

Continued Excellence

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**Corporate
Social
Responsibility**

**Innovative
Farming**

**Bond
with
Growers**

**Community
Empowerment**

JDW

JDW Sugar Mills Limited



Before bringing life to a vision we have to see it first. And for that we need people who specialize in seeing the impossible. Here at JDW, we are proud of the visionary men we have who take up the responsibility of creating opportunities for the future, not only for our company but for the whole community we operate in.

We believe life is about the betterment of the human condition; it's about social awareness, and random acts of kindness that weave the soul of humanity. Together, we all participate in weaving the social fabric; we should all therefore be patching the fabric when it develops holes. The change has begun, here at JDW, as we have started to unpack the challenges that encounter us, realizing that we each have a role that requires us to change and become more responsible for shaping our community and creating magic under JDW's vision. A vision in which everyone is benefited, be it our shareholders, the farmers or you.

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Corporate Information

Board of Directors

Mukhdoom Syed Ahmed Mahmud
Director / Chairman

Mr. Jahangir Khan Tareen

Mr. Raheal Masud
Director / Chief Executive

Mrs. Samira Mahmud

Mr. Ijaz Ahmed

Mr. Asim Nisar Bajwa

Mr. Qasim Hussain Safdar

Chief Operating Officer

Rana Nasim Ahmed

Group Director (Finance), CFO & Company Secretary

Mr. Muhammad Rafique

Audit Committee

Mr. Asim Nisar Bajwa
Chairman / Member

Mr. Raheal Masud
Member

Mr. Qasim Hussain Safdar
Member

HR & R Committee

Mr. Ijaz Ahmed
Chairman / Member

Mr. Raheal Masud
Member

Mr. Qasim Hussain Safdar
Member / Secretary

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Corplink (Pvt.) Ltd.

Legal Advisor

Cornelius, Lane & Mufti

Bankers

MCB Bank Limited

Faysal Bank Limited

The Bank of Punjab

Allied Bank Limited

NIB Bank Limited

United Bank Limited

BankIslami (Pakistan) Limited

Habib Bank Limited

Askari Bank Limited

Standard Chartered Bank (Pakistan) Limited

Meezan Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank Limited

National Bank of Pakistan

Registered Office

17-Abid Majeed Road,
Lahore Cantonment, Lahore.

Mills

Unit-I

Mauza Shirin, Jamal Din Wali,
Distt. Rahim Yar Khan.

Unit-II

Machi Goth, Sadiqabad.
Distt. Rahim Yar Khan.

Unit-III

Mauza Laluwali, Near Village
Islamabad, Distt. Ghotki.

Web Presence

www.jdw-group.com

Directors' Review

Dear Shareholders,

I am pleased to present the unaudited accounts of the company for the period of nine months ended on 30th June, 2016.

During this period the company has earned profit after tax amounting to Rs. 1,700 million as compared to a profit after tax Rs. 1,522 million in the corresponding period with gross sales of Rs. 30 billion and Rs. 26 billion respectively. Resultantly the earnings per share have also increased from Rs. 25.47 to Rs. 28.44. Gross profit ratio has increased from 15.06% to 18.50%. The main reasons for increase in profitability were better sugar prices, revenues from co-generation plants and positive financial results of corporate farms. Other points of your interest are narrated below:

