اس سال اچھا قابل تقسیم منافع حاصل ہوگا جو کہ کمپنی کے مالیاتی استحکام میں بہتری پیدا کرے گا۔

از طرف بورڈ آف ڈائریکٹرز



محمد ابراہیم ہاشمی

چیف ایگزیکٹو آفیسر

کراچی۔ 30 جنوری 2018

یونی نوڈز انڈسٹری لمیٹڈ

پیکنگ والے کیک کے پلانٹ نے اپنی آزمائشی پیداوار شروع کر دی ہے ہمیں اُمید ہے کہ یہ منصوبہ 2018 کی پہلی سہ ماہی کے آخر تک اپنی پیداوار تجارتی پیمانے پر شروع کر دے گا۔ اس پروجیکٹ میں ہم نے 24 فیصد سرمایہ کاری کی منظوری دی ہے جو کہ بیس کروڑ روپے ہے جبکہ اب تک ہم دس کروڑ تیس لاکھ روپے تک سرمایہ فراہم کر چکے ہیں۔

مہران انرجی لمیٹڈ

ریگولیٹری حکام کے درمیان جاری قانونی تنازعہ کی وجہ سے 26.5 میگاواٹ بائو ماس پروجیکٹ پر کام سست روی کا شکار ہے۔ سی پی پی اے - جی (CPPA-G) نے نیپرا (NEPRA) میں نظر ثانی درخواست دائر کی ہے جس میں نیپرا (NEPRA) کی بنیادی پالیسی ”خرید یا ادائیگی“ کو ”خرید اور ادائیگی“ سے تبدیل کرنے کی استدعا کی گئی ہے۔ نیپرا (NEPRA) نے اس سلسلے میں تمام متعلقین کی موجودگی میں سماعت مکمل کر لی ہے اور اپنا فیصلہ محفوظ کر لیا ہے۔ ہمیں قوی اُمید ہے کہ نیپرا (NEPRA) اپنا فیصلہ قابل تجدید توانائی پالیسی (Renewable Energy Policy) کے تحت ہی دے گی جو کہ سی پی پی اے - جی (CPPA-G) کے ساتھ توانائی خرید کے معاہدہ (EPA) اور منصوبے کے عملدرآمد معاہدہ (IA) کے لئے راہ ہموار کرے گا۔ اس منصوبہ کے بارے میں اگلی سہ ماہی رپورٹ تک کچھ واضح ہو جائے گا۔ نیپرا (NEPRA) نے تمام سرمایہ کاروں کو یقین دلایا ہے کہ منصوبہ کی حتمی تاریخوں کو اس تاخیر کی وجہ سے آگے بڑھا دیا جائے گا۔

یونی انرجی لمیٹڈ

یہ منصوبہ اس وقت جمود کا شکار ہے جس کی وجہ گزشتہ سال کی عدم دستیابی اور نیپرا کی جانب سے دئے گئے ٹریف کی مدت کا ختم ہونا ہے۔ حکومت اس وقت مسابقتی بنیادوں پر نئے ٹریف پر غور کر رہی ہے۔ لیکن اس کے لئے ابھی تک فریم ورک طے نہیں ہو سکا لہذا یہ پروجیکٹ فی الحال جمود کا شکار ہے۔ بہر حال اس منصوبہ کے تمام شرائط دار پُر امید ہیں کہ جیسے ہی یہ فریم ورک طے کیا جائے گا منصوبہ دوبارہ شروع ہو جائے گا۔

مستقبل کا منظر نامہ

فصل کے سروے سے پتہ چلتا ہے کہ گزشتہ سال کے اعداد و شمار کے مقابلے میں گنے کی پیداوار میں معمولی اضافہ متوقع ہے۔

فریقین کے مابین باہمی مشاورت سے کوئی حل نکالا جائے ورنہ عدالت اس کیس کا فیصلہ آئین اور قانون کے مطابق کرے گی۔ بالآخر ہائی کورٹ نے ایک عبوری حکم نامہ جاری کیا ہے جس میں 160 روپے فی کلو گرام کا نرخ مقرر کر کے فیصلہ سپریم کورٹ میں پہلے سے جاری اسی سلسلے کے ایک مقدمہ کے فیصلے سے مشروط کر دیا ہے۔

