maintaining the delicate balance of success

Quarterly Report June 2019
On behalf of the Board, I am pleased to present financial results for the period ended June 30, 2019.

### Operational Highlights

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crushing - M.Tons</td>
<td>702,259</td>
<td>1,043,279</td>
</tr>
<tr>
<td>Capacity Utilization</td>
<td>59.77%</td>
<td>64.77%</td>
</tr>
<tr>
<td>Sucrose Recovery</td>
<td>11.44%</td>
<td>11.52%</td>
</tr>
<tr>
<td>Sugar Production - M.Tons</td>
<td>80,332</td>
<td>120,200</td>
</tr>
<tr>
<td>Molasses production - M.Tons</td>
<td>32,230</td>
<td>48,470</td>
</tr>
<tr>
<td>Molasses Recovery</td>
<td>4.59%</td>
<td>4.65%</td>
</tr>
</tbody>
</table>

### Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>June 2019</th>
<th>June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>4,464,890</td>
<td>3,826,257</td>
</tr>
<tr>
<td>Sales tax / federal excise duty</td>
<td>470,323</td>
<td>138,503</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>802,981</td>
<td>400,818</td>
</tr>
<tr>
<td>Gross Profit margin</td>
<td>20.10%</td>
<td>10.87%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>481,874</td>
<td>287,450</td>
</tr>
<tr>
<td>Profit before tax margin</td>
<td>12.06%</td>
<td>7.79%</td>
</tr>
<tr>
<td>Net Profit after tax</td>
<td>369,375</td>
<td>236,457</td>
</tr>
<tr>
<td>Net Profit margin</td>
<td>9.25%</td>
<td>6.41%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>9.12</td>
<td>5.84</td>
</tr>
</tbody>
</table>

Crushing season 2018-2019 was comparatively shorter due to the overall lower crop all across the country. Farmers reduced planted acreage over other profitable crops, and yields went down considerably due to the prevailing water shortage in the country and extended summer season. This resulted in higher cane prices by approximately 10 percentage than the support price announced by the government. This increase enabled the farmer to offset some impact of lower yields. However, this compelled mills to pay cash for cane and considering the seasonal nature of the business an extended volume of liquidity was required for procurement. With the increase in sugar cane price and extended borrowings coupled with high interest rates, these have become a major cost pertaining to the cost of sugar production.

Following factors were primarily responsible for our operational and financial results:

- Sizeable part of sugar sales consists of last years’ closing stock, where the realised price of sugar was higher than the cost of production. Thereby, gross margin showed considerable improvement.
- Selling prices of both by-products (molasses & bagasse) improved substantially as compared to last year due to lower production and higher demand of the ethanol and biomass industry.
• Unicol also contributed Rs.315.242 million during the period under review. However, it was partially negated by Unifoods share of loss amounting to Rs.154.532 Million.

• Sales volume declined due to nil exports, as compared to 64,115 Tons in the corresponding period of last year.

• Sucrose recovery was 11.44% as compared to 11.49% the previous year which is still one of the highest in the country.

• Our equity portfolio booked a capital loss of Rs.31.69 Million during the period. However, Dividend income from equity investments mitigated the impact of capital loss by contributing Rs. 61.88 million.

• A notable raise in finance cost was mainly due to unprecedented enhancement in policy rate from 6% to 13%. Our policy to make prompt cane payments and need of working capital has meant that financial expenses have doubled despite lower production cost. This has affected profitability substantially.

SEASON 2018-2019

After two surplus sugar production years, season 2018-2019 proved to be short year due to a smaller crop. However the glut at the start of the year kept sugar prices under pressure. The government’s timely policy to allow 1.1 M Tons of export allowed the excess sugar to get exported. This policy and the lower production has established an equilibrium leading to sugar price stabilisation.

Though the Federal Government has allowed sugar exports of 1.10 Million metric tons so far permissions of export of 522,307 metric tons have been granted. The provincial governments with the exception of Punjab did not announce any subsidy on exports. Punjab has announced a subsidy for 600,000 Tons at a sliding scale mechanism with a maximum subsidy of Rs. 5.50 per kilogram. Therefore, Sindh sugar mills were less competitive for exports and could not export significant quantity. However, recent devaluation of Pak Rupees and a favourable deal with China has created some enthusiasm in Sindh sugar mills and deals have materialised.