- The balance sheet size has increased from Rs. 35 billion to Rs. 42 billion. Accumulated reserves are now nearly 13 times of the paid up capital of the company.
- In view of the improvement in financial results all significant ratios such as current ratio, leverage ratio, debt service coverage ratio and interest coverage ratio have improved as compared to the corresponding period and year end financial results of 30 September 2015. The Company is fulfilling its financial obligations on time and enjoying cordial relationship with all the financial institutions it's dealing with.
- There has been a substantial saving of Rs. 488 million in the financial charges of the company in comparison to last period which was mainly due to reduction in the discount rate by SBP, reduction of markup rates on all working capital loan facilities by the banks and timely repayment of long term loans & lease financing.
- Increase in administration expenses is attributable to annual increase in salaries & benefits whereas increase in selling expenses is mainly due to export of sugar.
- Owing to continuous improvement in the 'Steam percentage to Cane' company was able to save more bagasse for its power plants which would be sufficient to meet off season requirements of both co-generation plants. Bagasse saved for off season this time was higher than last crushing season. During period under review electricity sold to NTDC was for an amount of Rs. 2.7 billion net of sales tax as against Rs. 2.8 billion in the corresponding period. Company is making investments in steam economy since last five years and will keep on making further investments in this area until target steam percentage to cane is achieved.
- Company from its unit 1 and 2 have made export of 24,710 tons of sugar mostly to Afghanistan on which Federal Government has allowed export subsidy of Rs. 13 per kg which was supposed to be disbursed through State Bank of Pakistan by 31st March, 2016 but until now no funds have been received against total outstanding export subsidy of Rs. 321 million. In view of recent positive development it is expected that entire amount of subsidy would be disbursed by SBP during next couple of months which will be accounted for in the books of accounts when it is certain that amount will be realized.
- Disbursement of an aggregate inland freight subsidy of Rs. 306 million for JDWSML and Deharki Sugar Mills from TDAP is still awaited. Company has completed all its formalities relating to documentation and in certain cases instructions to banks were also issued by TDAP to release payments but no payments so far have been released for reasons unknown to us. This subsidy will be accounted for in books of accounts when it is certain that amount will be realized. Non-payment of inland freight subsidy and export subsidy on current year's sugar export have created a trust deficit which have shaken the confidence of the sugar industry. Any such sugar exports planned in future will hit the snags and will be badly affected.
- Support price of sugarcane Rs. 182 per 40 kgs remained unchanged in the province of Punjab whereas Government of Sindh notified sugar cane support price of Rs. 172 per 40 kgs. For our two sugar units located in district Ghotki we had purchased sugarcane from growers at same price which was paid to growers in Punjab i.e., Rs 182 per 40 kgs which has resulted in higher sugarcane cost as compared to other sugar mills in Sindh. There was Rs.1.67 per 40 kgs. increase in the average price of sugarcane as compared to last crushing season which was due to two reasons; i) less sugarcane production in Sindh province putting more pressure of supply on our area, and ii) competition among sugar mills due to installation and illegal shifting of new sugar mills in the area.
- After about 14 months long litigation in Honorable Singh High Court the company was able to receive funds of Rs. 804 million during the current period under review, which was due on account of sugarcane subsidy announced and paid to other sugar mills by the Government of Sindh during crushing season 2014-15. Out of Rs. 804 million an amount of Rs. 394 million was due to and

Directors' Review

received by Deharki Sugar Mills. Receipt of this subsidy has resulted in improving the profitability during period under review.

- On country basis there has been an estimate that sugar production this time was 5.150 million tons as against 5.065 million tons during last crushing season out of which 242,500 tons has been sent abroad against specific approval of Federal Government for export of 500,000 tons. Despite Rs. 13 per kg export subsidy, sugar industry was able to export just 48 % of the allowable export quota. Sugar industry still has export surplus available with it. Non-release of export subsidy to sugar industry has created cash flows issues which has adversely affected timely payments to growers. Together with outstanding inland freight subsidy an amount of approx. Rs. 6.0 billion of sugar industry has been stuck up with TDAP and SBP which has created cash flow issues for sugar industry.
- Even this year our growers were happy with our consistent policy of making prompt payments. Grower's payments which were approx. Rs. 33 billion on group basis were released on timely basis throughout the crushing season and last 8 to 10 days cane payments at end of the crushing season were completely paid off immediately after closure of the crushing season 2015-16. The company has also financially supported its growers by arranging and providing them agricultural loans in the form of seeds, fertilizers, pesticides and agricultural implements etc.
- Company is working in developing its capacity to store molasses in molasses tanks made of steel structure instead of in the open pits. Initially a molasses tank of 15,000 tons was added at Unit 2 during last crushing season and it went very well. Company is now adding similar two tanks at unit 1 and one tank at unit 3 and will keep on adding these tanks in all its units until open pits option is fully eliminated. This investment in molasses tanks would give more flexibility to the company to store certain quantity of molasses beyond summer season and sell during period from July to October every year when molasses prices are always better compared to rest of the year.
- In view of the better profitability during period under review the Board of Directors is pleased to announce 2nd interim cash dividend for the current year of Rs.3.00 (2015: 3.00) per share i.e., 30 % (2015: 30%) which is in addition to 20 % 1st interim cash dividend paid on the basis of half yearly accounts.
- Sugar prices remained favorable during current year. However, non-creation of strategic reserves by TCP, non-release of freight subsidy on exports made four years ago, non-release of export subsidy on exports made by sugar industry since last December and imposition of Regulatory Duty on export of molasses since last many years are the major challenges being faced by the sugar industry. Revenues from co-gen projects and corporate farms, further reduction in the financial charges and expected improvement in sugar prices during rest of the off season are the factors which can lead to further improvement in the profitability of the company.

