



3rd Quarter Report
June 30, 2019
(Un-audited)



*life is sweet
so take
a big bite*



About This Report

People all around the world not only eat sugar as part of healthy, nutritious, balanced diet but to celebrate happiness brought by life making occasions special by adding sweet-ness to the life.

Happiest moments of life are always shared with sweets, Whether it be the birth of a baby , a marriage or be it a birthday celebrations require an integral part of what comprises our business YES sugar...

We strive everyday to make your life even more sweet!

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Corporate Information

Board of Directors

Mr. Jamal Ahmed
Mr. Ghias-Ul-Hasan
Mr. Amjad Bashir Hussain
Mr. Amjad Javed Aftab
Mr. Saif-Ur-Rehman
Mr. Farhan Ilyas
Mr. Muhammad Aamir Beg

Chief Executive
Independent Director
Independent Director
Dependent Director
CPL Nominee
CPL Nominee
CPL Nominee

Audit Committee

Mr. Amjad Bashir Hussain
Mr. Muhammad Aamir Beg
Mr. Saif-Ur-Rehman

Chairman
Member
Member

Human Resource and Remuneration Committee

Mr. Farhan Ilyas
Mr. Jamal Ahmed
Mr. Ghias-Ul-Hasan

Chairman
Member
Member

Chief Financial Officer

Mr. Imran Ilyas

Company Secretary

Mr. Al-Yousuf

Head of Internal Audit

Syed Muhammad Usman Afzaal

Auditors

UHY Hassan Naeem & Co.
(Chartered Accountants)
193-A, Shah Jamal, Lahore, Pakistan.
Phone No. 042 35403550
Fax No. 042 35403599
E-mail: info@uhy-hnco.com

Share Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore, Pakistan.
Phone No. 042 35916714
Fax No. 042 35869037
E-mail: shares@corplink.com.pk

Legal Advisor

Allied Legal Services
1st Floor, 30-The Mall Mansions
Opposite State Bank of Pakistan
The Mall, Lahore, Pakistan.
Phone no. 042 37354090
Fax No. 042 37310906

Registered Address

109-A, Street # 3, Cavalry Ground
Lahore Cantt., Pakistan.
Phone No. 042 37175229
Fax No. 042 37175256
E-mail: secretary@jsml.com.pk

Mills

Jauharabad
District Khushab, Pakistan.
Phone No. 0454 720063-6
Fax No. 0454 720880

Bankers of the Company

Askari Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Bank Alfalah Limited

JS Bank Limited
Faysal Bank Limited
National Bank of Pakistan
Habib Bank Limited
Allied Bank Limited

Islamic Bankers of the Company

Albaraka Bank Pakistan Limited
MCB Islamic Bank Limited
Dubai Islamic Bank Limited

Company Website

www.jsml.com.pk

Financial Highlights

Gross Profit

3Q 2019: 23.99%
3Q 2018: 1.78%



Return on Capital
Employed
3Q 2019: 7.96%
3Q 2018: 2.61%



Price Earning

3Q 2019: 3.40x
3Q 2018: (97.00)x



Top Line

3Q 2019: Rs. 1673.07 Million
3Q 2018: Rs. 1355.21 Million



Acid-Test

3Q 2019: 0.26x
3Q 2018: 0.48x



Rs.

Net Profit to Sale

3Q 2019: 7.79%
3Q 2018: (1.25%)



Bottom Line

3Q 2019: Rs. 130.38 Million
3Q 2018: Rs. (16.92) Million



Directors' Review

Dear Members, Assalam-O-Alaikum

On behalf of the Board of Directors and myself, I am pleased to present before you the unaudited financial statements of the Company for the nine-month ended June 30, 2019.

SECTOR OVERVIEW

The current year is anticipated to be the revival year for the sugar industry. Subsidy allowed by the Government of Pakistan on export of sugar to China and neighbouring countries combined with the high exchange rate and zero-rated sales tax has made export of sugar viable for the industry, yielding valuable foreign exchange for the Country. During crushing season 2018-19 the industry has witnessed reduced crushing period owing to a lesser crop and yield as compared to last year. The sugar sector in the Finance Act 2019 has been excluded from slab of reduced tax rates and has been shifted to normal sales tax regime resulting in an increase of sugar price due to higher sales tax. The sugar stock available in the Country after netting potential export as per already approved quota, are barely sufficient to meet domestic consumption of the country thereby sugar prices, that are exhibiting an increasing trend, are expected to follow the same trend up till the next crushing season.