The recently signed FTA with China has provided opportunity to sugar mills to export their produce to China. This would open a new sustainable and continual door for exports in years to come, as China is a net sugar importer since the last decade and will continue to remain as such due to cultural and social changes as well as a lack of new land area for sugar cane plantation. CPEC development will also facilitate exports by road to China.

Due to lower cultivation and yields, the production of sugar was estimated at 5.5 million tons as compared to 7.5 million tons last season. Anticipating the short supply sugar mills bought sugarcane at market price to attain maximum capacity utilization and absorption of costs. Thus, farmers were able to get better return on their harvest. This may bring improvement in future plantation of sugarcane as long as the water situation improves which augurs well for sugar mills.

For the mutual benefit of industry and growers, it is important for sugar prices to stabilize and remain competitive and compatible in relation to cane prices. It is pertinent to mention that the recently announced finance act has brought sugar under the ambit of standard 17% GST which means a fixed GST of Rs. 10.20/- KG is included in the price of sugar.
UNICOL LIMITED

The Company continued its successful run from last year. Its financial and operational numbers remained strong and satisfactory during the period. Both plants, Ethanol and CO₂, ran smoothly. Selling Prices for both products remain constant. The company was able to take advantage of its aggressive procurement policy whereby Molasses was bought at competitive prices during the season. Thus, entire year’s sales commitments were adequately covered. However, reduced availability of molasses had jacked up its price which has gone up from Rs. 9,500 to Rs. 14,000 per metric ton showing an increase of 58 percent. This scenario will certainly further escalate in the coming year. Therefore it will be of utmost importance to ensure timely buying of molasses at competitive prices to remain viable in the international market.

Profit before tax for Unicol was Rs. 958.52 million as compared to Rs. 838.54 million in the same period last year. Overall profitability for the year is expected to improve when compared to last year in the lieu of Pak rupee devaluation.

Following are the key data related to Unicol Ltd:

Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
<th>June 2019</th>
<th>June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Rs. in ’000</td>
<td>4,192,308</td>
<td>3,735,546</td>
</tr>
<tr>
<td>Gross profit</td>
<td>Rs. in ’000</td>
<td>1,366,218</td>
<td>1,226,153</td>
</tr>
<tr>
<td>Gross profit %</td>
<td>%</td>
<td>32.59%</td>
<td>32.82%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>Rs. in ’000</td>
<td>958,521</td>
<td>838,545</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>Rs. in ’000</td>
<td>916,220</td>
<td>800,697</td>
</tr>
<tr>
<td>Net profit %</td>
<td>%</td>
<td>21.85%</td>
<td>21.43%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>Rs.</td>
<td>6.11</td>
<td>5.34</td>
</tr>
</tbody>
</table>

UNI-FOOD INDUSTRIES LIMITED

The packaged cake plant has been showing moderate improvement in volumes. However, lower capacity utilization, presence of strong competition and overall slow economic activity in the country is restricting its advancement. The brand is getting recognition slowly and change in distribution setup is also helping in getting market confidence. The sponsors have been standing behind the project and foresee its long-term value. Our country is a developing market for this segment due to its vast population base and we expect to take advantage of this fact. Our equity investment in Unifoods stood at Rs. 239.59 Million till this period.

RENEWABLE ENERGY PROJECTS

Our Baggasse and Wind power projects remained stalled during the period due to ongoing modification in policy framework by the federal government. We earnestly invite government attention to finalize a viable policy framework on priority basis as utilization of indigenous fuel and natural resources will save foreign exchange and generate eco-friendly electricity for the country.
FUTURE OUTLOOK

In view of better and timely returns to growers during the current season, February 2019 plantation of sugarcane has already seen some improvement and we expected the September 2019 sowing to also be progressive. This is sign of relief for industry as it may allow mills to attain better capacity utilization. However, it is important that policy framework regarding sugarcane and sugar pricing may be rationalized by taking all stakeholders into confidence to avoid continuous litigation and dispute. What the country needs is a formula determining the price of sugar according to the price of sugarcane. An early solution to this will prove beneficial to the government, growers, millers and consumer in the long run. While 2019-2020 will be a shorter crop we feel beyond 2020 we could again see larger crops in the country.

