

March 31 | 2nd Qtr
2018



Condensed Interim Financial Statements
For The Half Year Ended
March 31, 2018
(Un-Audited)



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Financial Highlights



Top Line

2018 - 835.41 Rs. in Million
2017 - 587.59 Rs. in Million



Net Profit Ratio

1.30% During 2018
3.34% During 2017



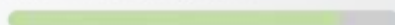
Return on Capital Employed

2.58% During 2018
2.47% During 2017



Price Earning Ratio

93.18 Times During 2018
87.01 Times During 2017



Bottom Line

2018 - 10.85 Rs. in Million
2017 - 19.62 Rs. in Million



Corporate Information

BOARD OF DIRECTORS

Mr. Ghias Ul Hasan	Chief Executive
Mr. Amjad Bashir Hussain	Independent Director
Mr. Amjad Javed Aftab	Dependent Director
Mr. Saif ur Rehman	CPL Nominee
Mr. Farhan Ilyas	CPL Nominee
Mr. Muhammad Aamir Beg	CPL Nominee
Mr. Jamal Ahmed	CPL Nominee

AUDIT COMMITTEE

Mr. Amjad Bashir Hussain	Chairman
Mr. Muhammad Aamir Beg	Member
Mr. Saif ur Rehman	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

CFO & COMPANY SECRETARY

Mr. Imran Ilyas

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
Phone No. 042 35916714
Fax No. 042 35869037
E-mail: shares@corplink.com.pk

LEGAL ADVISOR

Allied Legal Services, Advocates
25-Munawer Chambers
1-Mozang Road, Lahore.
Phone No. 042 37354090
Fax No. 042 37354090

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
Phone No. 0454 720063-6

ISLAMIC BANKERS OF THE COMPANY

Abaraka Bank Pakistan Limited

MCB Islamic Bank Limited

Dubai Islamic Bank Pakistan Limited

BANKERS OF THE COMPANY

Askari Bank Limited
Faysal Bank Limited
United Bank Limited
Allied Bank Limited

JS Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited

Soneri Bank Limited
National Bank of Pakistan
Bank Alfalah Limited

COMPANY WEBSITE

www.jsml.com.pk

Directors' Review

Dear Members, Assalam-O-Alaikum

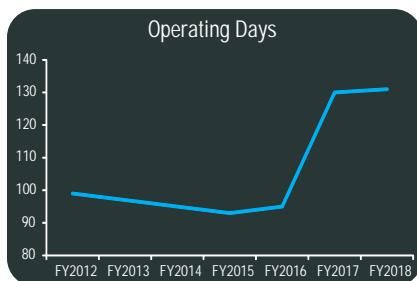
On behalf of the Board of Directors and myself, I am pleased to present before you the un-audited financial statements of the Company for the half year ended March 31, 2018 that has duly been reviewed by the external auditors.

SECTOR OVERVIEW

During crushing season 2017-18 the industry has again witnessed a bumper crop but owing to the adverse climatic conditions i.e. lack of irrigation water and less rain fall during the year etc., average sucrose recovery has remained depressed resulting in a lower than expected sugar production of approximately 6.6 million tons [2017: 7.05 million tons] in the country. Further, the Government of Pakistan has also allowed 1.5 million tons of sugar to be exported from current year's production, with subsidy, in order to support the local industry.

OPERATIONAL PERFORMANCE

Bumper crop has extended this crushing season till mid April, 2018. Despite the fact that previously non-functional mills have become operative in our region this season resulting in an increased crushing capacity, your Company has performed reasonably well as compared to its competitors producing 42,846 MT of sugar with a plant utilization factor of 48.6%. Following operational results for the crushing season 2017-18 have been achieved till the date of reporting as compared to the last year.