OPERATIONAL PERFORMANCE

Your Company had started crushing season 2018-19 on December 15, 2018 [FY2017-18: November 30, 2017]. The plant was operated for 96 days with an improved sugar recovery of 10.39% [FY2017-18: 9.70%]. Despite the fact of lessor sugarcane crop availability, the Company has still managed to procure cane required for its maximum efficiency, whereas through efficient steam management the Company has reduced the moisture content in bagasse thus resulting in lessor fuel consumption.

Management is pleased to disclose that once again Company has paid hundred percent (100%) of its cane liability within twenty-four (24) hours of closing the crushing season 2018-19, a fact that has been published in local newspapers and the same has been endorsed by Cane Commissioner by issuance of clearance certificate No. C.C(admin) 1-97/19 dated April 04, 2019.

FINANCIAL PERFORMANCE

The Company has attained top line of Rs. 1,673 Million (FY2018: 1,355 Million) which is 23.46% more than the corresponding period last year, corresponding expenses have been abridged by optimum utilization of available resources resulting in 23.98% of gross profit [FY2018: 1.8%]. Similarly, Company through its sustained efforts has turned the wheels


Directors' Review

and has posted net profit of Rs. 130.37 Million which is 866.7% increase as compared to the last year of corresponding period. The Company providing return to its shareholders has paid 10% as dividend and 20% bonus share during the current financial year. This is attributed mainly because of increase in contribution margin of sugar, molasses and bagasse. Going forward, management is committed to provide a high return on investment to its shareholders.

ACKNOWLEDGEMENT

The directors of the Company concede the hard work put in by every worker assuring that the organization move one step further closer to its strategic objectives.

For and on behalf of the Board


Jamal Ahmed
Chief Executive

Directors' Review

کے مقابلے میں %866.7* زیادہ ہے۔ کمپنی نے اپنے شیئرز ہولڈرز کو موجودہ مالی سال کے دوران %10 ڈیویڈنڈ اور %20 بونس شیئر ادا کیا ہے۔
بی بی ڈی طور پر چینی کے مارجن، مولاس اور بیگاس کے کنٹری بیوشن میں اضافہ کی وجوہات سے منسوب ہے۔ آگے بڑھتے ہوئے، انتظامیہ اپنے شیئرز ہولڈرز
کو ان کی سرمایہ کاری پر زیادہ ریٹرن مہیا کرنے کے لئے پُر عزم ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز ہر ایک کارکن کی سخت محنت کا اعتراف کرتے ہیں اور یقین دلاتے ہیں کہ ادارہ اپنے سٹریٹجک مقاصد کے حصول کے لئے آگے قدم اور آگے
بڑھے گا۔

منجانب بورڈ

Tameez Ahmad
جمال احمد
چیف ایگزیکٹو آفیسر

ڈائریکٹرز کی جائزہ رپورٹ

محترم حصص داران، السلام علیکم

یورڈ آف ڈائریکٹرز اور اپنی طرف سے، میں آپ کو 30 جون 2019 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر آڈیٹ شدہ حیاہات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

سیکٹرز کا مجموعی جائزہ

موجودہ سال شوگر کی صنعت کے لئے بحالی کا سال ہونے کی توقع ہے۔ چائنا اور مسایہ ممالک کو چینی کی آمد پر حکومت پاکستان کی طرف سے دی گئی سبسڈی کے ساتھ ساتھ وہ شرح مبادلہ اور صفر شرح سیلز ٹیکس نے صنعت کے لئے چینی کو آمد، ملک کے لئے قابل قدر غیر ملکی زرمبادلہ لگانے کے قابل بنایا ہے۔ کرشنگ سیزن 2018-19 کے دوران صنعت نے کرشٹ سٹروکس کے مقابلے کم فصل اور کم پیداوار کی وجہ سے کرشنگ مدت میں کمی دیکھی ہے۔ فنانس ادا 2019 میں شوگر سیکٹرز کو ٹیکس ریٹس کی سلیب سے خارج اور معمول کے ٹیکس آہ میں منتقل کر دیا گیا جس کے نتیجے میں وہ سیلز ٹیکس کی وجہ سے چینی کی قیمتوں میں اضافہ ہوا۔ پہلے سے منظور شدہ کوٹ کے مطابق ملکنہ آمد کرنے کے بعد موجودہ پیداوار کے ساتھ آگے آنے والا اسٹاک، ملک کی مقامی کھپت کو پورا کرنے کے لئے کافی ہے۔ شوگر کی قیمتیں، جو بڑھتے ہوئے رجحان کو ظاہر کر رہی ہیں، یہ رجحان اگلے کرشنگ سیزن - جاری رہنے کی توقع ہے۔