The initial crop survey shows that sugarcane output is expected to improve marginally in our area in terms of better yields due to improvement in availability of water. We expect supply and demand equilibrium for the next year. This would provide level playing field for stakeholders. However, the industry is still uncertain about Rs. 8.00 Billion of Subsidy payment pending from provincial governments since last year. As of today our pending subsidy amount is Rs.298.90 Million which has increased our financial expenses.

Considering sugar remains a seasonal business, we average our sales across the year while we pay our farmer promptly thus the cost of holding sugar and the associated higher interest rates will have a large impact on our cost structure. In addition, Pak Rupee depreciation by 20%, expected increase in interest rates and rapidly rising inflation will also have their effect on overall profitability. Thus, an effective sales strategy will be critical in ensuring healthy and sustainable financial results. The recently announced measures in the Federal Budget pertaining to documentation has dampened market sentiment. However, we hope this is a temporary phase and the market is expected to rebound soon after getting used to these measures.

In spite of all these challenges, we sincerely look forward to another good year in view of better operating margins. Higher realized value for sugar, molasses and Bagasse should continue to keep the company competitive and profitable. Unicol will continue to pay healthy dividends throughout the year which shall contribute positively. While we have paid higher 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 for the entire year however we are cautiously optimistic about this Scenario.

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham
Chief Executive Officer

Karachi: July 30, 2019
مزدور چی ہے؟ قائم جگہ کے حوالے، جو میں بہت سے بڑی ہوں اور مزدور معاملے میں مالک کو توقع رکھتے ہوں جو کہ ہمیشہ اپنے بادشاہ کی امید سے ہے۔ یہ میں، میں بہت بڑی ہوں اور مزدور معاملے میں مالک کو توقع رکھتے ہوں جو کہ ہمیشہ اپنے بادشاہ کی امید سے ہے۔ میں بہت بڑی ہوں اور مزدور معاملے میں مالک کو توقع رکھتے ہوں جو کہ ہمیشہ اپنے بادشاہ کی امید سے ہے۔

از طرف

بوردار آف داکی کریز

کراچی-30 جولائی 2019
null
### نتائج فعاليات عام 2019

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<thead>
<tr>
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<th>2018</th>
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<tr>
<td>دعومنات متعددة</td>
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<td>1,366,218</td>
</tr>
<tr>
<td>رحسان متعددة</td>
<td>32.82</td>
<td>32.59</td>
</tr>
<tr>
<td>قلوب رحسان متعددة</td>
<td>838,545</td>
<td>958,521</td>
</tr>
<tr>
<td>مراعاة حيال سلامة</td>
<td>800,697</td>
<td>916,220</td>
</tr>
<tr>
<td>مقارب</td>
<td>21.43</td>
<td>21.85</td>
</tr>
<tr>
<td>درجة موزع</td>
<td>5.34</td>
<td>6.11</td>
</tr>
</tbody>
</table>

### نتائج عام 2019

#### بقية رحسان

### نتائج فعاليات عام 2019

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Quarterly Report June 2019 | Mehran Sugar

CO₂

CO₂
تیم سے 10 میشید ہوا تھا۔ گھری کی اضافی تیم ہے۔ ہماری کوئی کام سے بہت سی نقصان کی کڑی پیش کر رہے تھے جسے کسی کو ٹھوس کر سکتا ہے۔

سری کے سی ہماری کمک نے نمایاں کا دورکاری کیے جا رہے ہیں جن کو آپ کی کمک کا مراعاٹ نظر ہے۔

یہ کہ ہم جس کے گھر کی کمک ہے یہ کہ ہم جس کا ہماری کمک کا مراعاٹ نظر ہے۔

فیصلہ نے اپنا کام کے حصول کی صورت میں کام فیصلہ کی:

1. فروخت: اس کا نتیجہ جو مغربی مشرق سے اخبار پر پیش کیا گیا جس کی تیم فروخت اسی کی تیم میں ہے۔