پچھلے سیزن کے برخلاف حکومت نے اس سال 15 لاکھ ٹن چینی برآمد کرنے کی اجازت دی ہے جس پر دس روپے ستر پیسے سبسڈی دی جائے گی یہ سبسڈی پچاس فیصد صوبائی اور پچاس فیصد وفاقی حکومتیں مل کر ادا کریں گی۔ اس کے علاوہ حکومت سندھ نے پانچ لاکھ ٹن پر نو روپے تیس پیسے فی کلو گرام برآمدی سبسڈی کا بھی اعلان کیا جو کہ فی کارخانہ 20000 ٹن تک دیا جائے گا۔

شوگر ملوں کی جانب سے اب تک مجموعی طور پر 328,928 ٹن چینی برآمدگی کی اجازت حاصل کی جا چکی ہیں زیادہ تر برآمدات سمندری راستے سے کی جا رہی ہیں کیونکہ چینی کے وافر ذخائر ہونے کی وجہ سے افغانستان میں بھی چینی کی ضرورت اس وقت کم ہے۔ بین الاقوامی منڈی میں چینی کے وافر ذخائر کے باعث قیمتوں میں مسلسل گراؤ کی وجہ سے برآمدات زیادہ پُرکشش نہیں رہی اس وقت بین الاقوامی مارکیٹ میں چینی کی قیمت 345 ڈالر سے 350 ڈالر فی ٹن ہے۔ جو کہ پچھلے سال 550 ڈالر سے 560 ڈالر تھی برآمدات کا فائدہ مند پہلو صرف ملک میں موجود وافر ذخائر میں کمی اور ملک میں قیمتی زرمبادلہ کا حصول ہے۔

ابتدائی تخمینوں کے مطابق سندھ میں گنے کی فصل کا حجم پچھلے سال سے کچھ زیادہ ہے جبکہ پنجاب کی فصل میں پچھلے سال کی نسبت مناسب اضافہ متوقع ہے۔ اس سال پیداواری تخمینہ 7.5 ملین ٹن ہے جو کہ پچھلے سال 7.1 ملین ٹن تھا، تاہم حتمی اعداد و شمار مارچ کے آخر تک واضح ہو جائیں گے۔

یونی کول

متذکرہ سہ ماہی کے دوران کمپنی کی کارکردگی اطمینان بخش رہی۔ ہیتھنول اور کاربن ڈائی آکسائیڈ (CO₂) پلانٹ نے موثر کارکردگی دکھائی۔ ہیتھنول اور کاربن ڈائی آکسائیڈ کی قیمتیں مستحکم رہیں۔ مولیسس کی کم قیمت پر خریداری اس سیزن میں کمپنی کے منافع میں اضافہ کا سبب بنے گا۔ قبل از ٹیکس منافع دس کروڑ اٹھاون لاکھ روپے رہا جو کہ پچھلے سال اسی مدت کے دوران سات کروڑ تریسٹھ لاکھ روپے تھا۔

حصص مارکیٹ کی موجودہ گرتی ہوئی صورتحال کے پیش نظر کمپنی کی انتظامیہ نے فی الحال حصص کی لسٹنگ (Listing) کو موخر کرنے کا فیصلہ کیا ہے۔ بورڈ نے فیصلہ کیا ہے کہ مارکیٹ کو مد نظر رکھتے ہوئے فیصلے پر دوبارہ غور کیا جائے گا۔

مندرجہ ذیل عوامل نقصان کی بنیادی وجہ ہیں:

- متذکرہ سہ ماہی میں چینی کی پیداوار 14,504 ٹن رہی جو کہ پچھلے سال اسی مدت کے دوران 23,988 ٹن تھی۔
- چینی کی قیمت فروخت پچھلے سال کے مقابلے میں 19 فیصد کم ہوئی۔
- باہیاتی لاگت تین کروڑ بیستس لاکھ روپے رہی جو کہ پچھلے سال ایک کروڑ اکتالیس لاکھ روپے تھی۔ جس کی بنیادی وجہ چینی کے پچھلے سال کے اضافی ذخائر کی وجہ سے فروخت میں کمی ہے۔
- مولیسس کی ترسیل میں کمی کی وجہ سے فروخت میں 79 فیصد کمی ہوئی۔ اس کے علاوہ مولیسس کی قیمت فروخت میں بھی ملک میں موجود وافر ذخائر کے باعث 43 فیصد کمی واقع ہوئی۔
- گرتی ہوئی حصص بازار کی وجہ سے حصص کی فروخت سے دو کروڑ تین لاکھ روپے کا نقصان جبکہ پچھلے سال اسی مدت میں اس مد میں چودہ کروڑ چالیس لاکھ روپے کا منافع ریکارڈ کیا گیا تھا۔
- حصص سے حاصل ہونے والے قابل تقسیم منافع میں نمایاں کمی جو کہ صرف باسٹھ لاکھ روپے رہا جو کہ پچھلے سال ایک کروڑ چورانوے لاکھ روپے تھا۔