آپیشنل کارکردگی

آپ کی کمپنی نے موجودہ کرشنگ سیزن 2018-19، 15 دسمبر 2018 (FY 2017-18: 30 نومبر 2017) کو شروع کیا تھا۔ \$10.39% [FY 2017-18: 9.70%] کی بہتر شوگر ریسری کے ساتھ 96 دنوں کے لئے HPI گئے کی فصل کی کم 7 بی کی حقیقت کے وجود، کمپنی اپنی زیادہ سے زیادہ کارکردگی کے لئے درکار حاصل کرنے میں کامیاب رہی ہے، جبکہ مؤثر سٹیٹیمینٹ کے ذریعے کمپنی نے بیگاس میں مؤثر 6% کو کم کیا جس کے نتیجے میں ایندھن کا استعمال کم ہوا۔

انتظامیہ یہ بیان کرتے ہوئے خوشی محسوس کرتی ہے کہ ای۔* ریچر کمپنی نے کرشنگ سیزن 2018-19 کے اختتام کے چوبیس (24) UR کے رگنے کی اپنی وا۔ # ادائیگیاں سو فیصد (100%) ادا کر دی ہیں، یہ حقیقت مقامی اخبارات میں بھی شائع ہوئی اور کین کیشنز نے انٹرنیشنل سٹیٹیکٹ نمبر سی (ایچ ایم) 1-97/19 مورخہ 04 اپریل 2019 جاری کر کے اس کی توثیق کی ہے۔

مالیاتی کارکردگی

کمپنی نے 1,673 ملین روپے (FY 2018: 1,355 ملین روپے) کی لائی لائن حاصل کی جو کرشٹ سٹروکس کی اسی مدت سے 23.46% زیادہ ہے، اس کے مطابق 77 ذرائع کے زیادہ سے زیادہ استعمال کے ذریعے 96 اجات کم ہوئے جس کے نتیجے میں مجموعی منافع (FY 2018) : 23.98% (1.8%) (ہوا) اسی طرح کمپنی نے اپنی مستحکم کوششوں کے ذریعے اپنا سرکل * اور 130.37 ملین روپے کا خالص منافع درج کیا جو کرشٹ سٹروکس کی اسی مدت

3rd Quarter Financial Year 2019

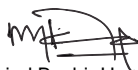
Condensed Interim Statement of Financial Position As at June 30, 2019

<u>Assets</u>	Note	Un-audited June 30, 2019	Audited Sep 30, 2018
(Rupees in thousands)			
Non-current assets			
Property, plant and equipment	5	3,262,293	3,239,614
Intangible assets		290	386
Long term deposits		2,597	664
		<u>3,265,180</u>	<u>3,240,664</u>
Current assets			
Stores, spare parts and loose tools		72,190	71,486
Stock-in-trade		1,833,803	753,446
Loans and advances		124,214	75,643
Trade debts- unsecured considered good		9,257	327,299
Trade deposits and short term prepayments		2,124	2,542
Other receivables		56,293	47,358
Tax refunds due from the government		135,520	124,476
Cash and bank balances		230,612	46,519
		<u>2,464,013</u>	<u>1,448,770</u>
Total Assets		<u>5,729,193</u>	<u>4,689,434</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore
July 25, 2019


Jamal Ahmed
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Financial Position

