



**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED
DECEMBER, 31, 2014**

JAUHARABAD
Sugar Mills Limited

(Formerly "Kohinoor Sugar Mills Limited")

Head Office:
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DIRECTORS' REVIEW

Dear Members Assalam-O-Alaikum

On behalf of the Board of Directors' and myself, I am pleased to present before you the un-audited quarterly financial statements of the Company for the three month ended December 31, 2014.

Untenable increase in cane support price just before the start of crushing season, under depressed local and international markets, a proven impediment for suave launching of this crushing season. Industry's performance shall rely on government facilitation, be it through official buying, export rebates, or higher sugar prices.

Improvement is expected in financial performance for the later period to this fiscal year, attributed to cane recovery, viability of variety cane, and increase in sugar prices. Management is determined that it will continue to bring scale and their expertise to bear wherever they can to help unravel the challenges and to take maximum advantage in the next quarters, the Company with the support of financial institutions will turn the wheels around into the profitable ones.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		AS AT	
		Dec-31 2014	Sep. 30 2014
		Un-Audited	Audited
		(Rupees in thousands)	
	Note		
NON CURRENT ASSETS			
Property, plant and equipment	5	2,273,624	2,291,389
Long term deposits		429	429
		2,274,053	2,291,818
CURRENT ASSETS			
Stores, spare parts and loose tools		103,662	106,868
Stock in trade		133,558	40,674
Loans and advances		10,934	11,033
Trade deposits and short term prepayments		6,693	8,133
Other receivables		25,352	25,557
Taxation		41,877	41,461
Cash and bank balances		19,785	7,345
		341,861	241,071
CURRENT LIABILITIES			
Trade and other payables		269,330	200,398
Accrued mark-up		2,064	2,522
Short Term Borrowings		51,121	20,000
Current portion of long term liabilities		11,633	13,087
		334,148	236,007
CURRENT ASSETS LESS CURRENT LIABILITIES		7,713	5,064
TOTAL ASSETS LESS CURRENT LIABILITIES		2,281,766	2,296,882
CONTINGENCIES AND COMMITMENTS		7	-
NON CURRENT LIABILITIES			
Long term finances		23,265	26,174
Sponsors' loan	8	943,145	885,311
Long term advances		158,500	158,500
Long term provision		1,309	1,309
Deferred Taxation		155,047	155,047
		1,281,266	1,226,341
NET ASSETS		1,000,500	1,070,542
REPRESENTED BY:			
Share capital		109,098	109,098
Capital reserve - premium on right shares		26,879	26,879
Revenue reserves			
General reserve		62,000	62,000
Accumulated balance		(259,706)	(194,861)
		(197,706)	(132,861)
TOTAL CAPITAL AND RESERVES		(61,729)	3,116
SURPLUS ON REVALUATION		1,062,229	1,067,426
		1,000,500	1,070,542

Lahore:
January 28, 2015


AMJAD BASHIR HUSSAIN
Director


GHIAS UL HASAN
Chief Executive

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

FOR THE THREE MONTH ENDED

	Quarter Ended	
	2014	2013
	Dec 31	
	(Rupees in Thousands)	
Sales	251,450	668,920
Cost Of Sales	305,281	694,790
Gross Profit / (Loss)	(53,831)	(25,870)
Operating Expenses		
Distribution cost	451	480
Administrative expenses	12,960	14,990
Other operating expenses	350	650
	13,761	16,120
Operating Profit / (Loss)	(67,592)	(41,990)
Finance Cost	(2,450)	(4,683)
Profit / (Loss) Before Taxation	(70,042)	(46,673)
Provision For Taxation	-	-
Profit / (Loss) After Taxation	(70,042)	(46,673)
Other Comprehensive Income / (Loss) For The Period		
<u>Items That Will never be Classified to comprehensive income</u>		
Incremental depreciation	5,197	5,745
Total Comprehensive Income / (Loss) For The Period	(64,845)	(40,928)
Earning / (Loss) Per Share - Basic & Diluted (Rs.)	(6.42)	(4.28)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(UNAUDITED)

FOR THE THREE MONTH ENDED

	December 31	
	2014	2013
	(Rupees in Thousands)	
Cash flow from operating activities		
Loss before taxation	(70,042)	(46,673)
Adjustments for :		
Depreciation	17,765	14,119
Finance cost	2,450	4,683
Operating profit / (loss) before working capital changes	(49,827)	(27,871)
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	3,206	(495)
Stock in trade	(92,884)	112,030
Loans and advances	99	17,455
Trade deposits and short term prepayments	1,440	32
Other receivables	205	387
Increase / (Decrease) in current liabilities	(137,761)	101,538
Trade and other payables	68,933	(31,548)
Cash (Used in) / generated from operations	(68,828)	69,990
Taxes paid/adjusted	(416)	(1,407)
Dividend Paid	-	(12)
Finance cost paid / Adjusted	(2,908)	(21,373)
Net Cash (used in)/generated from operating activities	(72,152)	47,198
Cash flow from investing activities		
Addition to property, plant and equipment	-	(307)
Sale proceeds on disposal of property, plant and equipment	-	399
Net cash (used in) / generated from investing activities	-	92
Cash flow from financing activities		
Long term finances (paid) / disbursed	(4,363)	(59,450)
Short term borrowings (paid) / disbursed	31,121	-
Sponsors' loan (paid) / disbursed	57,834	37,883
Net cash (used in)/ generated from financing activities	84,592	(21,567)
Net increase/(decrease) in cash & cash equivalents	12,440	25,723
Cash & cash equivalents at beginning of the period	7,345	4,902
Cash & cash equivalents at close of the period	19,785	30,625