سیزن 2017-18

سیزن کی شروعات غیر یقینی صورتحال کے باعث متاثر ہوئی۔ 5 دسمبر 2017 کو گنے کی کم از کم قیمت 182 روپے فی 40 کلو گرام مقرر کی گئی جس میں کارخانہ داروں کے نقطہ نظر کو نظر انداز کیا گیا جس میں کہا گیا تھا کہ گنے کے نرخ کا تعین کرتے وقت چینی کی موجودہ قیمت کو بھی مد نظر رکھا جائے۔ کاشتکاروں کو گنے کے مقررہ نرخ کے مطابق ادائیگی کو یقینی بنانے کے لئے صوبائی حکومت نے نو روپے تیس پیسے فی کلو گرام برآمدی سبسڈی کا اعلان کیا ہے جو کہ زیادہ سے زیادہ بیس ہزار ٹن فی مل تک دی جائے گی۔ اس کے باوجود چینی کی مقامی منڈی میں قیمتوں میں کمی کا رجحان برقرار ہے جو کہ 45 روپے فی کلو گرام تک آچکی ہیں جس میں سے 6 روپے سیلز ٹیکس منہا کر کے 39 روپے فی کلو گرام ہے۔

چینی کے وافر ذخائر کی وجہ سے قیمتوں میں نمایاں کمی واقع ہوئی جس کی وجہ سے کارخانہ داروں کے لئے کارخانہ چلانا، ناممکن ہے۔ صوبائی حکومت اور کاشتکاروں کے نمائندوں سے مسلسل بات چیت اور مذاکرات کے باوجود کوئی مثبت نتیجہ حاصل نہیں ہو سکا۔ لہذا کارخانہ داروں کو تاثری کے لئے سوائے سندھ ہائی کورٹ جانے کے اور کوئی راستہ نہیں تھا۔ معزز عدالت نے سندھ گورنمنٹ کو ہدایت جاری کی کہ تمام متاثرہ

ڈائریکٹرز رپورٹ

میں 31 دسمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے مالی نتائج آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

دسمبر 2016	دسمبر 2017	آپریٹل معلومات
15-11-2016	09-12-2017	سیزن شروع ہونے کی تاریخ
255,444	146,229	گنے کی کرشنگ (میٹرک ٹن)
58.45%	70.64%	پیداواری صلاحیت کا استعمال
10.04%	10.26%	سکروز %
23,988	14,504	چینی کی پیداوار (میٹرک ٹن)
9,860	5,330	مولیسس کی پیداوار (میٹرک ٹن)
4.35%	4.41%	مولیسس %

دسمبر 2016	دسمبر 2017	مالیاتی معلومات (فنانشل ہائی لائنس)
(رقم ہزاروں میں ماسوائے فی حصص آمدنی کے)		
868,416	1,129,450	فروخت (ٹرن اوور)
78,092	77,583	ایف ای ڈی / سیلز ٹیکس
148,940	(57,757)	خالص (نقصان) / منافع
17.15%	(5.11%)	خالص (نقصان) / منافع کی شرح
272,307	(131,388)	قبل از ٹیکس (نقصان) / منافع
31.36%	(11.63%)	قبل از ٹیکس (نقصان) / منافع کی شرح
259,785	(76,107)	بعد از ٹیکس (نقصان) / منافع
29.91%	(6.74%)	بعد از ٹیکس (نقصان) / منافع کی شرح
8.11	(2.38)	فی حصص (نقصان) / آمدنی