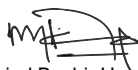
As at June 30, 2019

Equity and Liabilities	Note	Un-audited June 30, 2019	Audited Sep 30, 2018
(Rupees in thousands)			
Share capital and reserves			
Authorized share capital		700,000	700,000
Share capital		341,285	284,404
Capital reserves:			
Share premium		372,402	429,283
Revenue reserves:			
Accumulated profits		212,562	87,333
Loan from sponsors		495,177	610,003
Revaluation surplus on property, plant and equipment	6	1,317,959	1,333,960
Total Equity		2,739,385	2,744,983
Non-current liabilities			
Long term loans from banking companies - secured	7	143,012	268,878
Liabilities against assets subject to finance lease - secured		-	134
Long term advances		200,000	-
Long term provision		1,309	1,309
Deferred taxation		223,875	240,225
		568,196	510,546
Current liabilities			
Trade and other payables		329,268	207,502
Unclaimed dividend		1,123	1,043
Current portion of:			
- Long term loans from banking companies - secured	7	115,078	58,700
- Liabilities against assets subject to finance lease - secured		301	505
Accrued mark-up		55,255	52,197
Short term borrowings - secured	8	1,909,132	1,113,958
Provision for taxation		11,455	-
		2,421,612	1,433,905
Contingencies and commitments	9	-	-
		5,729,193	4,689,434

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July 25, 2019


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Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

3rd Quarter Financial Year 2019

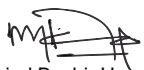
Condensed Interim Statement of Profit or Loss For the Nine Months Ended June 30, 2019

	Note	Un-audited Nine Months Ended June 30		Un-audited Quarter Ended June 30	
		2019	2018	2019	2018
(Rupees in thousands)					
Sales - net	10	1,673,070	1,355,208	1,201,185	519,794
Cost of sales	11	(1,271,775)	(1,331,140)	(1,056,557)	(492,680)
Gross profit		401,295	24,068	144,628	27,114
Operating expenses:					
Administrative Expenses		101,155	77,016	17,013	8,469
Distribution Cost		21,302	5,883	16,727	1,353
		122,457	82,899	33,740	9,822
Operating profits		278,838	(58,831)	110,888	17,292
Finance cost		(129,009)	(99,551)	(49,562)	(54,385)
Other income		(15,690)	143,962	(13,592)	646
Profit before taxation		134,139	(14,420)	47,734	(36,447)
Taxation	12	(3,763)	(2,503)	(4,197)	8,677
Profit after taxation		130,376	(16,923)	43,537	(27,770)
Earnings per share (rupees)					
Basic & diluted		3.82	(0.50)	1.28	(0.81)

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Lahore
July 25, 2019


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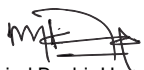
Condensed Interim Statement of Comprehensive Income For the Nine Months Ended June 30, 2019

	Un-audited Nine Months Ended June 30		Un-audited Quarter Ended June 30	
	2019	2018	2019	2018
	(Rupees in thousands)			
Profit after taxation	130,376	(16,923)	43,537	(27,770)
Other comprehensive income for the period				
Items that will not be reclassified to profit and loss account:				
Incremental depreciation for the period	23,293	24,352	7,992	(474)
Total comprehensive income for the period	153,669	7,429	51,529	(28,244)

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Lahore
July 25, 2019


Jamal Ahmed
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows

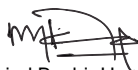
For the Nine Months Ended June 30, 2019

	Nine Months Ended	
	June 31, 2019	June 30, 2018
	Un-audited	Un-audited
	(Rupees in thousands)	
Cash flow from operating activities		
Profit before taxation	134,139	(14,420)
Adjustments for:		
Depreciation	83,613	78,202
Amortization	96	106
Balance written off	-	(115,000)
Loss/(gain) on disposal of property, plant and equipment	569	(52)
Provision for WPPF	2,890	-
Finance cost	129,009	99,551
	216,177	62,807
Profit before working capital changes	350,316	48,387
Working capital changes		
Stores, spare parts and loose tools	(704)	(9,013)
Stock in trade	(1,080,357)	(938,655)
Loans and advances	(48,571)	(176,633)
Trade debts- unsecured considered good	318,042	(386,001)
Trade deposits and short term prepayments	418	(2,318)
Other receivables	(8,935)	(26,953)
Trade and other payables	118,876	(188,673)
	(701,230)	(1,728,243)
Cash used in operations	(350,914)	(1,679,856)
Finance cost paid	(154,639)	(54,138)
Taxes paid	(12,410)	(16,024)
Dividend paid	(28,360)	(24,375)
Net cash used in operating activities	(546,323)	(1,774,393)