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

For The Three Month Ended Dec 31, 2014

(Rupees in thousands)

	Share Capital	Share Premium	General Reserve	Revaluation Surplus	Un-appropriated Balance	Total
Balance as at Oct. 01, 2012	109,098	26,879	62,000	1,088,406	(176,950)	1,109,433
Incremental depreciation				(5,745)	-	(5,745)
Total comprehensive loss for the three month ended Dec 31, 2013	-	-	-	-	(40,928)	(40,928)
Balance as at Dec 31, 2013	109,098	26,879	62,000	1,082,661	(217,878)	1,062,760
Balance as at October 01, 2013	109,098	26,879	62,000	1,067,426	(194,861)	1,070,542
Total comprehensive loss for the three month ended Dec 30, 2014	-	-	-	-	(64,845)	(70,042)
Incremental depreciation	-	-	-	(5,198)	-	-
Balance as at Dec 31, 2014	109,098	26,879	62,000	1,062,229	(259,706)	1,000,500

Lahore:
January 28, 2015


AMJAD BASHIR HUSSAIN
Director


GHIAS UL HASAN
Chief Executive

NOTES TO THE ACCOUNTS

FOR THE THREE MONTH ENDED DEC 31, 2014

1 THE COMPANY AND ITS OPERATIONS

The Jauharabad Sugar Mills Limited ("the company") (formerly known as Kohinoor Sugar Mills Limited) was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Ordinance, 1984) and listed on the Karachi and Lahore Stock Exchanges. The registered office of the company is situated at office # 11 & 12 fourth floor; Ali Tower MM Alam Road Gulberg III, Lahore and the mill is located at Jauharabad, District Khushab, Pakistan. The principal activity of the company is manufacturing and sale of sugar and its by-products.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These condensed interim financial statements are unaudited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance 1984 and the listing regulations of Karachi and Lahore Stock Exchanges.

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

3 ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended September 30, 2014.

4 SEASONALITY OF THREE MONTHS OPERATIONS

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred up to the reporting date have been accounted for.

5 PROPERTY, PLANT AND EQUIPMENT

	Dec 31	Sep.30
	2014	2014
	(Rupees in Thousands)	
Operating Assets	5.1 1,904,310	1,922,075
Capital Work in Progress	5.2 369,314	369,314
	<u>2,273,624</u>	<u>2,291,389</u>
5.1 Operating Assets		
Opening balance	1,922,075	1,721,214
Add: Additions during the period	-	261,029
	<u>1,922,075</u>	<u>1,982,243</u>
Less: Disposals/Adjustment during the period (at book value)	-	(145)
	<u>1,922,075</u>	<u>1,982,098</u>
Less: Depreciation during the period	(17,765)	(60,023)
	<u>1,904,310</u>	<u>1,922,075</u>

	Dec 31 2014	Sep.30 2014
	(Rupees in Thousands)	
5.2 Capital Work in Progress		
Building on free Hold Land	6,155	6,155
Plant & machinery	363,159	363,159
	<u>369,314</u>	<u>369,314</u>

6 TAXATION

Provision for taxation has not been made as per clause 1 of section 113 of income tax ordinance.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Following are the known contingencies as on December 31,2014

- a) Performance bond of Rs. 3.855 million (September 30, 2014 Rs. 3.855 million) provided to TCP against supply of 3,000 M.Tons of sugar.
- b) Since Federal Excise Duty (FED) is leviable on goods produced or manufactured, therefore FED is nor leviable on sale of sugar produced prior to the Finance Bill 2011. Hence FED amounting to Rs. 58.881 million has not been accounted for in these financial statements. The Company has filed a writ petition in the honorable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of 58.881 million.
- c) The Income Tax Department raised a demand of Rs. 197.075 million on account of non deduction of tax while making payments to sugar cane suppliers. The demand has abolished by the commissioner of income tax like in some other similar cases. However, the department has filed an appeal against the commissioner's order. The company is hopeful that the tribunal decision would be in its favor.

7.2 Commitments

Commitments in respect of capital expenditure were Rs. 6.6 Million (September 30, 2014: Rs.8.145 M).

	December 31	
	2014	2013
COST OF SALES		
Raw Material:		
Cane purchased & consumed	347,854	525,320
Salaries, wages and benefits	17,029	20,781
Chemicals, fuel, lubes and packing material	8,362	11,970
Manufacturing expenses	7,155	10,569
Depreciation	17,765	14,119
	<u>398,165</u>	<u>582,759</u>
Work in process - (Net)	(42,224)	(26,517)
	<u>355,941</u>	<u>556,242</u>
Finished goods		
Opening stock	37,950	436,971
Closing stock	(88,610)	(298,423)
	<u>(50,660)</u>	<u>138,548</u>
	<u>305,281</u>	<u>694,790</u>

		Dec 31 2014	Sep.30 2014
		(Rupees in thousands)	
8 SPONSORS' LOAN- Unsecured			
Sponsors' loan	<i>8.1</i>	943,145	885,311
<i>8.1</i> Sponsors' loan is subject to subordination to Bank Loans.			
9 TRANSACTION WITH RELATED PARTIES			
Provident Fund Trust (Contribution to PF)		256	1,183
Sponsors' Loan (paid) / disbursed		57,834	211,201
Markup Accrued		-	24,741

10 DATE OF AUTHORIZATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors on January 28, 2015.

11 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been rearranged wherever necessary for comparison purposes. However, no material reclassification has been made.

Lahore:
January 28, 2015


AMJAD BASHIR HUSSAIN
 Director


GHIAS UL HASAN
 Chief Executive