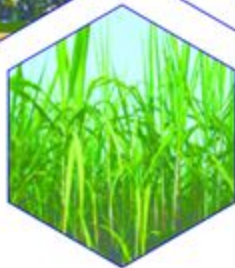




**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
MARCH 31, 2015**



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 financial statements of the Company for six months ended March 31, 2015.

SECTOR OVERVIEW

This year the sugar sector in our region once again faced pressure mainly due to upward revision of cane support price by the Government of Punjab and low production of sugar cane for this season. However, preceding realization, the Government of Punjab is now contemplating on extending soft loan to all the companies based in Punjab to increase the liquidity of the sugar mills.

OPERATIONAL PERFORMANCE

Overview of the performance of our Company for the crushing season 2014 - 2015 commenced on November 30, 2014 is as following:

OPERATING RESULTS

The operation of the Company was also closed in the same period.

		Period ended 31st March	
		2015	2014
Crushing Days	No.	93	95
Cane Crushed	M. Tons	252,995	281,997
Average Recovery	%	9.68	9.21
Sugar Produced	M. Tons	24,492	25,975

Besides nominal decrease in both crushing and productivity mainly due to inadequacy of economical cane, we have still managed to improve the recovery due to availability of approved varietal sugarcane.

FINANCIAL PERFORMANCE

The financial results of the Company for the period under review are summarized as following:

		Period ended 31st March	
		2015	2014
		(Rupees in thousands)	
Net Sales		541,194	1,139,422
Gross Profit / (Loss)		43,165	(106,359)
Net Profit / (Loss) Before Tax		11,328	(146,903)
Net Profit / (Loss) After Tax		5,916	(146,903)
Basic Earning Per Share		0.54	(13.47)

Upward revision of cane support price just before the start of the season has strained the financial performance. Yet the outcomes of prudent and timely measures taken by the management, including completion of BMR and arrangement of working capital support lines from financial institutions, have increased the financial performance and have brought the Company into profit within two seasons of acquiring the Company.

AUDITOR'S REPORT

The Board of Directors intends to authorize conversion of associates loans into share capital of the Company after meeting legal requirements. This, besides eventually increasing the equity, shall also remove any doubts against Company's ability to continue as a going concern, as highlighted in the Auditor's Report.

Lahore:
May 27, 2015

GHIAS UL HASAN
Chief Executive

**Auditor's Report to the Members on Review of
Condensed Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Jauharabad Sugar Mills Limited ("the Company")** as at March 31, 2015, and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

We draw attention to note 2 to condensed interim financial information, which states that the interest on sponsors' loan which comes to Rs.44.33 million for this period has not been accounted for nor amortization of such loan as per requirement of International Accounting Standard 39 has been made. Accordingly, net financial result for the six months has been overstated to that extent.

Further, we draw attention to note 3.1 to condensed interim financial information, which states that the Company has accumulated losses amounting to Rs.178.79 million (2014: Rs.194.86 million) at the period end. Such loss indicates the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Based on our review, except for the effect of the matters referred to in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended March 31, 2015 and March 31, 2014 in the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore:
May 27, 2015


UHY Hassan Nadeem
Chartered Accountant
Ibne Hassan FCA


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	Note	Un-audited Mar. 31, 2015	Audited Sep. 30, 2014
(Rupees in thousands)			
Non-current assets			
Fixed assets	6	2,275,491	2,291,389
Long term deposits		429	429
		<u>2,275,920</u>	<u>2,291,818</u>
Current assets			
Stores, spare parts and loose tools		114,479	106,868
Stock-in-trade		865,672	40,674
Loans and advances		44,644	11,033
Deposits, prepayments and other receivables		78,947	75,151
Cash and bank balances		20,699	7,346
		<u>1,124,441</u>	<u>241,072</u>
Current liabilities			
Trade and other payables		364,802	200,398
Accrued mark-up		14,911	2,522
Short term borrowings		732,378	20,000
Current portion of long term liabilities	7	11,633	13,087
		<u>1,123,724</u>	<u>236,007</u>
Working capital employed			
		717	5,065
		<u>2,276,637</u>	<u>2,296,883</u>
Non-current liabilities			
Long term finances	7	20,357	26,174
Loan from associates		908,466	885,311
Long term advances		115,000	158,500
Long term provisions		1,309	1,309
Deferred taxation		155,047	155,047
		<u>1,200,179</u>	<u>1,226,341</u>
Contingencies and commitments			
	8	-	-
Net capital employed			
		<u>1,076,458</u>	<u>1,070,542</u>
Represented by:			
Share capital and reserves			
Authorized share capital		<u>200,000,000</u>	<u>200,000,000</u>
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 losses		(178,791)	(194,861)
		<u>(116,791)</u>	<u>(132,861)</u>
		19,186	3,116
Surplus on revaluation of fixed assets - net of tax			
		<u>1,057,272</u>	<u>1,067,426</u>
		<u>1,076,458</u>	<u>1,070,542</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