On behalf of the Board of Directors

26 July 2016
Lahore

Raheel Masud
Chief Executive

**Condensed Interim Unconsolidated
Financial Information (Un-audited)**

Condensed Interim Unconsolidated Balance Sheet

As at 30 June 2016

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|------|-------------------------------------|----------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 6 | 597,766,610 | 597,766,610 |
| Share premium reserve | | 678,316,928 | 678,316,928 |
| Accumulated profit | | 6,902,743,276 | 5,740,528,115 |
| | | 8,178,826,814 | 7,016,611,653 |
| NON-CURRENT LIABILITIES | | | |
| Redeemable capital - secured | 7 | 111,111,109 | 194,444,444 |
| Long term financing - secured | 8 | 8,834,811,829 | 7,472,014,132 |
| Liabilities against assets subject to finance lease - secured | | 550,342,163 | 627,413,203 |
| Deferred taxation | | 1,571,623,087 | 1,405,403,969 |
| Retirement benefits | | 82,088,494 | 75,844,689 |
| | | 11,149,976,682 | 9,775,120,437 |
| CURRENT LIABILITIES | | | |
| Short term borrowings - secured | 9 | 8,979,308,308 | 9,313,746,057 |
| Current portion of non-current liabilities | | 3,048,340,129 | 2,571,550,698 |
| Trade and other payables | | 10,271,431,456 | 5,995,631,857 |
| Accrued profit / interest / mark-up | | 321,139,520 | 286,506,817 |
| | | 22,620,219,413 | 18,167,435,429 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | 41,949,022,909 | 34,959,167,519 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 19,246,959,068 | 18,668,676,450 |
| Biological assets | | 3,972,339 | 2,766,282 |
| Intangibles | | 623,438,675 | 624,968,472 |
| Investment property | | 196,467,698 | 173,026,930 |
| Long term investments | 12 | 3,172,074,383 | 3,809,497,383 |
| Long term advances | | 33,611,111 | 44,833,333 |
| Long term deposits | | 123,146,702 | 116,804,861 |
| | | 23,399,669,976 | 23,440,573,711 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 1,249,117,944 | 1,165,439,717 |
| Stock-in-trade | | 11,647,002,895 | 4,860,648,469 |
| Biological assets | | 988,190,957 | 1,548,160,341 |
| Trade debts - unsecured | | 1,147,057,371 | 1,108,892,131 |
| Advances, deposits, prepayments and other receivables | | 2,700,180,389 | 2,106,989,471 |
| Advance tax - net | | 450,882,411 | 678,904,153 |
| Cash and bank balances | 13 | 366,920,966 | 49,559,526 |
| | | 18,549,352,933 | 11,518,593,808 |
| | | 41,949,022,909 | 34,959,167,519 |

The annexed notes from 1 to 19 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive

Director

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the nine months period and quarter ended 30 June 2016

| | Note | Nine months ended | | Three months ended | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | | 30-Jun-16 Rupees | 30-Jun-15 Rupees | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
| Gross sales | | 29,637,229,952 | 26,280,247,743 | 12,573,963,132 | 11,374,283,271 |
| Federal excise duty, sales tax and others | | (1,972,436,763) | (1,635,232,959) | (909,103,469) | (700,777,473) |
| Net sales | 14 | 27,664,793,189 | 24,645,014,784 | 11,664,859,663 | 10,673,505,798 |
| Cost of sales | | (22,546,362,431) | (20,933,180,497) | (9,471,390,430) | (9,322,766,082) |
| Gross profit | | 5,118,430,758 | 3,711,834,287 | 2,193,469,233 | 1,350,739,716 |
| Administrative expenses | | (659,188,237) | (640,313,494) | (216,832,919) | (254,381,380) |
| Selling expenses | | (159,565,504) | (92,284,419) | (58,713,989) | (77,877,782) |
| Other income | | 110,516,354 | 529,336,549 | 21,692,542 | 374,040,804 |
| Other expenses | | (802,782,097) | (348,977,063) | (706,023,641) | (297,931,380) |
| | | (1,511,019,484) | (552,238,427) | (959,878,007) | (256,149,738) |
| Profit from operations | | 3,607,411,274 | 3,159,595,860 | 1,233,591,226 | 1,094,589,978 |
| Finance cost | | (1,349,720,575) | (1,838,289,168) | (466,301,025) | (623,426,437) |
| Profit before taxation | | 2,257,690,699 | 1,321,306,692 | 767,290,201 | 471,163,541 |
| Taxation | | (557,485,589) | 200,961,874 | (232,145,372) | (91,390,650) |
| Profit after taxation | | 1,700,205,110 | 1,522,268,566 | 535,144,829 | 379,772,891 |
| Earnings per share - basic and diluted | | 28.44 | 25.47 | 8.95 | 6.35 |

The annexed notes from 1 to 19 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)
For the nine months period and quarter ended 30 June 2016

| | Nine months ended | | Three months ended | |
|--|----------------------|----------------------|---------------------|---------------------|
| | 30-Jun-16 Rupees | 30-Jun-15 Rupees | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
| Profit after taxation for the period | 1,700,205,110 | 1,522,268,566 | 535,144,829 | 379,772,891 |
| Other comprehensive income for the period | – | – | – | – |
| Total comprehensive income for the period | 1,700,205,110 | 1,522,268,566 | 535,144,829 | 379,772,891 |

The annexed notes from 1 to 19 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months period ended 30 June 2016

| | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
|---|------------------------|------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,257,690,699 | 1,321,306,692 |
| Adjustments for non cash and other items: | | |
| Finance cost | 1,349,720,575 | 1,838,289,168 |
| Depreciation | 912,950,223 | 674,280,808 |
| Impairment allowance | 637,423,000 | 261,256,355 |
| Amortization | 1,529,796 | 1,529,796 |
| Staff retirement benefits | 98,583,560 | 91,353,237 |
| Workers' profit participation fund | 121,152,490 | 83,292,792 |
| Workers' welfare fund | 44,206,607 | — |
| (Gain) / loss on disposal of property, plant and equipment | (604,062) | 4,427,915 |
| | 3,164,962,189 | 2,954,430,071 |
| Operating profit before working capital changes | 5,422,652,888 | 4,275,736,763 |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | (83,678,226) | (100,973,807) |
| Stock-in-trade | (6,786,354,426) | (6,193,013,997) |
| Biological assets | 558,763,327 | 700,807,360 |
| Advances, deposits, prepayments and other receivables | 47,517,331 | 68,030,294 |
| Trade debts | (38,165,240) | (717,722,951) |
| | (6,301,917,234) | (6,242,873,101) |
| Increase in current liabilities: | | |
| Trade and other payables | 4,587,844,702 | 5,290,971,524 |
| Cash generated from operations | 3,708,580,356 | 3,323,835,186 |
| | | |
| Taxes paid | (163,244,728) | (200,243,885) |
| Workers' profit participation fund paid | (81,107,291) | (61,593,779) |
| Staff retirement benefits paid | (94,961,274) | (80,781,283) |
| | (339,313,293) | (342,618,947) |
| Net cash generated from operations | 3,369,267,063 | 2,981,216,239 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (1,659,545,888) | (1,897,809,200) |
| Advances to related parties - net | (640,708,249) | (1,108,024,707) |
| Long term advances | 11,583,333 | 3,000,000 |
| Proceeds from sale of property, plant and equipment | 12,731,093 | 14,051,016 |
| Long term deposits - net | (6,341,841) | 6,392,645 |
| Payment with respect to net assets acquired from JK Farming Systems Limited | — | (447,573,456) |
| Net cash used in investing activities | (2,282,281,552) | (3,429,963,702) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term finances - net | 1,749,464,362 | 412,638,627 |
| Short term borrowings - net | (334,437,749) | 2,801,297,894 |
| Finance cost paid | (1,297,732,417) | (1,815,962,611) |
| Dividend paid | (540,896,020) | (297,628,575) |
| Lease rentals paid including mark-up | (346,022,247) | (322,530,111) |
| Net cash (used in) / generated from financing activities | (769,624,071) | 777,815,224 |
| Net increase in cash and cash equivalents | 317,361,440 | 329,067,761 |
| Cash and cash equivalents at beginning of the period | 49,559,526 | 86,806,776 |
| Cash and cash equivalents at end of the period | 366,920,966 | 415,874,537 |