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Lahore
July 25, 2019


Jamal Ahmed
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

3rd Quarter Financial Year 2019


Condensed Interim Statement of Cash Flows For the Nine Months Ended June 30, 2019

	Nine Months Ended	
	Jun 30, 2019 Un-audited	Jun 30, 2018 Un-audited
	(Rupees in thousands)	
Cash flow from investing activities		
Addition to fixed assets	(78,615)	(89,524)
Long term deposits	(1,933)	(400)
Proceeds from sale of fixed assets	475	6,216
Net cash generated (used in) investing activities	(80,073)	(83,708)
Cash flow from financing activities		
Long term finances	(69,488)	147,927
Short term borrowings	795,174	1,746,454
Lease rentals paid	(368)	(360)
Loan from associates	(114,826)	43,920
Net cash generated from financing activities	810,492	1,937,941
Net increase in cash and cash equivalents	184,093	79,840
Cash and cash equivalents at beginning of the period	46,519	27,113
Cash and cash equivalents at the end of the period	230,612	106,953

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore
July 25, 2019


Jamal Ahmed
Chief Executive Officer


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Director


Imran Ilyas
Chief Financial Officer

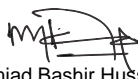
Condensed Interim Statement of Changes in Equity For the Nine Months Ended June 30, 2019

	Share Capital	Share Premium	Accumulated profits	Revaluation Surplus	Loan from Sponsors	Total
	(Rupees in thousands)					
Balance as on October 01, 2017	247,308	466,380	74,292	1,360,978	444,871	2,593,829
Payments made during the year	-	-	-	-	(79,423)	(79,423)
Loan received during the year	-	-	-	-	123,343	123,343
Dividend paid @ Re. 1 per share	-	-	(24,731)	-	-	(24,731)
Incremental depreciation for the period	-	-	-	(24,352)	-	(24,352)
Revaluation surplus on assets disposed off	-	-	-	(3,021)	-	(3,021)
Total comprehensive income for the period	-	-	7,429	-	-	7,429
Balance as on June 30, 2018	247,308	466,380	56,990	1,333,605	488,791	2,593,074
Balance as on October 01, 2018	284,404	429,283	87,333	1,333,960	610,003	2,744,983
Payments made during the year	-	-	-	-	(347,326)	(347,326)
Loan received during the year	-	-	-	-	232,500	232,500
Dividend paid @ Re. 1 per share	-	-	(28,440)	-	-	(28,440)
Total comprehensive gain for the period	-	-	153,669	-	-	153,669
Issuance of bonus shares @ 20%	56,881	(56,881)	-	-	-	-
Incremental depreciation for the period	-	-	-	(23,293)	-	(23,293)
Effect of change in tax rate	-	-	-	7,292	-	7,292
Balance as on June 30, 2019	341,285	372,402	212,562	1,317,959	495,177	2,739,385

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore
July 25, 2019


Jamal Ahmed
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2019

1 Reporting entity

Jauharabad Sugar Mills Limited ("the Company") was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is situated at 109-A, Street # 3, Cavalry Ground, Lahore Cantt, 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 Basis of preparation

2.1 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. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements of the Company has, however, been limited based on the requirements of the International Accounting Standard 34 - Interim Financial Reporting thus these do not include the statements reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2018. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and Listing Regulations of Stock Exchange of Pakistan.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended September 30, 2018, 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 statements for the half year ended June 30, 2018.

2.2 Basis of measurement

These condensed interim financial statements has been prepared under the historical cost convention except for the Company's freehold land, building and plant & machinery which are stated at revalued amount.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

Judgments and estimates made by management in the preparation of these condensed interim financial statements are the same as those applied to the preceding annual published financial statements of the Company for the year ended September 30, 2018.