2. ازکادبی: سے زیادہ ہے۔ اس کی طرح صرف مثالی سے یہ مثالی کا کام کر رہا ہے۔

3. فروخت میں کافی تبدیلی آئی ہے۔

4. بار دوبارہ میں کام کیا جا رہا ہے۔

5. اکثریت میں کام کیا جا رہا ہے۔

6. کافی تبدیلی آئی ہے۔

7. کافی تبدیلی آئی ہے۔

8. کافی تبدیلی آئی ہے۔

9. کافی تبدیلی آئی ہے۔

10. کافی تبدیلی آئی ہے۔

11. کافی تبدیلی آئی ہے۔

12. اکثریت میں کام کیا جا رہا ہے۔

13. کافی تبدیلی آئی ہے۔

14. کافی تبدیلی آئی ہے۔

15. کافی تبدیلی آئی ہے۔

16. کافی تبدیلی آئی ہے۔

17. کافی تبدیلی آئی ہے۔

18. کافی تبدیلی آئی ہے۔

19. کافی تبدیلی آئی ہے۔

20. کافی تبدیلی آئی ہے۔

کیاس آف 18-2018

محترمہ جنگل و دیوانی کے مطالعے میں اضافی اخبار سے اخبار کی کام کا ہمار کو کام کر رہا ہے۔

مجری نے کچھ بھی ویڈیو میں کا نٹیجہ بنی مشاہدہ کی جس کو ہمار کی کمک کا کام کر رہا ہے۔

یہ کہ ہم میں تبدیلی کا مراعاٹ نظر ہے۔

مجری نے کچھ بھی ویڈیو میں کا نٹیجہ بنی مشاہدہ کی جس کو ہمار کی کمک کا کام کر رہا ہے۔

مجری نے کچھ بھی ویڈیو میں کا نٹیجہ بنی مشاہدہ کی جس کو ہمار کی کمک کا کام کر رہا ہے۔

مجری نے کچھ بھی ویڈیو میں کا نٹیجہ بنی مشاہدہ کی جس کو ہمار کی کمک کا کام کر رہا ہے۔

مجری نے کچھ بھی ویڈیو میں کا نٹیجہ بنی مشاہدہ کی جس کو ہمار کی کمک کا کام کر رہا ہے۔
## Quarterly Report June 2019 | Mehran Sugar

### Revenue Streams

<table>
<thead>
<tr>
<th>Year</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,043,279</td>
<td>702,259</td>
</tr>
<tr>
<td>Percent</td>
<td>64.77%</td>
<td>59.77%</td>
</tr>
</tbody>
</table>

### Cost of Goods Sold

<table>
<thead>
<tr>
<th>Year</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>120,200</td>
<td>80,332</td>
</tr>
<tr>
<td>Percent</td>
<td>11.52%</td>
<td>11.44%</td>
</tr>
</tbody>
</table>

### Gross Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>48,470</td>
<td>32,230</td>
</tr>
<tr>
<td>Percent</td>
<td>4.65%</td>
<td>4.59%</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>3,826,257</td>
</tr>
<tr>
<td>Percent</td>
<td>20.10%</td>
</tr>
</tbody>
</table>

### Net Loss

<table>
<thead>
<tr>
<th>Year</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss</td>
<td>287,450</td>
</tr>
<tr>
<td>Percent</td>
<td>7.79%</td>
</tr>
</tbody>
</table>

### Financial Ratio

<table>
<thead>
<tr>
<th>Ratio</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>236,457</td>
</tr>
<tr>
<td>Percent</td>
<td>9.25%</td>
</tr>
</tbody>
</table>

### Conclusion

In the first quarter of 2019, the company reported revenues of 1,043,279 thousand rupees, with a gross profit of 48,470 thousand rupees. However, operating expenses amounted to 3,826,257 thousand rupees, leading to a net loss of 287,450 thousand rupees.

The company is facing challenges due to increased operating expenses, which have impacted its financial performance. Management is working on strategies to improve efficiency and reduce costs to ensure sustained growth and profitability.

