



**Condensed Interim Financial Statements  
For The First Quarter Ended  
December 31, 2016  
(Un-Audited)**



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December 31, 2016  
(Un-Audited)**



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## Corporate Information

### Board of Directors

Mr. Ghias Ul Hasan  
Mr. Atif Zaheer Farooqi  
Mr. Amjad Bashir Hussain  
Mr. Shahrukh Taimour  
Mr. Farhan Ilyas  
Mr. Muhammad Aamir Beg  
Mr. Jamal Ahmed

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

### Audit Committee

Mr. Amjad Bashir Hussain  
Mr. Farhan Ilyas  
Mr. Ghias Ul Hasan

Chairman  
Member  
Member

### Human Resource & Remuneration Committee

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

Chairman  
Member  
Member

### Company Secretary

Mr. Imran Ilyas

### Auditors

UHY Hassan Naeem & Co.  
(Chartered Accountants)

### Head of Internal Audit

Syed Muhammad Usman Afzaal

### Share Registrar

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

### Legal Advisor

Allied Legal Services, Advocates

### Registered Office 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  
Phone No. 0454 720063-6

### Bankers of the Company

Albarka Bank Pakistan Limited  
JS Bank Limited  
MCB Islamic Bank Limited  
Dubai Islamic Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
Allied Bank Limited

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

### Company Website

[www.jsml.com.pk](http://www.jsml.com.pk)

# FINANCIAL HIGHLIGHTS

**2016 SALES REVENUE**  
**61.04 Rs. in Million**  
2015 it was 34.48 Rs. in Million



**2016 GROSS PROFIT**  
**87.72%**  
2015 it was (120.88%)

**2016 EARNING PER SHARE**  
**1.50 Rs.**  
2015 it was (6.29 Rs.)



**2016 INTEREST COVER RATIO**  
**3.53 Ratio**  
2015 it was (15.12 Ratio)



**2016 PROFIT AFTER TAX**  
**26.87%**  
2015 it was (199.08%)



## 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 quarterly financial statements of the Company for the first quarter ended December 31, 2016.

Your company had started current crushing season in the last week of November 2016. Balancing, Modernization & Rehabilitation has improved utilization of designed cane crushing capacity in efficient manner and has provided competitive advantage to Jauharabad Sugar Mills Limited in order to stay aligned with its corporate vision.

This year sugar industry is expected to provide notable returns to all stake holders due to availability of bumper sugarcane crop, owing better climatic conditions and crop management. Sugar production is forecasted to suffice for not only domestic consumption but for export purposes also.

For the period under review, the Company correspondingly has performed well. Due to the sugar stocks managed by the Company, as an outcome to the financial support extended by leading financial institutions, improvement is expected in financial performance for rest of period within this financial year.

The management remains committed to have persistent focus on improving the turnover of your Company. Together with the envisaged expansion projects, motivated team and self-commitments, the management is setting up new targets for the Company to achieve its corporate objectives.

For and on behalf of the Board

Lahore: January 30, 2017

  
**Ghias UI Hasan**  
Chief Executive



## Condensed Interim Statement of Financial Position (Un-audited) As at December 31, 2016

Equity and Liabilities	Note	Un-audited Dec 31, 2016	Audited Sep 30, 2016
(Rupees in thousands)			
<b>Share Capital and Reserves</b>			
Authorized Share Capital		700,000	700,000
Share Capital		109,098	109,098
Capital Reserve - premium on right shares		26,879	26,879
Loan From Sponsors		1,023,935	1,123,935
Revenue Reserves:			
- General Reserve		62,000	62,000
- Accumulated Losses		(14,034)	(39,697)
		47,966	22,303
Surplus on Revaluation of Fixed Assets - net of tax		1,356,972	1,366,236
		2,564,850	2,648,452
<b>Non-Current Liabilities</b>			
Long Term Finances	6	97,944	32,645
Liabilities Against Finance Lease		1,000	-
Long Term Advances		115,000	115,000
Long Term Provision		1,309	1,309
Deferred Taxation		216,392	216,394
		431,645	365,348
<b>Current Liabilities</b>			
Trade and Other Payables		402,931	209,348
Accrued Mark-up		4,673	475
Short Term Borrowings	5	931,122	-
Current Portion of Long Term Finances	6	-	4,541
Current Liabilities Against Finance Lease		441	-
		1,339,167	214,364
Contingencies and Commitments	7	-	-
		4,335,662	3,228,164