The annexed notes from 1 to 19 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive

Director

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

For the nine months period ended 30 June 2016

| | Share Capital | Reserves | | | Total Reserves | Total Equity |
|---|---------------|---------------|--------------------|---------------|----------------|--------------|
| | | Capital | Revenue | | | |
| | | Share Premium | Accumulated Profit | | | |
| Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | |
| Balance as at 01 October 2014 | 597,766,610 | 678,316,928 | 4,705,196,874 | 5,383,513,802 | 5,981,280,412 | |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | — | — | 1,522,268,566 | 1,522,268,566 | 1,522,268,566 | |
| Other comprehensive income for the period | — | — | — | — | — | |
| Transaction with owners of the company | | | | | | |
| Final dividend @ Rs. 5.00 per share | — | — | (298,883,305) | (298,883,305) | (298,883,305) | |
| Balance as at 30 June 2015 | 597,766,610 | 678,316,928 | 5,928,582,135 | 6,606,899,063 | 7,204,665,673 | |
| Balance as at 01 October 2015 | | | | | | |
| Balance as at 01 October 2015 | 597,766,610 | 678,316,928 | 5,740,528,115 | 6,418,845,043 | 7,016,611,653 | |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | — | — | 1,700,205,110 | 1,700,205,110 | 1,700,205,110 | |
| Other comprehensive income for the period | — | — | — | — | — | |
| Transaction with owners of the company | | | | | | |
| Final dividend @ Rs. 5.00 per share | — | — | (418,436,627) | (418,436,627) | (418,436,627) | |
| Interim dividend @ Rs. 2.00 per share | — | — | (119,553,322) | (119,553,322) | (119,553,322) | |
| Balance as at 30 June 2016 | 597,766,610 | 678,316,928 | 6,902,743,276 | 7,581,060,204 | 8,178,826,814 | |

The annexed notes from 1 to 19 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive

Director

1 REPORTING ENTITY

1.1 JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited company under the Companies Ordinance, 1984 and was subsequently converted into a public limited company on 24 August 1991. Shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Principal activity of the Company is production and sale of crystalline sugar, electricity and managing corporate farms.

1.2 The Company executed Energy Purchase Agreements ("EPA") on 20 March 2014 with the Central Power Purchasing Agency ("CPPA") of the National Transmission & Despatch Company Limited ("NTDC") relating to its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and JDW Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and are supplying renewable electricity to the national grid.

2 BASIS OF PREPARATION

2.1 Basis of accounting

2.1.1 This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated balance sheet of the Company as at 30 June 2016 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim unconsolidated financial information of the Company for the nine months period ended 30 June 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 September 2015.

2.1.4 Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 September 2015, whereas comparative figures of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the nine months period ended 30 June 2015.