[12]
Condensed Interim Statement of Financial Position
as at June 30, 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>Jun 30, 2019</th>
<th>Sep 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Un-audited)</td>
<td>(Audited)</td>
</tr>
<tr>
<td>Rupees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ASSETS**

**NON-CURRENT ASSETS**
- Property, plant and equipment 6
  - 2,158,556,746
  - 2,168,327,677
- Long term investments 7
  - 1,247,620,557
  - 1,190,222,826
- Long term deposits
  - 862,400
  - 872,400

**CURRENT ASSETS**
- Biological assets
  - 7,876,183
  - 8,785,700
- Stores and spare parts
  - 102,486,723
  - 101,670,530
- Stock-in-trade 8
  - 2,164,068,348
  - 1,167,157,420
- Trade debts - unsecured
  - 354,312,931
  - 1,167,157,420
- Loans and advances - unsecured
  - 125,578,553
  - 116,066,589
- Trade deposits and short term prepayments
  - 16,464,922
  - 12,881,643
- Other receivables
  - 311,238,886
  - 580,798,351
- Short term investments
  - 1,065,071,082
  - 1,258,744,288
- Taxation - net
  - 78,053,545
  - 82,333,173
- Cash and bank balances
  - 87,178,678
  - 15,954,187

**TOTAL ASSETS**
- 7,719,369,554
- 6,834,397,964

**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**
- Issued, subscribed and paid-up capital
  - 405,195,241
  - 320,312,450
- Reserves
  - 2,132,361,870
  - 2,289,009,149
- 2,537,557,111
  - 2,609,321,599

**NON-CURRENT LIABILITIES**
- Long-term financing - secured 9
  - 814,789,176
  - 745,414,175
- Liabilities against assets subject to finance leases
  - 5,778,769
  - 18,206,588
- Deferred liabilities
  - 4,465,101
  - 4,785,010
- Deferred taxation
  - 266,450,416
  - 225,769,432
- Provision for quality premium 10
  - 119,290,919
  - 119,290,919
- Market committee fee payable
  - 60,638,952
  - 62,216,604
- 1,271,413,333
  - 1,175,682,728

**CURRENT LIABILITIES**
- Trade and other payables
  - 874,057,205
  - 695,153,861
- Unclaimed Dividend
  - 31,353,779
  - 19,503,183
- Accrued mark-up
  - 106,607,550
  - 49,254,343
- Short term borrowings - secured 11
  - 2,461,696,461
  - 1,966,893,276
- Current portion of long term financing
  - 315,833,332
  - 203,333,332
- Current maturity of liabilities against assets subject to finance lease
  - 17,504,076
  - 20,790,894
- Provision for market committee fee
  - 37,423,627
  - 30,401,039
- Current Portion of Market Committee fee payable
  - 3,757,652
  - 3,375,652
- Sales Tax / S.E.D. payable
  - 62,165,428
  - 60,306,057
- 3,910,399,110
  - 3,049,393,637

**CONTINGENCIES AND COMMITMENTS**
- 12
  - -

**TOTAL EQUITY AND LIABILITIES**
- 7,719,369,554
- 6,834,397,964

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.
Condensed Interim Statement of Profit or Loss
for the nine months ended June 30, 2019 (Un-Audited)

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended</th>
<th>Quarter ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jun 30, 2019</td>
<td>Jun 30, 2018</td>
</tr>
<tr>
<td>Turnover</td>
<td>4,464,889,832</td>
<td>2,472,845,455</td>
</tr>
<tr>
<td></td>
<td>Less: Sales Tax / F.E.D</td>
<td>(470,323,017)</td>
</tr>
<tr>
<td>Turnover - net</td>
<td>3,994,566,815</td>
<td>2,209,122,249</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(3,191,585,624)</td>
<td>(1,811,073,630)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>802,981,191</td>
<td>398,048,619</td>
</tr>
<tr>
<td>Distribution costs</td>
<td>(31,594,022)</td>
<td>(7,514,971)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(189,876,667)</td>
<td>(61,036,205)</td>
</tr>
<tr>
<td>Other operating expense</td>
<td>(50,501,205)</td>
<td>1,227,038</td>
</tr>
<tr>
<td>Other operating income</td>
<td>80,185,539</td>
<td>39,532,889</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>(191,786,355)</td>
<td>(78,791,249)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>611,194,836</td>
<td>370,257,370</td>
</tr>
<tr>
<td>Share of profit from associates - net of tax</td>
<td>(289,957,154)</td>
<td>(133,495,855)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>481,237,901</td>
<td>265,716,060</td>
</tr>
<tr>
<td>Taxation</td>
<td>(112,498,547)</td>
<td>(71,741,154)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>369,739,354</td>
<td>193,974,906</td>
</tr>
<tr>
<td>Earnings per share - basic and diluted</td>
<td>9.12</td>
<td>4.79</td>
</tr>
</tbody>
</table>