Condensed Interim Balance Sheet

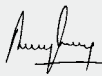
As at December 31, 2017

	Note	Un-audited Dec 31, 2017 Rupees	Audited Sep 30, 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,186,403,482	2,188,132,989
Long term investment	5	965,148,983	977,676,351
Long term deposits		1,113,170	1,113,170
		3,152,665,635	3,166,922,510
CURRENT ASSETS			
Biological assets		14,442,061	17,662,000
Stores and spare parts		112,842,235	83,880,941
Stock-in-trade		712,936,798	1,205,456,973
Trade debts		172,158,043	174,514,430
Loans and advances - unsecured		119,277,785	148,344,754
Trade deposits and short term prepayments		45,073,230	7,753,808
Other receivables		5,987,411	4,493,899
Short term investments		960,844,486	830,319,250
Taxation - net		67,389,326	54,617,134
Cash and bank balances		52,409,139	28,761,062
		2,263,360,514	2,555,804,251
TOTAL ASSETS		5,416,026,149	5,722,726,761
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		320,312,450	320,312,450
Reserves		1,809,037,694	1,897,941,949
		2,129,350,144	2,218,254,399
NON-CURRENT LIABILITIES			
Long-term financing - secured		976,664,175	448,747,505
Liabilities against assets subject to finance leases		26,054,380	31,686,538
Market committee fee payable		65,974,256	65,974,256
Deferred liabilities		4,878,275	4,878,275
Deferred taxation		221,487,368	288,210,549
Provision for quality premium		119,290,919	119,290,919
		1,414,349,373	958,788,042
CURRENT LIABILITIES			
Trade and other payables		1,180,119,244	1,088,931,575
Accrued mark-up		23,508,807	32,324,757
Short term borrowings - secured		506,595,311	1,117,039,706
Current portion of long term financing		100,662,061	156,023,610
Current maturity of liabilities against assets subject to finance lease		24,040,638	24,434,897
Current Portion of market committee fee payable		3,757,652	3,757,652
Provision for market committee fee		21,430,534	19,968,245
Sales Tax / F.E.D payable		12,212,385	103,203,878
		1,872,326,632	2,545,684,320
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		5,416,026,149	5,722,726,761

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Profit and Loss Account

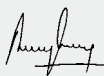
For the period ended December 31, 2017 (Un-Audited)

	Dec 31, 2017 Rupees	Dec 31, 2016 Rupees
Turnover	1,207,032,915	946,507,715
Less: Sales Tax	<u>(77,582,817)</u>	<u>(78,091,921)</u>
Turnover - net	1,129,450,098	868,415,794
Cost of Sales	<u>(1,187,207,386)</u>	<u>(719,475,381)</u>
Gross (loss) / profit	(57,757,288)	148,940,413
Distribution costs	<u>(17,559,152)</u>	<u>(4,767,554)</u>
Administrative expenses	<u>(51,170,860)</u>	<u>(45,866,215)</u>
Other operating expense	<u>(22,758,296)</u>	<u>(7,390,598)</u>
Other operating income	<u>20,080,335</u>	<u>173,451,615</u>
	<u>(71,407,973)</u>	<u>115,427,248</u>
Operating (loss) / profit	(129,165,261)	264,367,661
Finance costs	<u>(33,495,778)</u>	<u>(14,175,186)</u>
Share of profits from associates - net	<u>31,272,628</u>	<u>22,114,079</u>
(Loss) / Profit before tax	(131,388,411)	272,306,554
Taxation	<u>55,281,294</u>	<u>(12,521,367)</u>
(Loss) / Profit after tax	(76,107,117)	<u>259,785,187</u>
(Loss) / Earnings per share - Basic and diluted	(2.38)	8.11

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Comprehensive Income

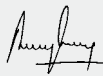
For the period ended December 31, 2017 (Un-Audited)

	Dec 31, 2017 Rupees	Dec 31, 2016 Rupees
Net (loss) / profit for the period	(76,107,117)	259,785,187
<u>Other comprehensive income/(loss)</u>		
Items to be classified to profit and loss account in subsequent periods		
Unrealised gain / (loss) on revaluation of investments	(20,904,276)	172,530,258
Reclassification to profit and loss account for (gain)/ loss on sale of investments	8,107,138	(98,787,390)
	(12,797,138)	73,742,868
Total comprehensive (loss) / income for the period	<u>(88,904,255)</u>	<u>333,528,055</u>