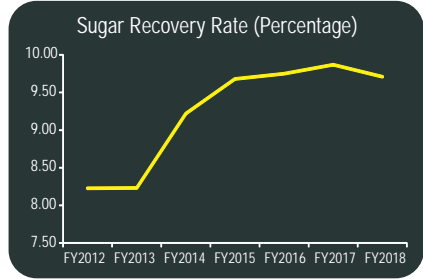
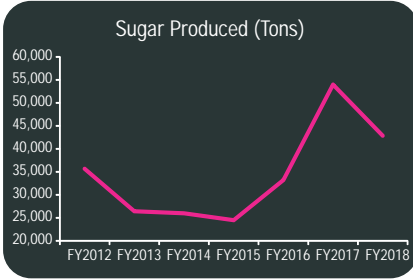


For The period Ended March 31		2018	2017
Season Start	Date	30 Nov 18	25 Nov 17
Working Days	Days	122	127
Sugar Cane Crushed	M. Tons	433,134	545,468
Sugar Produced	M. Tons	41,584	53,696
Sugar Recovery	Percentage	9.74%	9.84%
Molasses Produced	M. Tons	19,411	24,819
Molasses Recovery	Percentage	4.84%	4.55%

Further, following operating results has been achieved by the end of the crushing season 2017-18.

For Crushing Season ended as on		09-Apr-2018	03-Apr-17
Working Days	Days	131	130
Sugar Cane Crushed	M. Tons	441,646	546,857
Sugar Produced	M. Tons	42,846	53,972
Sugar Recovery	Percentage	9.7%	9.87%
Molasses Produced	M. Tons	21,835	25,256
Molasses Recovery	Percentage	4.94%	4.62%

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 2017-18, a fact that has been published in local newspapers and the same has been applied to Cane Commissioner for endorsement with a request for issuance of clearance certificate.



FINANCIAL PERFORMANCE

The Company has achieved top line growth of forty two percent (42%) as compared to last year and has posted bottom line of Rs. 13.206 million (2017 Rs. 19.619 million) for the half year ended March 31, 2018. Going forward, Company expects the sugar prices in Pakistan to stabilize because the allocated export quota has virtually been exhausted and no surplus sugar is available in the country.

The Company enjoys cordial relations with all its financial institutions and is at par to fulfil its financial commitments on time.

FUTURE PROSPECTS

The 15 MW Power plant has entered into its final stages of completion and it is expected to contribute towards shareholder's equity by next crushing season.

MAJOR EVENTS

During the last week of December 2017, a fire broke out in godowns of the Company, and by the grace of Allah no life loss/injuries took place during the incident. All of these godowns were duly insured and claims have been duly lodged with the insurance companies.

AUDITOR REPORTS

Auditors of the company are contended with financial performance and its statements thereby authorized issuance of condensed interim financial statements to its shareholders.

No Material changes and commitment affecting the financial position of your Company have occurred between the end of financial reporting period and the date of Director's Report.

For and on behalf of the Board

Ghias-Ul-Hasan
Ghias-Ul-Hasan
 Chief Executive

Lahore: May 24, 2018

ڈائریکٹرز کی جائزہ رپورٹ

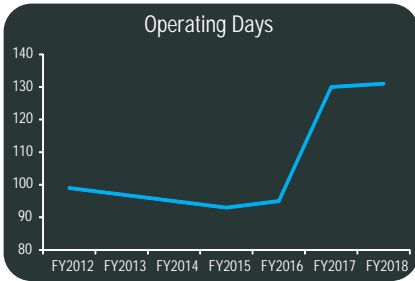
محترم حصص داران، السلام علیکم

بورڈ آف ڈائریکٹرز اور خود میری طرف سے، میں آپ کو 31 مارچ 2018 کو ختم ہونے والی پہلی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالی حسابات پیش کرتے ہوئے خوش محسوس کرتا ہوں جو بیرونی آڈیٹرز کی طرف سے باقاعدہ نظر ثانی شدہ ہیں۔

شعبہ دار کارکردگی کا جائزہ

کرشنگ بیزن 2017-18 کے دوران صنعت نے دوبارہ بہرہ فاصل کی گواہی دی ہے لیکن منفی موسمی حالات یعنی سال کے دوران آپاشی کے پانی کی کمی اور کم بارشیں ہونے کی وجہ سے اوسط سکروس ریکوری کم رہی جس کے نتیجے میں چینی کی پیداوار وقوع سے کم تقریباً 6.6 ملین ٹن (2017: 7.05 ملین ٹن) حاصل ہوئی۔ اس کے علاوہ حکومت پاکستان نے مقامی صنعت کی مدد کرنے کے لئے سبسڈی کے ساتھ 1.5 ملین ٹن چینی حالیہ سال کی پیداوار سے برآمد کرنے کی بھی اجازت دی ہے۔

