



# Jauharabad Sugar Mills Limited

Condensed Interim Financial Statements  
For The First Quarter Ended  
December 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 quarterly financial statements of the Company for the first quarter ended December 31, 2015.

The sugar industry, after several years, has emerged out of a prolonged price recession and the Company correspondingly has performed well during the period ended December 31, 2015. As a result of an increased financial support from various banks, the company has also managed to achieve higher production volumes in this quarter. Export orders have soared and the local market prices for the current season have also remained robust. Research and development initiatives for development of cane continue to be in focus that will expectedly increase the sucrose recovery levels in future.

Improvement is further expected in financial and operational performances for later periods within this fiscal year, enabling the management to fulfill their commitments towards all the stakeholders.

For and on behalf of the Board,

Lahore:  
January 29, 2016

  
**GHIAS UL HASAN**  
Chief Executive

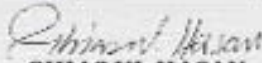
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
As at December 31, 2015

		Dec 31 2015 Un-Audited (Rupees in thousands)	Sep 30 2015 Audited
<b>NON CURRENT ASSETS</b>	Note		
Property, plant and equipment	5	2,182,045	2,197,804
Long term deposits		664	454
		<b>2,182,709</b>	<b>2,198,258</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		67,275	78,047
Stock in trade		640,116	59,088
Loans and advances		35,623	44,268
Trade Debtors-Unsecured Considered good		-	116,518
Trade deposits and short term prepayments		7,041	7,263
Other receivables		28,872	22,872
Short Term Investments		-	15,000
Taxation		51,344	51,021
Cash and bank balances		33,816	34,263
Non current assets held for sale		123,636	123,636
		<b>987,723</b>	<b>551,976</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		428,715	261,870
Accrued mark-up		1,720	12,917
Short Term Borrowings		543,511	197,408
Current portion of long term liabilities		13,266	13,087
		<b>987,212</b>	<b>485,282</b>
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<b>511</b>	<b>66,694</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,183,220</b>	<b>2,264,952</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>NON CURRENT LIABILITIES</b>			
Long term finances	8	-	13,087
Sponsors' loan		325,106	325,106
Long term advances		115,000	115,000
Long term provision		1,309	1,309
Deferred Taxation		157,077	157,077
		<b>598,492</b>	<b>611,579</b>
<b>NET ASSETS</b>		<b>1,584,728</b>	<b>1,653,373</b>
<b>REPRESENTED BY:</b>			
Share capital		109,098	109,098
Capital reserve - premium on right shares		26,879	26,879
Share Deposit Money		577,710	577,710
<b>Revenue Reserves</b>			
General reserve		62,000	62,000
Accumulated balance		(235,728)	(172,050)
		<b>(173,728)</b>	<b>(110,050)</b>
<b>TOTAL CAPITAL AND RESERVES</b>		<b>539,959</b>	<b>603,637</b>
<b>SURPLUS ON REVALUATION</b>		<b>1,044,769</b>	<b>1,049,736</b>
		<b>1,584,728</b>	<b>1,653,373</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Lahore:  
January 29, 2016

  
**AMJAD BASHIR HUSSAIN**  
Director

  
**GHIAS UL HASAN**  
Chief Executive



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED

	Quarter Ended Dec 31	
	2015 (Rupees in thousands)	2014
Sales	34,480	251,450
Cost Of Sales	76,194	305,281
Gross Profit / (Loss)	(41,714)	(53,831)
<b>Operating Expenses</b>		
Distribution Cost	1,036	451
Administrative Expenses	21,884	12,960
Other Income / Operating Expenses	(248)	350
	<b>22,672</b>	<b>13,761</b>
<b>Operating Profit / (Loss)</b>	<b>(64,386)</b>	<b>(67,592)</b>
Finance Cost	(4,258)	(2,450)
<b>Profit / (Loss) Before Taxation</b>	<b>(68,644)</b>	<b>(70,042)</b>
Provision For Taxation	-	-
<b>Profit / (Loss) After Taxation</b>	<b>(68,644)</b>	<b>(70,042)</b>
<b>Other Comprehensive Income / (Loss) For The Period</b>		
<b>Items that will never be classified to Comprehensive Income</b>		
Incremental depreciation	4,967	5,197
<b>Total Comprehensive Income / (Loss) For The Period</b>	<b>(63,677)</b>	<b>(64,845)</b>
Earning / (Loss) Per Share - Basic & Diluted (Rs.)	(6.29)	(6.42)

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Lahore:  
January 29, 2016

  
**AMJAD BASHIR HUSSAIN**  
Director

  
**GHIAS UL HASAN**  
Chief Executive

## CONDENSED INTERIM CASH FLOW STATEMENT

(UNAUDITED)