2.1.5 This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of the condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim unconsolidated financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual financial statements for the year ended 30 September 2015.

4 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

4.1 Except for note 4.2, the accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 September 2015. The Company has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 4.2 and 16 to this condensed interim financial information.

4.2 IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments : Disclosures. As a result the Company has added additional disclosures in this regard in note 16 to the condensed interim unconsolidated financial information. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no significant impact on the measurement of the Company's financial assets and liabilities.

5 SEASONALITY OF OPERATIONS

The sugar cane crushing season starts from November and lasts till April each year.

6 SHARE CAPITAL

| | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|--|-------------------------------------|----------------------------------|
| 6.1 Authorized share capital | | |
| 75,000,000 (30 September 2015: 75,000,000) ordinary shares of Rs. 10 each | 750,000,000 | 750,000,000 |
| 25,000,000 (30 September 2015: 25,000,000) preference shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| | <u>1,000,000,000</u> | <u>1,000,000,000</u> |

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the nine months period ended 30 June 2016

| | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|-------------------------------------|----------------------------------|
| 6.2 Issued, subscribed and paid up share capital | | |
| 32,145,725 (30 September 2015: 32,145,725) | | |
| ordinary shares of Rs. 10 each fully paid in cash | 321,457,250 | 321,457,250 |
| 27,630,936 (30 September 2015: 27,630,936) | | |
| bonus shares of Rs. 10 each fully paid | 276,309,360 | 276,309,360 |
| | <u>597,766,610</u> | <u>597,766,610</u> |

7 REDEEMABLE CAPITAL - SECURED

During the period, the Company has repaid Rs. 83.33 million (30 September 2015: Rs. 111.11 million) to TFC holders. Amounts due in next twelve months amounting to Rs. 111.11 million (30 September 2015: Rs. 111.11 million) are included in current portion presented under current liabilities. These carry mark-up at three months KIBOR plus 250 bps per annum.

8 LONG TERM FINANCING - SECURED

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|------|-------------------------------------|----------------------------------|
| Balance at beginning of the period / year | | 9,635,361,191 | 10,169,517,952 |
| Loans received during the period / year | | 3,619,268,716 | 1,808,225,951 |
| Repayments during the period / year | | (1,786,471,019) | (2,342,382,712) |
| | 8.1 | 11,468,158,888 | 9,635,361,191 |
| Current portion presented under current liabilities | | (2,633,347,059) | (2,163,347,059) |
| | | <u>8,834,811,829</u> | <u>7,472,014,132</u> |
| 8.1 Type of loans | | | |
| Interest / mark-up based loans | | 9,888,667,403 | 8,583,470,469 |
| Islamic mode of financing | | 1,579,491,485 | 1,051,890,722 |
| | | <u>11,468,158,888</u> | <u>9,635,361,191</u> |

9 SHORT TERM BORROWINGS - SECURED

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 September 2015.

| | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|--|-------------------------------------|----------------------------------|
| 9.1 Type of short term borrowings | | |
| Interest / mark-up based loans | 8,000,558,308 | 7,550,965,009 |
| Islamic mode of financing | 978,750,000 | 1,762,781,048 |
| | <u>8,979,308,308</u> | <u>9,313,746,057</u> |

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no material change in contingencies from the preceding audited unconsolidated financial statements of the Company for the year ended 30 September 2015 except for the commitments and guarantees as disclosed below:

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|--|------|-------------------------------------|----------------------------------|
| 10.1.1 Counter guarantees given by the Company to banks on account of agricultural loans | | 3,213,000,000 | 2,795,000,000 |
| 10.1.2 Guarantees issued by banks on behalf of the Company in favour of various parties | | 562,030,000 | 87,670,000 |
| 10.1.3 Cross corporate guarantees given by the Company to banks for Deharki Sugar Mills (Private) Limited - a subsidiary company | | 350,319,248 | 380,319,248 |
| 10.2 Commitments | | | |
| Letters of credit for import of machinery and its related components | | 571,487,438 | 324,420,557 |