آپرییشنل کارکردگی



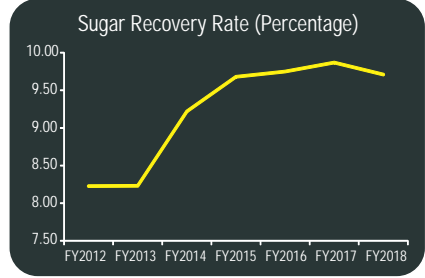
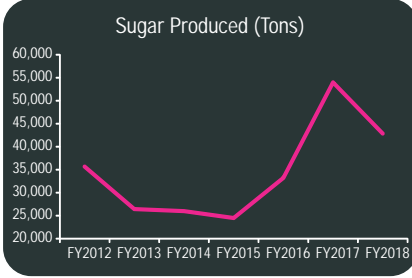
بہرہ فاصل نے موجودہ کرشنگ بیزن کو اپریل 2018 کے وسط تک بڑھا دیا۔ باوجود اس حقیقت کے کہ گزشتہ بیزن میں ہمارے علاقہ کی غیر فعال ملاز اس بیزن میں آپریٹو ہو گئی ہیں زیادہ کرشنگ صلاحیت کے نتیجے میں، آپ کی کمپنی نے اپنے حریفوں کے مقابلے نمایاں اچھی کارکردگی کا مظاہرہ کیا اور پلانٹ کے 48.6 فیصد صلاحیتی عنصر کو استعمال کرتے ہوئے 42,846 میٹرک ٹن چینی بنائی ہے۔ کرشنگ بیزن 2017-18 کے درج ذیل آپرییشنل نتائج گزشتہ سال کے مقابلے رپورٹنگ کی تاریخ تک حاصل کئے گئے ہیں۔

2017	2018	31 مارچ ختم شدہ مدت
25 نومبر 17	30 نومبر 18	بیزن کا آغاز
127	122	یوم
545,468	433,134	گنے کی کرشنگ
53,696	41,584	چینی کی پیداوار
9.84%	9.74%	چینی کی ریکوری
24,819	19,411	مولاسس کی پیداوار
4.55%	4.84%	مولاسس کی ریکوری

اس کے علاوہ، درج ذیل آپریٹنگ نتائج کرشنگ بیزن 2017-18 کے اختتام پر حاصل کئے گئے ہیں۔

2017 اپریل 103	2018 اپریل 09	ختم شدہ کرشنگ بیزن
130	131	یوم
546,857	441,646	گنے کی کرشنگ
53,972	42,846	چینی کی پیداوار
9.87%	9.7%	چینی کی ریکوری
25,256	21,835	مولاسس کی پیداوار
4.62%	4.94%	مولاسس کی ریکوری

انتظامیہ خوشی سے وضاحت کرتی ہے کہ کمپنی نے ایک بار پھر کرشنگ بیزن 2017-18 کے اختتام کے چوبیس (24) گھنٹے کے اندر اندر گھنے کے اپنے واجبات کی سو فیصد (100%) ادائیگی کی ہے، یہ حقیقت مقامی اخبارات میں بھی شائع ہوئی اور کیٹرس شوکیٹ جاری کرنے کے لئے کمیشنر کے ہاں درخواست بھی گزاری گئی ہے۔



مالیاتی کارکردگی

کمپنی نے گزشتہ سال کے مقابلے بیلنس فیصد (42%) کی ٹاپ لائن مجموعاً حاصل اور 31 مارچ 2018 کو ختم ہونے والی ششماہی کے لئے 13,206 ملین روپے (2017: 19,619 ملین روپے) کی چٹ لائن درج کی ہے۔ آگے بڑھتے ہوئے کمپنی توقع ہے کہ پاکستان میں چینی کی قیمتیں مستحکم ہو جائیں گی کیونکہ مختص برآمد کوٹ ختم ہو چکا ہے اور ملک میں کوئی سرپلس چینی موجود نہیں ہے۔