Restated  Restated

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.
## Condensed Interim Statement of Comprehensive Income

for the nine months ended June 30, 2019 (Un-Audited)

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended</th>
<th>Quarter ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>369,375,354</td>
<td>236,456,507</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items to be classified to statement of profit or loss in subsequent periods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealised (loss)/gain on revaluation of investments – net of tax</td>
<td>(313,039,257)</td>
<td>(55,243,106)</td>
</tr>
<tr>
<td>Reclassification to statement of profit or loss for (gain) / loss upon sale of investments</td>
<td>14,038,183</td>
<td>26,327,431</td>
</tr>
<tr>
<td>(299,001,074)</td>
<td>(28,915,675)</td>
<td>(236,785,888)</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>70,374,280</td>
<td>207,540,832</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.
Condensed Interim Statement of Cash Flows  
for the nine months ended June 30, 2019 (Un-Audited)

<table>
<thead>
<tr>
<th></th>
<th>Jun 30, 2019</th>
<th>Jun 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>481,873,901</td>
<td>287,450,406</td>
</tr>
<tr>
<td>Adjustments for non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>126,916,528</td>
<td>122,561,316</td>
</tr>
<tr>
<td>Share of profit from an associate</td>
<td>(160,636,219)</td>
<td>(211,186,228)</td>
</tr>
<tr>
<td>Provision for market committee fee</td>
<td>7,022,588</td>
<td>10,432,794</td>
</tr>
<tr>
<td>(Gain) on disposal of fixed assets</td>
<td>(4,051,883)</td>
<td>(4,553,946)</td>
</tr>
<tr>
<td>Realised loss on disposal of short term investments</td>
<td>31,694,151</td>
<td>7,756,266</td>
</tr>
<tr>
<td>Finance costs</td>
<td>289,957,154</td>
<td>138,029,413</td>
</tr>
<tr>
<td>Working Capital Changes</td>
<td>(783,200,418)</td>
<td>(1,771,588,676)</td>
</tr>
<tr>
<td></td>
<td>(492,418,099)</td>
<td>(1,708,549,061)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff gratuity paid</td>
<td>(319,909)</td>
<td>(179,448)</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(67,537,935)</td>
<td>(75,274,940)</td>
</tr>
<tr>
<td>Market Committee fee paid</td>
<td>(1,577,652)</td>
<td>(1,577,652)</td>
</tr>
<tr>
<td>Finance costs paid</td>
<td>(232,603,947)</td>
<td>(116,271,354)</td>
</tr>
<tr>
<td>Long term deposits / (Withdrawals)</td>
<td>10,000</td>
<td>390,770</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(312,573,641)</td>
<td>(1,614,011,279)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed capital expenditure</td>
<td>(118,536,622)</td>
<td>(59,671,758)</td>
</tr>
<tr>
<td>Investments made during the period</td>
<td>(780,733,888)</td>
<td>(1,794,526,557)</td>
</tr>
<tr>
<td>Proceeds from disposal of short term investments</td>
<td>571,950,369</td>
<td>830,189,390</td>
</tr>
<tr>
<td>Dividend received from associated companies</td>
<td>174,999,990</td>
<td>174,999,990</td>
</tr>
<tr>
<td>Proceeds from disposal of operating fixed assets</td>
<td>9,135,906</td>
<td>7,760,627</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(143,184,245)</td>
<td>(841,248,308)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term financing obtained</td>
<td>181,875,001</td>
<td>387,051,132</td>
</tr>
<tr>
<td>Short term borrowings obtained</td>
<td>494,803,185</td>
<td>2,162,744,611</td>
</tr>
<tr>
<td>Financing against assets subject to lease (net)</td>
<td>(19,407,637)</td>
<td>(20,034,082)</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(130,288,172)</td>
<td>(16,268,216)</td>
</tr>
<tr>
<td><strong>Net cash generated from financing activities</strong></td>
<td>526,982,377</td>
<td>2,513,493,445</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>71,224,491</td>
<td>58,233,858</td>
</tr>
<tr>
<td>Cash and cash equivalent at the beginning of the period</td>
<td>15,954,187</td>
<td>28,761,062</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>87,178,678</td>
<td>86,994,920</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.
## Condensed Interim Statement of Changes in Equity
for the nine months ended June 30, 2019 (Un-Audited)