Lahore:
May 27, 2015

AMJ [Redacted] SAIN
Director

[Redacted]
GHIAS UL HASAN
Chief Executive

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)**

FOR THE HALF YEAR ENDED MARCH 31, 2015

	Note	Six months period ended Mar. 31		Three months period ended Mar. 31	
		2015	2014	2015	2014
(Rupees in thousands)					
Sales		541,194	1,139,422	289,744	470,502
Cost of sales	9	498,029	1,245,781	192,748	550,991
Gross Profit/(loss)		43,165	(106,359)	96,996	(80,489)
Operating expenses:					
Administrative expenses		37,410	31,741	24,450	16,751
Distribution cost		1,090	2,341	639	1,861
Other operating expenses		550	670	200	20
		39,050	34,752	25,289	18,632
Operating Profit/(Loss)		4,115	(141,111)	71,707	(99,121)
Finance cost		(17,528)	(7,016)	(15,078)	(2,333)
Other income	10	24,741	1,224	24,741	1,224
Profit/ (Loss) before taxation		11,328	(146,903)	81,370	(100,230)
Taxation	11	(5,412)	-	(5,412)	-
Profit/ (Loss) after taxation		5,916	(146,903)	75,958	(100,230)
Other comprehensive income for the period					
Incremental depreciation for the period		10,154	16,418	4,957	8,209
Total comprehensive profit/ (loss) for the period		16,070	(130,485)	80,915	(92,021)
Profit/ (Loss) per share - (Rupees) basic & dilute		0.54	(13.47)	6.96	(9.19)

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

Lahore:
May 27, 2015

AMJ [REDACTED] SAIN
Director

[REDACTED]
GHIAS UL HASAN
Chief Executive

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2015**

	Six months period ended Mar. 31	
	2015	2014
	(Rupees in thousands)	
Cash flow from operating activities		
Profit/ (Loss) before taxation	11,328	(146,903)
Adjustments for:		
Depreciation	35,058	27,143
Advances adjusted against sale of sugar	(43,500)	-
Finance cost	17,528	7,016
Markup written off	(24,741)	-
Gain on disposal of fixed assets	-	(1,224)
Loss before working capital changes	(4,327)	(113,968)
Working capital changes		
Stores, spare parts and loose tools	(7,611)	(5,003)
Stock in trade	(824,998)	(178,054)
Loans and advances	(33,611)	92
Deposits, prepayments and other receivables	734	(2,968)
Trade and other payables	158,992	424,783
	(706,494)	238,850
Cash (used in)/generated from operations	(710,821)	124,882
Financial cost paid	(5,139)	(29,858)
Taxes paid	(4,530)	(7,000)
Net cash (used in)/generated from operating activities	(720,490)	88,024
Cash flow from investing activities		
Addition to fixed assets	(19,160)	(44,804)
Long term deposits	-	30
Proceeds from sale of fixed assets	-	1,370
Net cash used in investing activities	(19,160)	(43,404)
Cash flow from financing activities		
Long term finances	(7,271)	(105,812)
Short term borrowings	712,378	-
Loan from associates	47,896	58,494
Net cash (used in)/generated from financing activities	753,003	(47,318)
Net increase/ (decrease) in cash and cash equivalents	13,353	(2,698)
Cash and cash equivalents at beginning of the period	7,346	4,902
Cash and cash equivalents at the end of the period	20,699	2,204

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

Lahore:
May 27, 2015

AMJ [Signature] SAIN
Director

[Signature]
GHIAS UL HASAN
Chief Executive

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)**
FOR THE HALF YEAR ENDED MARCH 31, 2015

	Share capital	Share premium	General reserve	Revaluation surplus	Accumulated losses	Total
-----Rupees in thousands-----						
Balance as on Oct 01, 2013	109,098	26,879	62,000	1,088,406	(176,950)	1,109,433
Total comprehensive loss for the period	-	-	-	-	(130,485)	(130,485)
Incremental depreciation for the period	-	-	-	(16,418)	-	(16,418)
Balance as on March 31, 2014	109,098	26,879	62,000	1,071,988	(307,435)	962,530
Balance as on Oct 01, 2014	109,098	26,879	62,000	1,067,426	(194,861)	1,070,542
Total comprehensive loss for the period	-	-	-	-	16,070	16,070
Incremental depreciation for the period	-	-	-	(10,154)	-	(10,154)
Balance as on March 31, 2015	109,098	26,879	62,000	1,057,272	(178,791)	1,076,458

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

Lahore:
May 27, 2015

AMJ [REDACTED] SAIN
Director

[REDACTED]
GHIAS UL HASAN
Chief Executive

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

FOR THE HALF YEAR ENDED MARCH 31, 2015

1 Reporting entity

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). The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at office No. 11 & 12, 4th Floor, Ali Tower, M.M. 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 Significant matters

The Company has not accounted for markup on loan from associates during the period due to the reason that the loan shall be converted into share capital after meeting the legal requirement. Further, the markup accounted for in the financial year September 30, 2014 (Note 10) has been written off.