FOR THE FIRST QUARTER ENDED

	Quarter Ended Dec 31	
	2015 (Rupees in thousands)	2014
<b>Cash flow from operating activities</b>		
Loss before taxation	(68,644)	(70,042)
Adjustments for :		
Depreciation	17,950	17,765
Finance cost	4,258	2,450
<b>Operating profit / (loss) before working capital changes</b>	<b>(46,436)</b>	<b>(49,827)</b>
<b>(Increase) / Decrease in current assets</b>		
Stores, spare parts and loose tools	10,772	3,206
Stock in trade	(581,028)	(92,884)
Loans and advances	8,645	99
Trade debtors	116,518	-
Trade deposits and short term prepayments	222	1,440
Other receivables	(6,000)	205
<b>Increase / (Decrease) in current liabilities</b>	<b>(497,307)</b>	<b>(137,761)</b>
Trade and other payables	166,845	68,933
<b>Cash (Used in)/ generated from operations</b>	<b>(330,462)</b>	<b>(68,828)</b>
Taxes paid/adjusted	(323)	(416)
Finance cost paid/ Adjusted	(15,455)	(2,908)
<b>Net Cash (used in)/generated from operating activities</b>	<b>(346,240)</b>	<b>(72,152)</b>
<b>Cash flow from investing activities</b>		
Addition to property, plant and equipment	(2,193)	-
Short term investments	15,000	-
<b>Net cash (used in) / generated from investing activities</b>	<b>12,807</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Long term finances (paid) / disbursed	(12,908)	(4,363)
Long Term Advance	(210)	-
Short term borrowings (paid) / disbursed	346,104	31,121
Sponsors' loan (paid) / disbursed	-	57,834
<b>Net cash (used in)/ generated from financing activities</b>	<b>332,986</b>	<b>84,592</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(447)</b>	<b>12,440</b>
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>34,263</b>	<b>7,345</b>
<b>Cash &amp; cash equivalents at close of the period</b>	<b>33,816</b>	<b>19,785</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Lahore:  
January 29, 2016

  
**AMJAD BASHIR HUSSAIN**  
Director

  
**GHIAS UL HASAN**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED**

	Share Capital	Share Premium	General Reserve	Share Deposit Money	Revaluation Surplus	Un-appropriated Balance	Total
(Rupees in thousands)							
Balance as at Oct 01, 2014	109,098	26,879	62,000	-	1,067,426	(194,861)	1,070,542
Total comprehensive loss for the first quarter ended Dec 31, 2014				-		(64,845)	(64,845)
Incremental depreciation	-	-	-	-	(5,197)		(5,197)
<b>Balance as at Dec 31, 2014</b>	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>-</b>	<b>1,062,229</b>	<b>(259,706)</b>	<b>1,000,500</b>
Balance as at Oct 01, 2015	109,098	26,879	62,000	577,710	1,049,736	(172,051)	1,653,372
Total comprehensive loss for the first quarter ended Dec 31, 2015	-	-	-	-	-	(63,677)	(63,677)
Incremental depreciation	-	-	-	-	(4,967)	-	(4,967)
<b>Balance as at Dec 31, 2015</b>	<b>109,098</b>	<b>26,879</b>	<b>62,000</b>	<b>577,710</b>	<b>1,044,769</b>	<b>(235,728)</b>	<b>1,584,728</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Lahore:  
January 29, 2016

  
**AMJAD BASHIR HUSSAIN**  
 Director

  
**GHIAS UL HASAN**  
 Chief Executive



## NOTES TO THE ACCOUNTS (UNAUDITED)

### FOR THE FIRST QUARTER ENDED

#### 1 THE COMPANY AND ITS OPERATIONS

Jauharabad Sugar Mills Limited ("the company") was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Ordinance, 1984) and listed on Pakistan Stock Exchanges. The registered office of the company is situated at office # 11 & 12, fourth 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 allied-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 share holders, 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, 2015.

#### 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

Operating Assets  
Capital Work In Progress

Operating Assets

Opening balance

Add: Additions during the period

Less: Transfer during the period (at book value)

Less: Depreciation during the period

	Dec 31 2015 (Rupees in thousands)	Sep 30 2015
	2,173,730	2,053,261
	8,315	144,543
	<b>2,182,045</b>	<b>2,197,804</b>
	2,053,261	1,922,075
	138,419	316,891
	2,191,680	2,238,966
	-	(123,636)
	2,191,680	2,115,330
	17,950	62,069
	<b>2,173,730</b>	<b>2,053,261</b>

Lahore:  
January 29, 2016

  
**AMJAD BASHIR HUSSAIN**  
Director

  
**GHIAS UL HASAN**  
Chief Executive

## NOTES TO THE ACCOUNTS

(UNAUDITED)

FOR THE FIRST QUARTER ENDED

### 6 CONTINGENCIES AND COMMITMENTS

#### Contingencies

Following are the known contingencies as on December 31, 2015:

- Since Federal Excise Duty (FED) is leviable on goods produced or manufactured, therefore FED is not leviable on sale of sugar produced prior to the Finance Bill 2011. Hence, FED amounting 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 Rs.58.881 million.
- 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.
- The company has filed a writ petition against the amendments of Finance Act, 2014 on "Alternate Corporate Taxes", implications on tax year 2013 of the company against which a demand of Rs.50.262 million has been established, the said amendments would not be implemented as the income realized was before the said amendments.
- Performance bond of Rs.3.85 million to TCP against supply of 3000 MT of sugar.

#### Commitments

Commitments in respect of capital expenditure were Rs. 2.0 million (September 30, 2015: Rs. 14.36 million).

### 7 TAXATION

Provision for income tax has been set off against the tax credits available under Sec. 65-8 of Income Tax Ordinance, 2001

### 8 TRANSACTION WITH RELATED PARTIES

Provident Fund Trust (Contribution to PF)  
Sponsors' Loan (paid) / disbursed

	Dec 31 2015	Sep 30 2015
	219	1,084
	6,000	325,106

### 9 DATE OF AUTHORIZATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors on January 29, 2016.

### 10 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Lahore:  
January 29, 2016

  
**AMJAD BASHIR HUSSAIN**  
Director

  
**GHIAS UL HASAN**  
Chief Executive






# Jauharabad Sugar Mills Limited

## **REGISTERED OFFICE**

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Gulberg III, Lahore-Pakistan  
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## **MILLS**

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