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director

**Condensed Interim Statement of Financial Position (Un-audited)**  
As at December 31, 2016

Assets	Note	Un-audited Dec 31, 2016	Audited Sep 30, 2016
(Rupees in thousands)			
<b>Non-Current Assets</b>			
Fixed Assets	8	2,894,046	2,786,101
Long Term Deposits		396	396
		2,894,442	2,786,497
<b>Current Assets</b>			
Stores, Spare Parts and Loose Tools		77,851	64,936
Stock-in-Trade		945,684	30,432
Loans and Advances		65,816	44,493
Trade Deposits and Short Term Prepayments		7,393	8,115
Other Receivables		15,752	206,740
Tax Refunds due from the Government		75,409	67,413
Cash and Bank Balances		253,315	19,538
		1,441,220	441,667
		4,335,662	3,228,164

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director

**Condensed Interim Statement of Financial Position (Un-audited)**  
As at December 31, 2016

	Note	Un-audited Dec 31, 2016	Un-audited Dec 31, 2015
(Rupees in thousands)			
Sales		61,035	34,480
Cost of Sales	9	7,497	76,194
Gross Profits/(Loss)		53,538	(41,714)
Operating Expenses:			
Administrative expenses		26,155	21,884
Distribution cost		1,291	1,036
		27,446	22,920
Operating Profits/(Loss)		26,092	(64,634)
Finance cost		(6,477)	(4,258)
Other income		143	248
Profit/(Loss) Before Taxation		19,758	(68,644)
Taxation	10	(3,359)	-
Profit/(Loss) after Taxation		16,399	(68,644)
Earning/(Loss) Per Share (Rupees)			
Basic & Diluted		1.50	(6.29)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director

**Condensed Interim Statement of Other Comprehensive Income (Un-audited)**  
 For the First Quarter ended December 31, 2016

	Un-audited Dec 31, 2016	Un-audited Dec 31, 2015
(Rupees in thousands)		
Profit/(Loss) after Taxation	16,399	(68,644)
Other Comprehensive Income/(Loss) for the Period		
Incremental depreciation for the period	9,264	4,967
Total Comprehensive Income/(Loss) for the Period	25,663	(63,677)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
 January 30, 2017

  
 Ghias Ul Hasan  
 Chief Executive

  
 Amjad Bashir Hussain  
 Director

**Jauharabad Sugar Mills Limited**

First Quarter Ended December 31, 2016

**Condensed Interim Statement of Cash Flows (Un-audited)**  
For the First Quarter ended December 31, 2016

	Un-audited Dec 31, 2016	Un-audited Dec 31, 2015
(Rupees in thousands)		
Cash Flow from Operating Activities		
Profit/(Loss) before Taxation	19,758	(68,644)
Adjustments for:		
Depreciation	26,066	17,950
Finance Cost	6,477	4,258
Profit/(Loss) before Working Capital Changes	52,301	(46,436)
Working Capital Changes		
Stores, Spare Parts and Loose tools	(12,915)	10,772
Stock in Trade	(915,252)	(581,028)
Loans and Advances	(21,323)	8,645
Trade Debts- Unsecured Considered Good	-	116,518
Trade Deposits and Short Term Prepayments	722	222
Other Receivables	190,988	(6,000)
Trade and Other Payables	90,221	166,845
	(667,559)	(284,026)
Cash Used in Operations	(615,258)	(330,462)
Financial Cost	(2,279)	(15,455)
Taxes Paid	(7,996)	(323)
Net Cash Used in Operating Activities	(625,533)	(346,240)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director