<table>
<thead>
<tr>
<th>Balance as at October 01, 2017 (Audited)</th>
<th>Balance as at Oct 01, 2018 (Audited)</th>
<th>Balance as at June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issued, Subscribed and Paid up Capital</strong></td>
<td><strong>Issued, Subscribed and Paid up Capital</strong></td>
<td><strong>Issued, Subscribed and Paid up Capital</strong></td>
</tr>
<tr>
<td>320,312,450</td>
<td>62,281,250</td>
<td>85,000,000</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td><strong>Unappropriated profits</strong></td>
<td><strong>Revenue Reserve</strong></td>
</tr>
<tr>
<td>63,281,250</td>
<td>86,000,000</td>
<td>1,660,106,918</td>
</tr>
<tr>
<td><strong>Actuarial gain / (loss) on revaluation of investments</strong></td>
<td><strong>Unrealised gain / (loss) on investments</strong></td>
<td><strong>Actuarial gain/(loss) on defined benefit plan</strong></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Reserve</strong></td>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>2,073,004,968</td>
<td>2,073,004,968</td>
<td>2,215,358,764</td>
</tr>
</tbody>
</table>

### Notes:
- Final dividend @ Rs. 3 per share for the year ended September 30, 2018
- First interim dividend @ Rs. 1.25 per share for the year ending September 30, 2019
- Bonus shares issued for the period ended September 30, 2018 in the ratio of 100 ordinary shares for every 10 shares held
- Bonus shares issued for the year ending September 30, 2019 @ Rs. 3 per share

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

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 Act and provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirement if IAS 34, the provisions of and directives issued under the Act have been followed.

3. **BASIS OF PRESENTATION**

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 and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended September 30, 2018, except for the adoption of IFRS 15 “Revenue from contracts with customers”. The revised accounting policy adopted by the management is as follows:

**IFRS 15 – Revenue from Contracts with Customers:**
IFRS 15 ‘Revenue from Contracts with Customers’ supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are discharged upon delivery of goods to relevant customers and no other performance obligation is assumed by the Company. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

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.
### Notes to the Condensed Interim Financial Statements
for the nine months ended June 30, 2019 (Un-Audited)

#### 6. OPERATING FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Jun 30, 2019 Un-audited Rupees</th>
<th>Sep 30, 2018 Audited Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening written down value</td>
<td>2,064,524,860</td>
<td>1,991,894,970</td>
</tr>
<tr>
<td>Additions during the period</td>
<td>150,233,931</td>
<td>242,634,089</td>
</tr>
<tr>
<td>Written down value of disposal during the period</td>
<td>2,214,758,791 (5,084,022)</td>
<td>2,234,529,059 (3,293,580)</td>
</tr>
<tr>
<td>Depreciation charged during the period</td>
<td>2,209,674,769 (126,916,531)</td>
<td>2,231,235,479 (166,710,619)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,082,758,238</td>
<td>2,064,524,860</td>
</tr>
</tbody>
</table>

#### 6.1 CAPITAL WORK-IN-PROGRESS

<table>
<thead>
<tr>
<th></th>
<th>Un-audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil works</td>
<td>6,721,203</td>
<td>29,674,409</td>
</tr>
<tr>
<td>Advance against supply of plant &amp; machinery</td>
<td>69,077,305</td>
<td>74,128,408</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>75,798,508</td>
<td>103,802,817</td>
</tr>
</tbody>
</table>