کمپنی اپنے تمام مالیاتی اداروں کے ساتھ خوشگوار تعلقات سے لطف اندوز ہوتی ہے اور وقت پر اپنے مالی وعدوں کو پورا کرتی ہے۔

مستقبل کے امکانات

15 میگا واٹ کا پاور پلانٹ تکمیل کے حتمی مراحل میں داخل ہو گیا ہے اور توقع ہے کہ اگلے کرشنگ بیزن میں اپنے حصص داران کے منافع میں حصہ ڈالنا شروع کر دے گا۔

اہم واقعات

دسمبر 2017 کے آخری ہفتے کے دوران، کمپنی کے گودام میں آگ لگ گئی، اور اللہ کے فضل سے کوئی جانی نقصان اڑھی نہیں ہوا۔ یہ تمام گودام انشورنس کمپنی کے ذریعے باقاعدہ انشورنس شدہ تھے اور گنہگار کا باقاعدہ اندراج کرایا گیا۔

آڈیٹرز کی رپورٹ

کمپنی کے آڈیٹرز نے مالیاتی کارکردگی اور اس کے حسابات سے اتفاق کرتے ہیں اس طرح اپنے حصص داروں کو چند عبوری مالیاتی حسابات جاری کرنے کی اجازت دی ہے۔ مالی رپورٹنگ مدت کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان آپ کی کمپنی کی مالی حیثیت پر اثر انداز نہیں ہونے والی کوئی مادی تبدیلیاں وقوع پذیر اور وعدے نہیں کئے گئے ہیں۔

اعتراف

ہم کمپنی کے امور کو ہموار چلانے، موجودہ طلب کے مقاصد اور اہداف کو پورا کرنے کیلئے اپنے ایگزیکٹوز، عملہ کے ارکان اور کارکنوں کے فریضے کی انجام دہی اور سخت محنت کی لگن کو سراہتے ہیں۔

مختار بوریڈ

Muhammad Hashim

غیاث الحسن

چیف ایگزیکٹو

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed interim statement of financial position of Jauharabad Sugar Mills Limited as at March 31, 2018 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 financial interim 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 Standards on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than 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

Based on our review, nothing has come to our attention that cause us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore: May 24, 2018


UHY Hassan Nadeem & Co.
Chartered Accountants
Imran Road FCA

Condensed Interim Statement of Financial Position (Un-audited)


As at March 31, 2018

		Un-audited Mar 31 2018	Audited Sep 30 2017
Equity and Liabilities	<i>Note</i>	(Rupees in thousands)	
Share capital and reserves			
Authorized share capital		700,000	700,000
Share capital		247,308	247,308
Capital reserves:			
Share premium		466,380	466,380
Loan from sponsors		493,448	444,871
Revenue reserves:			
- Accumulated profits		85,234	74,292
Revaluation surplus on property, plant and equipment	6	1,307,346	1,335,193
Total Equity		2,599,716	2,568,044
Non-current liabilities			
Long term loans from banking companies - secured	7	286,196	158,663
Liabilities against assets subject to finance lease - secured		397	639
Long term advances		-	115,000
Long term provision		1,309	1,309
Deferred taxation		247,817	247,817
		535,719	523,428
Current liabilities			
Trade and other payables		154,105	393,180
<i>Current portion of:</i>			
- Long term loans from banking companies - secured	7	21,578	9,495
- Liabilities against assets subject to finance lease - secured		479	465
Accrued mark-up		38,913	16,491
Short term borrowings - secured	8	2,526,135	407,656
Provision for taxation		13,287	2,107
		2,754,498	829,394
Contingencies and commitments	9	-	-
		5,889,933	3,920,866

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore
May 24, 2018


Ghias Ul Hasan
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Financial Position (Un-audited)