**Condensed Interim Statement of Cash Flows (Un-audited)**  
For the First Quarter ended December 31, 2016

	Un-audited Dec 31, 2016	Un-audited Dec 31, 2015
(Rupees in thousands)		
Cash Flow From investing Activities		
Addition to Fixed Assets	(132,570)	(2,193)
Short Term Investment	-	15,000
Net Cash Generated/(Used in) From investing Activities	(132,570)	12,807
Cash Flow From Financing Activities		
Long Term Finances	60,758	(12,908)
Long Term Advance	-	(210)
Short Term Borrowings	931,122	346,104
Loan From Associates	-	-
Net Cash Generated From Financing Activities	991,880	332,986
Net increase/(Decrease) in Cash and Cash Equivalents	233,777	(447)
Cash and Cash Equivalents at Beginning of the Period	19,538	34,263
Cash and Cash Equivalents at the End of the Period	253,315	33,816

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)**  
As at December 31, 2016

	Share Capital	Share Premium	General Reserve	Share Deposit Money	Revaluation Surplus	Loan from Sponsors	Accumulate Losses	Total
(Rupees in thousands)								
Balance as on October 01, 2015	109,098	26,879	62,000	577,710	1,049,736	325,106	(172,051)	1,978,478
Total Comprehensive Loss for the Period	-	-	-	-	-	-	(63,677)	(63,677)
Incremental Depreciation for the Period	-	-	-	-	(4,967)	-	-	(4,967)
Balance as on December 31, 2015	109,098	26,879	62,000	577,710	1,044,769	325,106	(235,728)	1,909,834
Balance as on October 01, 2016	109,098	26,879	62,000	-	1,366,236	1,123,935	(39,697)	2,648,452
Total Comprehensive Gain for the Period	-	-	-	-	-	-	25,663	25,663
Incremental Depreciation for the Period	-	-	-	-	(9,264)	-	-	(9,264)
Balance as on December 31, 2016	109,098	26,879	62,000	-	1,356,972	1,123,935	(14,034)	2,664,851

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director

## **Notes to the Condensed Interim Financial Information (Un-audited)** For the First Quarter ended December 31, 2016

### **1 Reporting Entity**

Jauharabad Sugar Mills Limited ("the Company") was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Ordinance, 1984). 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**

The interim financial information of the Company for the quarter ended Dec 31, 2016 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, 2016. These interim financial information are un-audited and are being submitted to the shareholders 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, 2016, 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 Quarter ended December 31, 2015.

#### **2.2 Functional and Presentation Currency**

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

#### **2.3 Critical Accounting Estimates and Judgments**

Judgments and estimates made by 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, 2016.



**Notes to the Condensed Interim Financial Information (Un-audited)**  
For the First Quarter ended December 31, 2016

**3 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, 2016.

**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 February / March. 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 first half.

**5 Short Term Financing - Secured**

This includes short term loan of Rs.31 Million, from MCB Islamic Bank Limited, to finance the payment against import documents and custom duties there against imported machinery.

	Note	Un-audited Dec 31, 2016	Audited Sep 30, 2016
(Rupees in thousands)			
<b>6 Long Term Financing - Secured</b>			
Opening balance		37,186	37,186
Additions during the period		65,299	-
Payments made during the period		(4,541)	-
Balance	6.1	97,944	37,186
Current portion		-	(4,541)
		97,944	32,645

6.1 This represents long term loan obtained from Al Baraka Bank Pakistan Limited 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:

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

## **Notes to the Condensed Interim Financial Information (Un-audited)** **For the First Quarter ended December 31, 2016**

ii) Lien over import documents.

iii) Pledge of 800,000 shares of Kohat Cement Company Limited in CDC account.