#### 7. LONG TERM INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>% of holding</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsidiary-Unquoted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mehran Energy Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000,000 (2018: 4,000,000)</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>ordinary shares of Rs. 10/- each</td>
<td>40,000,000</td>
<td>40,000,000</td>
<td></td>
</tr>
<tr>
<td>Advance issue against issue of shares</td>
<td>1,699,839</td>
<td>1,530,339</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>41,699,839</td>
<td>41,530,339</td>
</tr>
<tr>
<td><strong>Associated Companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicol Limited</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>49,999,997 (2018: 49,999,997)</td>
<td>Ordinary shares of Rs. 10/- each</td>
<td>1,162,470,930</td>
<td>1,022,228,271</td>
</tr>
<tr>
<td>UniEnergy Limited</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,999,998 (2018: 1,999,998)</td>
<td>ordinary shares of Rs. 10/- each</td>
<td>19,767,989</td>
<td>19,842,090</td>
</tr>
<tr>
<td>UniFoods Limited</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23,969,200 (2018: 16,800,000)</td>
<td>Ordinary shares of Rs. 10/- each</td>
<td>23,681,798</td>
<td>106,622,126</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1,206,920,717</td>
<td>1,148,692,487</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,247,620,556</td>
<td>1,190,222,826</td>
</tr>
</tbody>
</table>

#### 8. STOCK-IN-TRADE

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufactured Sugar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Work-in-process</td>
<td>2,500,771</td>
<td>1,279,653</td>
</tr>
<tr>
<td>- Finished goods</td>
<td>2,161,567,577</td>
<td>1,165,877,767</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,164,068,348</td>
<td>1,176,157,420</td>
</tr>
</tbody>
</table>

#### 9. LONG TERM FINANCING - SECURED

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 2018, except that during the current period, the Company has obtained additional long-term loan facility from a commercial bank amounting to Rs. 350 million. The facility carries a markup rate of 3 months’ KIBOR plus 1% per annum repayable in sixteen equal quarterly installments commencing from 3 months after commencement of the loan and is secured first pari passu hypothecation Company’s fixed assets.
10. **PROVISION FOR QUALITY PREMIUM**

There has been no material change in the status of provision for quality premium and related order / clarification as disclosed in note 25 to the annual financial statements of the Company for the year ended 30 September 2018.

11. **SHORT-TERM BORROWINGS - SECURED**

<table>
<thead>
<tr>
<th></th>
<th>Jun 30, 2019</th>
<th>Sep 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Un-audited</td>
<td>Audited</td>
</tr>
<tr>
<td>Short term running finances</td>
<td>2,461,696,461</td>
<td>940,909,276</td>
</tr>
<tr>
<td>Short term finances</td>
<td>2,461,696,461</td>
<td>1,025,984,000</td>
</tr>
</tbody>
</table>

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 2018 except for new short term finance facilities obtained from various local commercial banks amounting to Rs. 2 Billion with a markup ranging from 3 months KIBOR + 0.5% to 3 months KIBOR + 0.75%. The facilities are secured by pledge of sugar stocks, Hypothecation charges on fixed assets and Mortgages of the Company.

12. **CONTINGENCIES & COMMITMENTS**

**CONTINGENCIES**

There has been no change in the status of contingencies as disclosed in note 29 to the annual financial statements of the Company for the year ended 30 September 2018.

<table>
<thead>
<tr>
<th></th>
<th>Jun 30, 2019</th>
<th>Sep 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Un-audited</td>
<td>Audited</td>
</tr>
<tr>
<td>Capital commitments</td>
<td>156,332,032</td>
<td>97,821,955</td>
</tr>
<tr>
<td>Commitments in respect of operating lease rentals for farms</td>
<td>15,687,000</td>
<td>21,309,750</td>
</tr>
<tr>
<td>Commitments in respect of finance lease obligation for vehicles</td>
<td>23,282,845</td>
<td>38,997,482</td>
</tr>
</tbody>
</table>

13. **TRANSACTIONS WITH RELATED PARTIES**

<table>
<thead>
<tr>
<th></th>
<th>Jun 30, 2019</th>
<th>Jun 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Un-audited</td>
<td>Un-audited</td>
</tr>
<tr>
<td>Sales</td>
<td>399,004,824</td>
<td>323,157,459</td>
</tr>
<tr>
<td>Expenses shared</td>
<td>835,937</td>
<td>750,942</td>
</tr>
<tr>
<td>Donation Paid</td>
<td>184,470,000</td>
<td>36,950,000</td>
</tr>
<tr>
<td>Provident fund contribution</td>
<td>6,863,392</td>
<td>7,630,273</td>
</tr>
</tbody>
</table>

14. **GENERAL**

These financial statements were authorized for issue on July 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.
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