As at March 31, 2018

	Note	Un-audited Mar 31 2018	Audited Sep 30 2017
		(Rupees in thousands)	
Assets			
Non-current assets			
Property, plant and equipment	5	3,113,840	3,082,537
Intangible assets		476	563
Long term deposits		664	264
		<u>3,114,980</u>	<u>3,083,364</u>
Current assets			
Stores, spare parts and loose tools		63,807	60,668
Stock-in-trade		1,879,459	556,411
Loans and advances		221,610	50,533
Trade debts- unsecured considered good		270,290	1,366
Trade deposits and short term prepayments		4,362	525
Other receivables		52,897	23,017
Tax refunds due from the government		132,697	117,869
Cash and bank balances		149,831	27,113
		<u>2,774,953</u>	<u>837,502</u>
		<u>5,889,933</u>	<u>3,920,866</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore
May 24, 2018


Ghias Ul Hasan
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Profit & Loss Account (Un-audited)

For the Half Year Ended March 31, 2018

	Note	Un-audited Half Year Ended March 31		Un-audited Quarter Ended March 31	
		2018	2017	2018	2017
(Rupees in thousands)					
Sales - net	10	835,414	587,589	214,747	526,554
Cost of sales	11	(838,460)	(476,924)	(192,635)	(469,427)
Gross profits		(3,046)	110,665	22,112	57,127
Operating expenses:					
Administrative Expenses		68,547	47,665	45,707	21,510
Distribution Cost		4,530	3,199	3,869	1,908
		73,077	50,864	49,576	23,418
Operating profits		(76,123)	59,801	(27,464)	33,709
Finance cost		(45,166)	(37,823)	(40,203)	(31,346)
Other income	12	143,316	3,517	87,864	3,374
Profit before taxation		22,027	25,495	20,197	5,737
Taxation	13	(11,180)	(5,876)	(10,609)	(2,517)
Profit after taxation		10,847	19,619	9,588	3,220
Earnings per share (rupees)					
Basic & diluted		0.44	0.79	0.39	0.13

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year Ended March 31, 2018


	Un-audited Half Year Ended March 31		Un-audited Quarter Ended March 31	
	2018	2017	2018	2017
(Rupees in thousands)				
Profit after taxation	10,847	19,619	9,588	3,220
Other comprehensive income for the period				
Items that will not be reclassified to profit and loss account:				
Incremental depreciation for the period	24,826	15,423	16,171	6,159
Total comprehensive Income for the period	35,673	35,042	25,759	9,379

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore
May 24, 2018



Ghias Ul Hasan
Chief Executive Officer



Amjad Bashir Hussain
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Half Year Ended March 31, 2018

	Un-audited Half Year Ended March 31	
	2018	2017
	(Rupees in thousands)	
Cash flow from operating activities		
Profit before taxation	22,027	25,495
Adjustments for:		
Depreciation	52,162	50,029
Amortization	87	224
Balance written off	(115,000)	-
Gain on disposal of property, plant and equipment	(47)	-
Finance cost	45,166	37,823
	(17,632)	88,076
Profit before working capital changes	4,395	113,571
Working capital changes		
Stores, spare parts and loose tools	(3,139)	(2,841)
Stock in trade	(1,323,048)	(2,215,489)
Loans and advances	(171,077)	28,946
Trade debts- unsecured considered good	(268,924)	(338,884)
Trade deposits and short term prepayments	(3,837)	(1,506)
Other receivables	(29,880)	180,224
Trade and other payables	(239,430)	171,575
	(2,039,334)	(2,177,975)
Cash used in operations	(2,034,939)	(2,064,404)
Finance cost paid	(31,559)	(10,977)
Taxes paid	(14,828)	(20,389)
Dividend paid	(24,375)	(10,910)
Net cash used in operating activities	(2,105,701)	(2,106,680)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Changes in Equity (Un-audited)