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

### **7 Contingencies and Commitments**

#### **7.1 Contingencies**

The followings are known contingencies as on December 31, 2016.

**7.1.1** 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 to Rs. 58.881 million has not been accounted for in these financial statements. The Company has filed a writ petition in the Honourable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of Rs. 58.881 million.

**7.1.2** The Income Tax Department raised a demand of Rs. 197.075 million on account of non deduction of tax while making payment to sugar cane suppliers. The demand was 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 favour.

**7.1.3** The Company has filed a writ petition against the amendments of finance act 2014 on "Alternate Corporate taxes", implication 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, amendments become applicable after July 1, 2014.

**7.1.4** The Company has filed an appeal before ATIR against the rectification order passed by Deputy Commissioner Inland Revenue creating the demand of Rs.6.59 million by raising the rate of minimum tax from 0.5% to 1% for the tax/assessment year 2011. Stay has been granted by ATIR against recovery of such demand.

**Notes to the Condensed Interim Financial Information (Un-audited)**  
For the First Quarter ended December 31, 2016

7.1.5 The Company has filed an appeal before ATIR against the assessment order passed by Deputy Commissioner Inland Revenue creating FED/Sales Tax liability for Rs. 11.72 million for the tax periods July 2012 to June 2013. Stay has been granted by ATIR against recovery of such demand.

**7.2 Commitments**

Commitments in respect of capital expenditure at the period end is Rs.48.23 million (September 30, 2016: Rs. 67.296 million).

	Note	Un-audited Dec 31, 2016	Audited Sep 30, 2016
(Rupees in thousands)			
<b>8 Fixed Assets</b>			
Property, plant and equipment	8.1	2,813,601	2,731,856
Capital work-in-progress		80,445	54,245
		<b>2,894,046</b>	<b>2,786,101</b>
8.1 Property, Plant and Equipment			
Opening written down value		2,731,856	2,053,261
Additions during the period		107,811	819,201
		<b>2,839,667</b>	<b>2,872,462</b>
Depreciation charged during the period / year		(26,066)	(140,606)
		<b>2,813,601</b>	<b>2,731,856</b>

**Notes to the Condensed Interim Financial Information (Un-audited)**  
For the First Quarter ended December 31, 2016

	First Quarter Ended	
	Dec 31, 2016	Dec 31, 2015
(Rupees in thousands)		
<b>9 Cost of Sales</b>		
Raw material cane purchased and consumed	835,381	527,955
Salaries, wages and other benefits	27,186	18,905
Chemicals, fuel, lubes and packing material	13,368	8,591
Manufacturing expenses	21,269	14,390
Depreciation	25,545	16,553
	922,749	586,394
Work-in-process - (net)	(46,765)	(14,475)
Cost of goods manufactured	875,984	571,919
Opening stock of finished goods	28,433	53,189
	904,417	625,108
Closing stock of finished goods	(896,920)	(548,914)
Cost of sales	7,497	76,194

**10 Taxation**

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

		First Quarter Ended	
		Dec 31, 2016	Dec 31, 2015
(Rupees in thousands)			
<b>11 Transactions with Related Parties</b>			
Relationship	Nature of Transaction		
Post Employment Benefit Plan	Provident fund contribution	387	219
Associated Companies	Loan (Paid) / Disbursed	-	6,000

**Notes to the Condensed Interim Financial Information (Un-audited)**  
For the First Quarter ended December 31, 2016

**12 Date of Authorization**

This condensed interim financial information was authorized for issue on January 30, 2017 by the Board of Directors of the Company.

**13 General**

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

Lahore  
January 30, 2017

  
Ghias Ul Hasan  
Chief Executive

  
Amjad Bashir Hussain  
Director



**Registered Office**

Jauharabad Sugar Mills Limited  
109-A, Street No. 3  
Cavalry Ground, Lahore Cantt.  
Phone # 042-37175229 | 37175256  
Email: [info@jsml.com.pk](mailto:info@jsml.com.pk)