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Cash Flow Statement

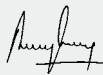
For the period ended December 31, 2017 (Un-Audited)

	Dec 31, 2017 Rupees	Dec 31, 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(131,388,411)	272,306,554
Adjustemnts for non -cash items and other items :		
Depreciation	40,265,642	33,529,519
Share of profit from associates - net	(31,272,628)	(22,114,079)
Provision for market committee fee	1,462,289	2,554,442
(Gain)/Loss on disposal of fixed assets	-	(2,235,414)
Realised gain on disposal of short term investments	20,351,247	(144,236,049)
Finance costs	33,495,778	14,175,186
Working Capital Changes	475,455,640	(784,116,226)
	539,757,968	(902,442,621)
Staff gratuity paid	-	(301,866)
Taxes paid	(24,214,078)	(34,839,055)
Market Committee fee	-	(2,180,000)
Finance costs paid	(42,311,728)	(12,007,166)
Long term deposits	-	(40,000)
Net cash (used in) / generated from operating activities	341,843,751	(679,504,154)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(38,536,135)	(119,574,825)
Proceeds from disposal of operating fixed assets	-	3,410,000
Investments made during the year	(406,751,495)	(930,476,549)
Proceeds from disposal of short-term investments	211,877,903	858,617,058
Dividend received	74,999,996	-
Net cash used in investing activities	(158,409,731)	(188,024,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	472,555,121	260,284,941
Short-term borrowings (repaid) / obtained	(610,444,395)	607,584,957
Liabilities against assets subject to finance lease - net	(6,026,417)	(8,576,751)
Dividend paid	(15,870,252)	(7,285,134)
Net cash generated in financing activities	(159,785,943)	852,008,013
Net decrease in cash and cash equivalents	23,648,077	(15,520,457)
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	52,409,139	18,917,875

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity

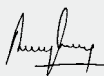
For the period ended December 31, 2017 (Un-Audited)

	Reserves				Total	
	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserve	Unrealized gain / (loss) on revaluation of investments		Accumulated (Losses) / Profit
	Rupees					
Balance as at October 01, 2016	320,312,450	63,281,250	85,000,000	146,743,887	1,704,604,475	2,319,942,062
Profit for the period	-	-	-	-	259,785,187	259,785,187
Net loss on revaluation of available for sale investments	-	-	-	73,742,868	-	73,742,868
Total comprehensive income for the year	-	-	-	73,742,868	259,785,187	333,528,055
Balance as at December 31, 2016	320,312,450	63,281,250	85,000,000	220,486,755	1,964,389,662	2,653,470,117
Balance as at October 01, 2017	320,312,450	63,281,250	85,000,000	86,899,496	1,662,761,203	2,218,254,399
Loss for the period	-	-	-	-	(76,107,117)	(76,107,117)
Net loss on revaluation of available for sale investments	-	-	-	(12,797,138)	-	(12,797,138)
Total comprehensive income for the year	-	-	-	(12,797,138)	(76,107,117)	(88,904,255)
Balance as at December 31, 2017	320,312,450	63,281,250	85,000,000	74,102,358	1,586,654,086	2,129,350,144

The annexed notes 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 December 31, 2017 (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 repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange Limited. 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.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are unaudited, except for the figures of the condensed interim Balance Sheet for the year ended September 30, 2017. These are required to be presented to the shareholders under Section 237 of the Companies Act, 2017 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. 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 Company's annual financial statements for the year ended September 30, 2017.

3. 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, 2017.

	Note	Un-audited Dec 31, 2017	Audited Sep 30, 2017
4. PROPERTY, PLANT AND EQUIPMENT			
4.1 OPERATING FIXED ASSETS			
Opening written down value		1,991,894,970	1,657,402,561
Additions during the period		133,493,228	490,268,679
		2,125,388,198	2,147,671,240
Written down value of disposal during the period		-	1,439,055
		2,125,388,198	2,146,232,185
Depreciation charged during the period		40,265,642	152,920,439
		2,085,122,556	1,993,311,746
4.2 CAPITAL WORK-IN-PROGRESS			
Buildings on freehold Land		46,815,351	44,183,436
Plant & Machinery		54,465,575	152,054,583
		101,280,926	196,238,019
5. LONG TERM INVESTMENT			
Subsidiary - at cost			
Mehran Energy Limited	5.1	40,000,000	40,000,000
Associates - at equity method			
Unicol Limited	5.2	808,687,625	852,412,955
UniEnergy Limited	5.3	19,923,630	19,925,667
Uni-Foods Industries Limited	5.4	96,537,729	65,337,729
		925,148,984	937,676,351
		965,148,984	977,676,351