For the Half Year Ended March 31, 2018

	Share Capital	Share Premium	General Reserve	Accumulated profits	Revaluation Surplus	Loan from Sponsors	Total
----- Rupees in thousand -----							
Balance as on October 01, 2016	109,098	26,879	62,000	(39,697)	1,366,236	1,123,936	2,648,452
Payments made during the year	-	-	-	-	-	(75)	(75)
Loan transfer to short term loan	-	-	-	-	-	(100,000)	(100,000)
Loan converted into shares at premium	115,727	461,983	-	-	-	(577,710)	-
Transfer from general reserves	-	-	(62,000)	62,000	-	-	-
10% cash dividend	-	-	-	(10,910)	-	-	(10,910)
Incremental depreciation for the period	-	-	-	-	(15,423)	-	(15,423)
Total comprehensive income for the period	-	-	-	35,042	-	-	35,042
Balance as on March 31, 2017	224,825	488,862	-	46,435	1,350,813	446,151	2,557,085
Balance as on October 01, 2017	247,308	466,380	-	74,292	1,335,193	444,871	2,568,044
Payments made during the year	-	-	-	-	-	(61,423)	(61,423)
Loan received during the year	-	-	-	-	-	110,000	110,000
Dividend paid @ Re. 1 per share	-	-	-	(24,731)	-	-	(24,731)
Incremental depreciation for the Period	-	-	-	-	(24,826)	-	(24,826)
Revaluation surplus on asset disposed off	-	-	-	-	(3,021)	-	(3,021)
Total comprehensive gain for the period	-	-	-	35,673	-	-	35,673
Balance as on March 31, 2018	247,308	466,380	-	85,234	1,307,346	493,448	2,599,716

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2018

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 information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2017. 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, 2017, 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 March 31, 2017.

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, 2017.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 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 published financial statements of the Company for the year ended September 30, 2017, 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. 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.

		Un-audited Mar 31 2018	Audited Sep 30 2017
5 Property, plant and equipment	<i>Note</i>	(Rupees in thousands)	
Property, plant and equipment	5.1	2,817,172	2,781,633
Capital work-in-progress	5.2	296,668	300,904
		3,113,840	3,082,537
5.1 Property, plant and equipment			
Balance at beginning of the period / year		2,781,633	2,731,069
Add: Additions during the period / year		34,564	146,119
Add: Transfer from CWIP		62,328	9,711
Less: Book value of operating assets disposed - off during the period / year		(13,496)	(2,095)
		2,865,029	2,884,804
Depreciation charged during the period / year		(52,162)	(103,171)
Disposal		4,305	-
		2,817,172	2,781,633

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2018

5.1.1 Property, plant and equipment includes mark up capitalized amounting to Rs. 0.86 million (September 30, 2017 : Rs. 3.35 million).

5.1.2 Disposal includes disposal of godowns building having book value of Rs. 4.6 million.

5.2 Capital work in progress includes mark up capitalized amounting to Rs. 8.86 million (September 30, 2017 : Rs. 8.72 million).

6 Revaluation surplus on property, plant and equipment	Note	Un-audited Mar 31 2018 (Rupees in thousands)	Audited Sep 30 2017
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		(212,875)	(177,409)
Less: Deletion during the period		(3,021)	-
		1,555,959	1,594,446
Less: Deferred tax liability			
Opening balance		259,253	272,558
Incremental depreciation for the period		(10,640)	(13,304)
		248,613	259,253
		1,307,346	1,335,193
7 Long term loans from banking companies - secured			
Mark up bearing finances from conventional banks			
Term finance	7.1	139,822	-
Islamic mode of financing			
Diminishing musharika	7.2	167,952	168,158
		307,774	168,158
Less: Current maturity presented under current liabilities		(21,578)	(9,495)
		286,196	158,663

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2018

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 of Rs. 16.67 million.

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.
- ii) Lien over import documents.

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

This also includes long term loan against sanctioned DM facility of Rs. 45 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 'Million'	Note	Un-audited	Audited
			Mar 31 2018 (Rupees in thousands)	Sep 30 2017
Mark-up based borrowings from Conventional Banks		8.1		
Cash finance	1,700		1,146,900	332,000
Running finance	200		46,248	-
	1,900		1,193,148	332,000
Islamic mode of financing		8.2		
Cash finance	1,050		933,004	75,656
Hypo finance	400		399,983	-
	1,450		1,332,987	75,656
	3,350		2,526,135	407,656

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2018

- 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 matching KIBOR or + 2% to matching KIBOR or + 2.75% per annum payable quarterly.

The aggregate available short term funded facilities amounting to Rs. 1.90 billion (September 30, 2017: Rs. 0.70 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 or + 2% to matching KIBOR or + 3% per annum payable quarterly.