3 Accounting policies and computation methods

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual

Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2019

published financial statements of the Company for the year ended September 30, 2018, except for treatment of surplus arising out of revaluation of assets. The Companies Act, 2017 applicable from 1 January 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This amendment will result in reclassification of surplus on revaluation of fixed assets as part of shareholders' equity.

- 3.2 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

4 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 first half of the Company's financial year thus increasing volume of inventories and current liabilities at the end of the six months.

5 Property, plant and equipment	Note	Un-audited Jun 30, 2019	Audited Sep 30, 2018
(Rupees in thousands)			
Property, plant and equipment	5.1	2,830,713	2,823,089
Capital work-in-progress	5.2	431,580	416,525
		<u>3,262,293</u>	<u>3,239,614</u>
5.1 Property, plant and equipment			
Balance at beginning of the period / year		2,823,089	2,781,632
Add: Additions during the period / year		71,398	98,060
Add: Transfer from CWIP		20,881	62,328
Less: Book value of operating assets disposed - off during the period / year		(1,043)	(10,781)
		<u>2,914,325</u>	<u>2,931,239</u>
Depreciation charged during the period / year		(83,612)	(108,150)
		<u>2,830,713</u>	<u>2,823,089</u>

5.1.1 Property, plant and equipment includes mark up capitalized amounting to Rs. 3.27 million (September 30, 2018 : Rs. 2.55 million).

5.2 Capital work in progress includes mark up capitalized amounting to Rs. 25.45 million (September 30, 2018 : Rs. 22.13 million).

Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2019

6 Revaluation surplus on property, plant and equipment	Note	Un-audited Jun 30, 2019	Audited Sep 30, 2018
(Rupees in thousands)			
Land		816,220	816,220
Building		100,593	100,593
Plant and machinery		855,042	855,042
		1,771,855	1,771,855
Less: Accumulated incremental depreciation		(258,775)	(223,403)
Less: Revaluation surplus on buildings disposed off		-	(3,021)
		1,513,080	1,545,431
Less: Deferred tax liability			
Opening balance		211,471	233,468
Effect of change in rate of tax		(7,292)	(7,782)
Disposal of fixed asset		-	(876)
Incremental depreciation for the period		(9,058)	(13,338)
		195,121	211,471
		1,317,959	1,333,960

7 Long term loans from banking companies - secured

Soneri Bank Limited	7.1	108,729	182,606
Albaraka Bank Pakistan Limited	7.2	149,361	144,972
		258,090	327,578
Less: Current portion		(115,078)	(58,700)
		143,012	268,878

7.1 This includes long term loan against sanctioned Term Finance facility of Rs. 200 million obtained from Soneri Bank Limited for power plant and carries mark-up at the rate of 3 months KIBOR plus 2.75% and mark-up is payable on quarterly basis. The said loan is secured against:

- i) 1st pari passu charge over fixed assets of the Company amounting to Rs. 267 Million (including land, building, plant and machinery) duly registered with SECP.
- ii) 1st pari passu charge over receivables of the Company amounting to Rs. 267 Million (specifically generated from power outlay) duly registered with SECP.

The loan is to be repaid on 12 equal quarterly instalments.

7.2 This includes long term loan against sanctioned DM facility of Rs. 150 million obtained from AL Baraka Bank Pakistan Limited (ABPL) for power plant and carries mark-up at the rate of 3 months KIBOR plus 3% and mark-up is payable on quarterly basis. The said loan is secured against:

- i) ABPL's exclusive charge over DM assets amounting to Rs. 150 Million (including power plant and allied parts, accessories, erections, civil construction etc.) duly registered with SECP.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2019

The loan is to be repaid on quarterly basis within 3 years after installation of power plant.

This also includes long term loan against sanctioned DM facility of Rs. 50 million obtained from AL Baraka Bank Pakistan Limited for import of machinery/parts and carries mark-up at the rate of 3 months KIBOR plus 3% and mark-up is payable on quarterly basis. The said loan is secured against:

- i) Lien over import documents.
- ii) 20% Equity contribution for DM.

The loan is to be repaid on quarterly basis as per schedule.