Condensed Notes to the Financial Statements

For the period ended December 31, 2017 (Un-Audited)

- 5.1 The Company holds 4,000,000 (Sep 30, 2017: 4,000,000) shares representing 100 (Sep 30, 2017: 100) percent of the total equity of Uni foods Limited which is involved in the manufacturing and selling of confectionery and bakery products .
- 5.2 The Company holds 49,999,997 (Sep 30, 2017: 49,999,997) shares representing 33.33 (Sep 30, 2017: 33.33) percent of the total equity of Unicol Limited which is involved in the manufacturing and selling of industrial ethanol.
- 5.3 The Company holds 1,999,998 (Sep 30, 2017: 1,999,998) shares representing 20 (Sep 30, 2017: 20) percent of the total equity of UniEnergy Limited which is involved in the generation and supply of electric power.
- 5.4 The Company holds 10,320,000 (Sep 30, 2017: 7,200,000) shares representing 24 (Sep 30, 2017: 24) percent of the total equity of Uni foods Limited which is involved in the manufacturing and selling of confectionery and bakery products .

6. 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

Commitments in respect of capital expenditure as on December 31, 2017 amounted to Rs. 41.75 million (Sep 30, 2017: Rs. 49.88 million).

Commitments in respect of operating lease rentals for farms as on December 31, 2017 amounted to Rs. 21.30 million (Sep 30, 2017: Rs. 5.62 million).

Commitments in respect of equity investment as on December 31, 2017 amounted to Rs. 806.80 million (Sep 30, 2017: Rs. 838 million).

Commitments in respect of finance lease obligation for vehicle as on December 31, 2017 amounted to Rs. 50.09 million (Sep 30, 2017: Rs. 56.12 million).

7. TRANSACTIONS WITH RELATED PARTIES

	Dec 31, 2017	Dec 31, 2016
Sales	16,698,330	80,043,827
Expenses shared	275,998	264,338
Provident fund contribution	2,546,407	2,438,450

8. GENERAL

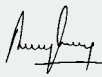
These financial statements were authorized for issue on January 30, 2018 by the Board of Directors of the Company.

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

Consolidated
FINANCIAL STATEMENTS



Condensed Interim Consolidated Balance Sheet

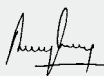
As at December 31, 2017

	Note	Un-audited Dec 31, 2017 Rupees	Audited Sep 30, 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,220,727,263	2,215,892,055
Long term investment	5	925,148,983	937,676,351
Long term deposits		1,113,170	1,113,170
		3,146,989,416	3,154,681,576
CURRENT ASSETS			
Biological assets		14,442,061	17,662,000
Stores and spare parts		112,842,235	83,880,941
Stock-in-trade		712,936,798	1,205,456,973
Trade debts		172,158,043	174,514,430
Loans and advances - unsecured		119,294,475	148,344,754
Trade deposits and short term prepayments		45,073,230	7,753,808
Other receivables		6,009,911	4,493,899
Short term investments		960,844,486	830,319,250
Taxation - net		67,230,974	54,617,134
Cash and bank balances		53,644,937	39,156,458
		2,264,477,150	2,566,199,647
TOTAL ASSETS		5,411,466,566	5,720,881,223
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		320,312,450	320,312,450
Reserves		1,804,353,111	1,895,971,411
		2,124,665,561	2,216,283,861
NON-CURRENT LIABILITIES			
Long-term financing - secured		976,664,175	448,747,505
Liabilities against assets subject to finance leases		26,054,380	31,686,538
Market committee fee payable		65,974,256	65,974,256
Deferred liabilities		4,878,275	4,878,275
Deferred taxation		221,487,368	288,210,549
Provision for quality premium		119,290,919	119,290,919
		1,414,349,373	958,788,042
CURRENT LIABILITIES			
Trade and other payables		1,180,244,244	1,089,056,575
Accrued mark-up		23,508,807	32,324,757
Short term borrowings - secured		506,595,311	1,117,039,706
Current portion of long term financing		100,662,061	156,023,610
Current maturity of liabilities against assets subject to finance lease		24,040,638	24,434,897
Current Portion of market committee fee payable		3,757,652	3,757,652
Provision for market committee fee		21,430,534	19,968,245
Sales Tax / F.E.D payable		12,212,385	103,203,878
		1,872,451,632	2,545,809,320
CONTINGENCIES AND COMMITMENTS	6		-
TOTAL EQUITY AND LIABILITIES		5,411,466,566	5,720,881,223