3 Basis of preparation

3.1 The Company has accumulated losses amounting to Rs.178.76 million (September 30, 2014: Rs 194.86 million) at the period end.

The management is confident that it will continue to be supported by the sponsors, the lenders and with the removal of bottle necks in the machinery and replacement of unapproved variety of cane, sustainable situation will be achieved in future.

The condensed interim financial statements have been prepared on a going concern basis based on management's expectation that:

- the Company will continue to get support of sponsors;
- removal of bottle necks in the machinery in future
- replacement of unapproved variety of cane

The condensed financial statements have been prepared on going concern basis on the grounds that the Company will be able to continue to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose.

3.2 Statement of compliance

The interim financial information of the Company for the half year ended March 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this interim financial information of the Company have, however, been limited based on the requirements of the International Accounting Standard 34 -Interim Financial Reporting thus these do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2014. These interim financial information are un-audited and are being submitted to the share holders as required by section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchange of Pakistan.

The comparative financial position presented in this interim financial information have been extracted from the audited financial statements of the Company for the year ended September 30, 2014, whereas the comparative condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended March 31, 2015.

3.3 Functional and presentation currency

The condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Company.

3.4 Critical accounting estimates and judgements

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the preceding annual published financial statements of the Company for the year ended September 30, 2014.

4 Accounting policies and computation methods

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

5 Seasonality of operations

The Company is, inter-alia, engaged in manufacturing of sugar for which the season begins in November / December and ends in March/ April. Therefore, majority of the expenses are incurred and production activities are undertaken in the first half of the Company's financial year, thus increasing volume of inventories and current liabilities at the end of the first half.

6 Fixed assets	Note	Un-audited	Audited
		Mar. 31 2015	Sep. 30 2014
(Rupees in thousands)			
Property, plant and equipment	6.1	1,906,177	1,922,075
Capital work-in-progress		369,314	369,314
		2,275,491	2,291,389
6.1 Property, plant and equipment			
Opening written down value		1,922,075	1,721,214
Additions during the period / year		19,160	261,029
Disposals / adjustments during the period / year		-	(145)
		1,941,235	1,982,098
Depreciation charged during the period / year		(35,058)	(60,023)
		1,906,177	1,922,075
7 Long term financing - Secured			
Faysal Bank Limited		31,990	39,261
		31,990	39,261
Current portion		(11,633)	(13,087)
		20,357	26,174

8 Contingencies and commitments

8.1 Contingencies

There were no known quantifiable contingencies as on March 31, 2015 except performance bond of Rs. 3.855 million (September 30, 2014: Rs. 3.855million) provided to TCP against supply of 3,000 M.Tons of sugar.

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 nor been accounted for in these condensed interim financial statements. The Company has filed a writ petition in the honourable Lahore High Court against FBR show case notice dated 19-09-2012 against the demand of Rs. 58.88 million.

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 been abolished by the commissioner of income tax like in some other similar cases. However, the department has filed an appeal against the commissioner order. The Company is hopeful that the tribunal decision would be in its favor.

8.2 Commitments

Commitments in respect of capital expenditure were Rs. 2.657 million (September 30, 2014: Rs. 8.145 million).

9 Cost of sales	Six months period ended Mar. 31		Three months period ended Mar. 31	
	2015	2014	2015	2014
	(Rupees in thousands)			
Raw material cane purchased and consumed	1,164,758	1,218,038	816,904	692,718
Salaries, wages and other benefits	47,199	46,000	30,170	25,219
Chemicals, fuel, lubes and packing material	29,743	35,759	21,381	23,789
Manufacturing expenses	46,971	97,212	39,816	89,901
Depreciation	34,357	27,143	16,592	13,024
	1,323,028	1,424,152	924,863	844,651
Work-in-process - (net)	266	(881)	42,490	25,636
Cost of goods manufactured	1,323,294	1,423,271	967,353	870,287
Opening stock of finished goods	37,950	436,971	88,610	298,423
	1,361,244	1,860,242	1,055,963	1,168,710
Closing stock of finished goods	(863,215)	(614,461)	(863,215)	(617,720)
Cost of sales	498,029	1,245,781	192,748	550,990

10 Other Income

This represents markup write off during the period which was accounted for in the financial year September 30, 2014.

11 Taxation

Provision for taxation for the period has been calculated as per the requirements of Section 113 of Income Tax Ordinance, 2001.

12 Transactions with related parties	Un-audited	Audited
	Mar. 31 2015	Sep. 30 2014
	(Rupees in thousands)	
Provident Fund Trust (Contribution to PF)	631	1,183
Loan from associates	47,896	211,201

13 Date of authorization

This condensed interim financial information was authorized for issue on May 27, 2015 by the Board of Directors of the Company.

14 General

Figures have been rounded off to the nearest thousand rupees.

Lahore:
May 27, 2015

AMJ [Redacted] SAIN
Director

[Redacted Signature]
GHIAS UL HASAN
Chief Executive

JAUHARABAD
Sugar Mills Limited

(Formerly "Kohinoor Sugar Mills Limited")

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