The aggregate available short term funded facilities amounting to Rs.1.45 billion (September 30, 2017: Rs. 0.85 billion).

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 2017 except for the contingency as disclosed below:

- 9.1.1 The company had filed an appeal and stay application before Commissioner Inland Revenue (Appeals-I) against demand of Rs. 82,161,816/- created by Assistant Commissioner Inland Revenue vide order under section 161(1A)/205(3) which is decided in the favour of the Company creating the demand of Rs. 1,366,066/-. The Department has filed an appeal before ATIR in which tax demand of Rs. 51,722,238/- is involved.

9.2 Commitments

Commitments in respect of capital expenditure at the period end is Rs. Nil (September 30, 2017: Rs. 22.72 million).

	Un-audited Half Year Ended March 31		Un-audited Quarter Ended March 31	
	2018	2017	2018	2017
10 Sales - net	(Rupees in thousands)		(Rupees in thousands)	
Local	783,754	612,777	148,918	551,153
Export	138,256	-	81,110	-
	922,010	612,777	230,028	551,153
Less:				
Sales tax	(85,346)	(25,148)	(15,176)	(24,559)
Commission	(1,250)	(40)	(105)	(40)
	835,414	587,589	214,747	526,554

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2018

	Un-audited Half Year Ended March 31		Un-audited Quarter Ended March 31	
	2018	2017	2018	2017
	(Rupees in thousands)		(Rupees in thousands)	
11 Cost of sales				
Raw material cane purchased and consumed	1,961,875	2,487,288	1,592,632	1,651,907
Salaries, wages and other benefits	62,186	66,541	33,195	39,355
Chemicals, fuel, lubes and packing material	36,782	42,048	26,915	28,680
Manufacturing expenses	49,461	47,288	28,971	26,019
Depreciation	51,204	49,248	24,721	23,703
	2,161,508	2,692,413	1,706,434	1,769,664
Work-in-process - (net)	(24,907)	(32,369)	(1,148)	14,396
Cost of goods manufactured	2,136,601	2,660,044	1,705,286	1,784,060
Opening stock of finished goods	554,453	28,433	-	896,920
	2,691,054	2,688,477	1,705,286	2,680,980
Closing stock of finished goods	(1,852,594)	(2,211,553)	(1,512,651)	(2,211,553)
	838,460	476,924	192,635	469,427

12 Other income

This includes long term advances written off amounting to Rs. 115 million and insurance claim against damage of sugar stock by fire incident in godowns amounting to Rs. 24.80 million.

13 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 2018 (refer to note 17) 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 31 March 2018.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2018

Un-audited Audited
Mar 31 Sep 30
2018 2017

14 Transactions with related parties

(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		
Subsidiary company	Expenses for winding-up	27	-
Post employment benefit plan	Provident fund contribution	1,017	1,773
Loan from sponsors	loan (paid) / disbursed	48,577	(20,185)

15 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 2017.

16 Date of authorization

These condensed interim financial information were authorized for issue on May 24, 2018 by the Board of Directors of the Company.

17 General

17.1 Figures of previous year have been re-arranged and reclassified wherever necessary for the purposes of comparison.

17.2 Figures have been rounded off to the nearest thousand rupees.

Lahore
May 24, 2018



Ghias Ul Hasan
Chief Executive Officer



Amjad Bashir Hussain
Director



Imran Ilyas
Chief Financial Officer

Jama Punji Information

The graphic features a central image of a traditional brown ceramic pot with a smartphone inside it. The smartphone screen displays the Jama Punji logo. Surrounding the pot are icons for a headset, a computer mouse, an envelope with an @ symbol, a Facebook 'f' logo, and a Twitter bird logo. The background is a light blue gradient.

www.jamapunji.pk

Jama Punji
سرمایہ کاری سمجھداری کے ساتھ

Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk

Key features:

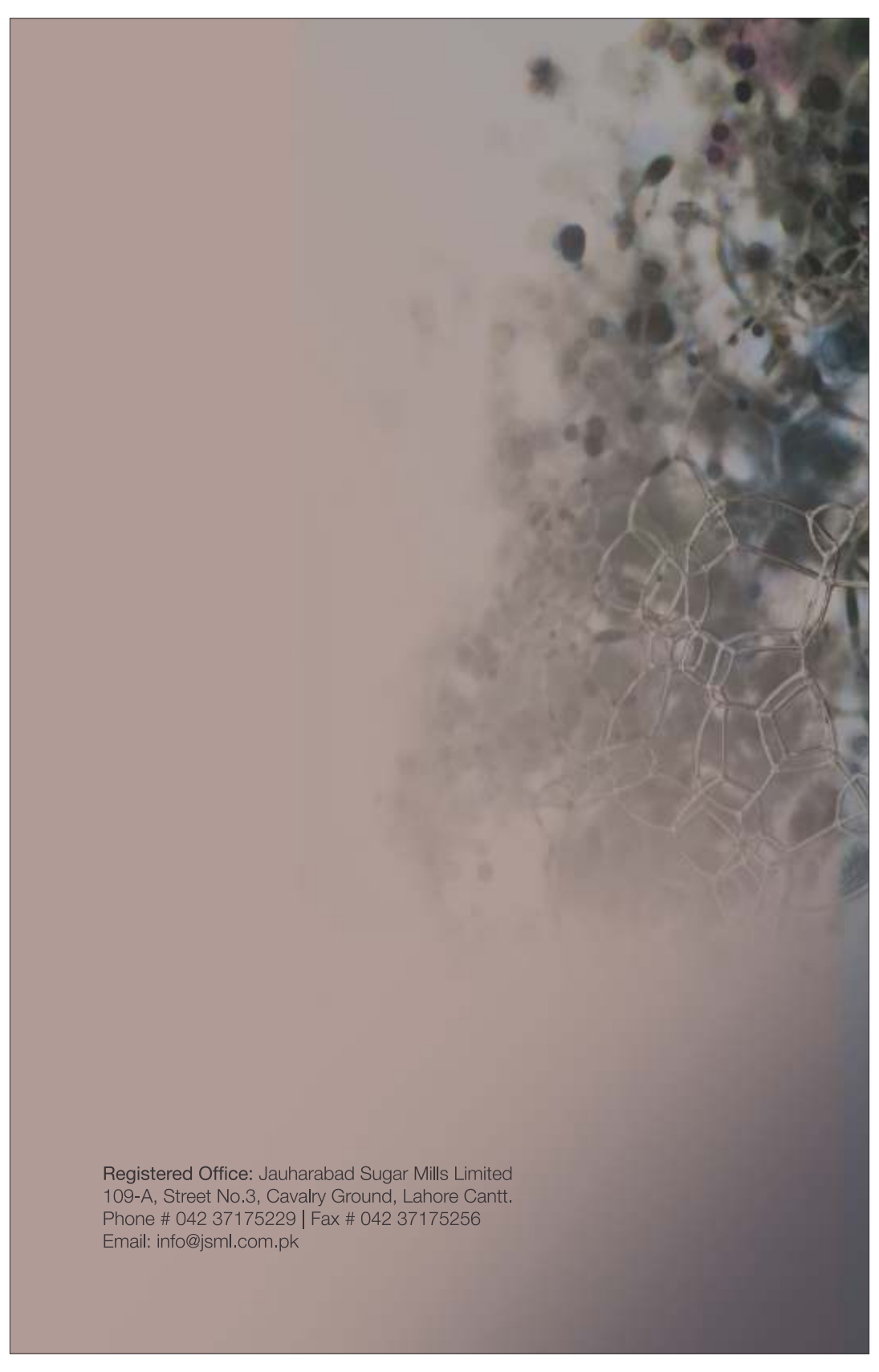
- Licensed Entities Verification
- Scam meter*
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- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
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 Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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*Mobile apps are also available for download for android and ios devices

The website link of Jama Punji is available at the website of Jauharabad Sugar Mills Limited for the convenience and facilitation of shareholders and investors.

A microscopic view of plant cells, showing a network of cell walls forming a honeycomb-like structure. The cells are mostly rectangular and arranged in a regular pattern. The background is a soft, out-of-focus light brown color.

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