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Profit and Loss Account

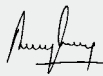
For the period ended December 31, 2017 (Un-Audited)

	Dec 31, 2017 Rupees
Turnover	1,207,032,915
Less: Sales Tax	(77,582,817)
Turnover - net	<u>1,129,450,098</u>
Cost of Sales	<u>(1,187,207,386)</u>
Gross (loss)	(57,757,288)
Distribution costs	(17,559,152)
Administrative expenses	(53,884,905)
Other operating expenses	(22,758,296)
Other operating income	20,080,335
	<u>(74,122,018)</u>
Operating (loss)	<u>(131,879,306)</u>
Finance costs	(33,495,778)
Share of profits from associates - net	31,272,628
(Loss) before tax	<u>(134,102,456)</u>
Taxation	55,281,294
(Loss) after tax	<u>(78,821,162)</u>
Loss per share - Basic and diluted	<u>(2.46)</u>

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Comprehensive Income

For the period ended December 31, 2017 (Un-Audited)

Dec 31, 2017
Rupees

Net loss for the period

(78,821,162)

Other comprehensive (loss)

Items to be classified to profit and loss account in subsequent periods

Unrealised loss on revaluation of investments

(20,904,276)

Reclassification to profit and loss account for loss on sale of investments

8,107,138

(12,797,138)

Total comprehensive loss for the period

(91,618,300)

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Cash Flow Statement

For the period ended December 31, 2017 (Un-Audited)

Dec 31, 2017
Rupees

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation (134,102,456)

Adjustemnts for non - cash items and other items :

Depreciation	40,265,642
Share of profit from associates - net	(31,272,628)
Provision for market committee fee	1,462,289
Realised gain on disposal of short term investments	20,351,247
Finance costs	33,495,778
Working Capital Changes	475,575,552
	539,877,880

Taxes paid	(24,214,828)
Finance costs paid	(42,311,728)
Net cash generated from operating activities	339,248,868

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(45,100,850)
Investments made during the year	(406,751,495)
Proceeds from disposal of short-term investments	211,877,903
Dividend received	74,999,996
Net cash used in investing activities	(164,974,446)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	472,555,121
Short-term borrowings (repaid) / obtained	(610,444,395)
Liabilities against assets subject to finance lease - net	(6,026,417)
Dividend paid	(15,870,252)
Net cash used in financing activities	(159,785,943)

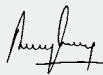
Net increase in cash and cash equivalents

Cash and cash equivalent at the beginning of the period	39,156,458
Cash and cash equivalents at the end of the period	53,644,937

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Changes in Equity

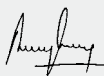
For the period ended December 31, 2017 (Un-Audited)

	Reserves					Total
	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserve	Unrealized gain / (loss) on revaluation of investments	Accumulated (Losses) / Profit	
	Rupees					
Balance as at October 01, 2017	320,312,450	63,281,250	85,000,000	86,899,496	1,660,790,665	2,216,283,861
Loss for the period	-	-	-	-	(78,821,162)	(78,821,162)
Net loss on revaluation of available for sale investments	-	-	-	(12,797,138)	-	(12,797,138)
Total comprehensive loss for the period	-	-	-	(12,797,138)	(78,821,162)	(91,618,300)
Balance as at December 31, 2017	<u>320,312,450</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>74,102,358</u>	<u>1,581,969,503</u>	<u>2,124,665,561</u>

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Notes to the Consolidated Financial Statements

For the period ended December 31, 2017 (Un-Audited)

1. THE GROUP AND ITS OPERATIONS

The Group consists of Mehran Sugar Mills Limited (the Holding Company) and Mehran Energy Limited - a wholly owned subsidiary Company (the Subsidiary Company). Brief profiles of Holding Company and its subsidiary company are as follows :

1.1 Holding Company

The Holding Company was incorporated in Pakistan as a public limited company in December, 1965 under repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange Limited. 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.