8 Short term borrowings - secured	Sanction limit	Note	Un-audited June 30, 2019	Audited Sep 30, 2018
(Rupees in thousands)				
Mark-up based borrowings				
		8.1		
Running finance	200,000		198,294	96,998
Cash finance	1,800,000		913,860	573,287
	2,000,000		1,112,154	670,285
Islamic mode of financing				
		8.2		
Morabaha finance	500,000		297,215	391,998
Bai salam	1,050,000		499,763	51,675
	1,550,000		796,978	443,673
	3,550,000		1,909,132	1,113,958

8.1 These facilities have been obtained from various conventional banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited.

These facilities carry mark-up at the rates ranging from 3 months KIBOR + 2% to 3 months KIBOR + 2.50% per annum payable quarterly.

The aggregate available short term funded facilities amounting to Rs. 2.00 billion (September 30, 2018: Rs. 1.90 billion).

8.2 These facilities have been obtained from various Islamic banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock, lien over import documents and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited.

These facilities carry mark-up at the rates ranging from matching KIBOR + 2% to matching KIBOR + 3% per annum payable quarterly.

The aggregate available short term funded facilities amounting to Rs.1.55 billion (September 30, 2018: Rs. 1.45 billion).

3rd Quarter Financial Year 2019

Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2019

9 Contingencies and commitments

9.1 Contingencies

There is no material change in contingencies from the preceding period audited financial statements of the Company for the year ended 30 September 2018.

9.2 Commitments

Commitments in respect of capital expenditure at the period end is Rs. 7.17 million (September 30, 2018: Rs. 9.45 million).

10 Sales - net	Un-audited Nine Months Ended June 30		Un-audited Quarter Ended June 30	
	2019	2018	2019	2018
			(Rupees in thousands)	
Local	1,508,952	1,246,129	982,856	462,375
Export	313,625	250,338	313,625	112,082
	1,822,577	1,496,467	1,296,481	574,457
Less:				
Sales tax	(146,348)	(139,430)	(94,105)	(54,084)
Commission	(3,159)	(1,829)	(1,191)	(579)
	1,673,070	1,355,208	1,201,185	519,794

11 Cost of sales

Raw material cane purchased and consumed	2,052,685	2,002,028	247	40,153
Salaries, wages and other benefits	88,447	88,003	18,239	25,817
Chemicals, fuel, lubes and packing material	52,247	42,775	100	5,993
Manufacturing expenses	76,718	60,246	11,903	10,785
Depreciation	81,940	76,638	27,945	25,503
Amortization	94	104	31	35
	2,352,131	2,269,794	58,465	108,286
Work-in-process - (net)	(747)	164	-	25,071
Cost of goods manufactured	2,351,384	2,269,958	58,465	133,357
Opening stock of finished goods	751,517	554,453	2,829,218	1,852,594
	3,102,901	2,824,411	2,887,683	1,985,951
Closing stock of finished goods	(1,831,126)	(1,493,271)	(1,831,126)	(1,493,271)
Cost of sales	1,271,775	1,331,140	1,056,557	492,680

Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2019

12 Taxation

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

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public Company other than a scheduled bank or modaraba, that derives profits for the tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, with effect from tax year 2018 this tax on undistributed reserves is not applicable to a public Company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash dividend or bonus shares.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 September 2019 (refer to note 15) to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the period ended 30 June 2019.

13 Transactions with related parties

June 30, 2019 Sep 30, 2018
Un-audited Audited

(Rupees in thousands)

The related parties comprise directors of the Company, key employees, provident fund trust, associated undertakings and subsidiary company. Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transaction		
Post employment benefit plan	Provident fund contribution (Paid)	(1,873)	(2,023)
Cane Processing Pvt Limited (CPL)	Received/(Paid) during the period/year	(276)	132,498
Loan from sponsors	Received/(Paid) during the period/year	(114,550)	(77,201)

14 Financial risk management

The Company activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest risk, cash flow interest risk and price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 September 2018.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2019

15 Date of authorization

These condensed interim financial statements were authorized for issue on July 25, 2019 by the Board of Directors of the Company.

16 General

- 16.1 Figures of previous year have been re-arranged and reclassified wherever necessary for the purposes of comparison.
- 16.2 Figures have been rounded off to the nearest thousand rupees.

Lahore
July 25, 2019



Jamal Ahmed
Chief Executive Officer



Amjad Bashir Hussain
Director



Imran Ilyas
Chief Financial Officer

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