1.2 Subsidiary Company

The Subsidiary Company is in start-up phase and has not commenced its operations. The principal activities of the Subsidiary Company 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. The Company obtained letter of intent (LOI) from the Government of Sindh (GoS) on November 07, 2016. The registered office of the Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are unaudited, except for the figures of the condensed interim Balance Sheet for the year ended September 30, 2017. These are required to be presented to the shareholders under Section 237 of the Companies Act, 2017 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, “Interim Financial Reporting” and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. 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 Company’s annual financial statements for the year ended September 30, 2017.

3. 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, 2017.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 OPERATING FIXED ASSETS

	Un-audited Dec 31, 2017	Audited Sep 30, 2017
Opening written down value	1,991,894,970	1,657,402,561
Additions during the period	133,493,228	490,268,679
	<u>2,125,388,198</u>	<u>2,147,671,240</u>
Written down value of disposal during the period	-	1,439,055
	<u>2,125,388,198</u>	<u>2,146,232,185</u>
Depreciation charged during the period	40,265,642	152,920,439
	<u>2,085,122,556</u>	<u>1,993,311,746</u>

4.2 CAPITAL WORK-IN-PROGRESS

Buildings on freehold Land	46,815,351	44,183,436
Plant & Machinery	88,789,356	152,054,583
	<u>135,604,707</u>	<u>196,238,019</u>

Condensed Notes to the Consolidated Financial Statements

For the period ended December 31, 2017 (Un-Audited)

5.	LONG TERM INVESTMENT Associated Companies - at equity method	Un-audited		Audited
		Dec 31, 2017	Dec 31, 2017	Sep 30, 2017
	Unicol Limited	5.1	808,687,625	852,412,955
	UniEnergy Limited	5.2	19,923,630	19,925,667
	Uni Foods Industries Limited	5.3	96,537,729	65,337,729
			<u>925,148,984</u>	<u>937,676,351</u>

5.1 The Company holds 49,999,997 (Sep 30, 2017: 49,999,997) shares representing 33.33 (Sep 30, 2017: 33.33) percent of the total equity of Unicol Limited which is involved in the manufacturing and selling of industrial ethanol.

5.2 The Company holds 1,999,998 (Sep 30, 2017: 1,999,998) shares representing 20 (Sep 30, 2017: 20) percent of the total equity of UniEnergy Limited which is involved in the generation and supply of electric power.

5.3 The Company holds 10,320,000 (Sep 30, 2017: 7,200,000) shares representing 24 (Sep 30, 2017: 24) percent of the total equity of Uni foods Limited which is involved in the manufacturing and selling of confectionery and bakery products .

6. 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

Commitments in respect of capital expenditure as on December 31, 2017 amounted to Rs. 41.75 million (Sep 30, 2017: Rs. 49.88 million).

Commitments in respect of operating lease rentals for farms as on December 31, 2017 amounted to Rs. 21.30 million (Sep 30, 2017: Rs. 5.62 million).

Commitments in respect of equity investment as on December 31, 2017 amounted to Rs. 806.80 million (Sep 30, 2017: Rs. 838 million).

Commitments in respect of finance lease obligation for vehicle as on December 31, 2017 amounted to Rs. 50.09 million (Sep 30, 2017: Rs. 56.12 million).

7.	TRANSACTIONS WITH RELATED PARTIES	Dec 31, 2017	Dec 31, 2016
		Sales	16,698,330
Expenses shared	275,998	264,338	
Provident fund contribution	2,546,407	2,438,450	

8. GENERAL

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

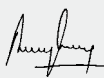
Previous period figures have been rearranged / regrouped wherever necessary to facilitate comparison.

Figures have been rounded off to the nearest rupee.

Being the first consolidated accounts for the quarter, there are no comparative figures for the same period last year to report.



Chief Executive Officer



Chief Financial Officer










Director










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