11 PROPERTY, PLANT AND EQUIPMENT

| | | | |
|---|------|----------------|-----------------|
| Operating fixed assets | 11.1 | 18,844,055,627 | 17,594,986,572 |
| Capital work in progress | | 402,903,441 | 1,073,689,878 |
| | | 19,246,959,068 | 18,668,676,450 |
| 11.1 Operating fixed assets | | | |
| Net book value at beginning of the period / year | | 17,594,986,572 | 12,612,116,268 |
| Additions during the period / year | | 2,198,598,876 | 6,227,820,356 |
| Disposals during the period / year - net book value | | (13,138,830) | (113,986,786) |
| Transfer to investment property | | (23,440,768) | — |
| Depreciation charged during the period / year | | (912,950,223) | (1,130,963,266) |
| Net book value at end of the period / year | | 18,844,055,627 | 17,594,986,572 |

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the nine months period ended 30 June 2016

12 LONG TERM INVESTMENTS

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|------|-------------------------------------|----------------------------------|
| Investment in subsidiary companies | 12.1 | 3,172,074,383 | 1,049,750,000 |
| Investment in associated companies | 12.2 | – | 2,759,747,383 |
| | | <u>3,172,074,383</u> | <u>3,809,497,383</u> |
| 12.1 Investment in subsidiary companies | | | |
| Faruki Pulp Mills Limited | | | |
| 199,914,805 (2015: Nil) fully paid ordinary shares of Rs. 10 each | | 2,044,648,050 | – |
| 110,977,833 ordinary shares of Rs. 10 each acquired during the period | | 1,109,778,333 | – |
| Equity held 57.67% (2015 : Nil) | | 3,154,426,383 | – |
| Impairment allowance | | | |
| Opening balance | | (394,679,000) | – |
| Charged during the period / year | | (637,423,000) | – |
| Accumulated impairment allowance | | (1,032,102,000) | – |
| | | <u>2,122,324,383</u> | – |
| Deharki Sugar Mills (Private) Limited | | | |
| 104,975,000 (2015: 104,975,000) fully paid shares of Rs. 10 each | | | |
| Equity held 100% | | 1,049,750,000 | 1,049,750,000 |
| | | <u>3,172,074,383</u> | <u>1,049,750,000</u> |
| 12.2 Investment in associated companies | | | |
| Faruki Pulp Mills Limited | | | |
| Nil (2015: 199,914,805) fully paid shares of Rs. 10 each | | – | 2,044,648,050 |
| Advance for future issuance of shares | | – | 1,109,778,333 |
| Equity held Nil (2015 : 48.39%) | | – | 3,154,426,383 |
| Impairment allowance | | – | (394,679,000) |
| | | – | <u>2,759,747,383</u> |
| JDW Power (Private) Limited | | | |
| 9,000,000 (2015: 9,000,000) fully paid shares of Rs. 10 each | | 90,000,000 | 90,000,000 |
| Accumulated impairment allowance | | (90,000,000) | (90,000,000) |
| | | – | – |
| | | – | <u>2,759,747,383</u> |

13 CASH AND BANK BALANCES

| | | | |
|------------------|------|--------------------|-------------------|
| Current accounts | | 317,104,725 | 44,453,739 |
| Saving accounts | 13.1 | 33,983,491 | 2,717,564 |
| | | <u>351,088,216</u> | <u>47,171,303</u> |
| Cash in hand | | 15,832,750 | 2,388,223 |
| | | <u>366,920,966</u> | <u>49,559,526</u> |

13.1 The balances in saving accounts carry markup at 4% per annum (2015: 4.5% per annum).

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the nine months period ended 30 June 2016

14 NET SALES

| | Nine months ended | | Three months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30-Jun-16 Rupees | 30-Jun-15 Rupees | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
| Sugar | 23,897,208,582 | 20,952,861,267 | 10,689,985,544 | 9,848,769,580 |
| Agriculture produce | 950,684,616 | 478,185,106 | 55,814,643 | 39,566,236 |
| Molasses and Bagasse - by products | 1,779,339,165 | 1,684,895,303 | 565,270,029 | 336,544,298 |
| Electricity | 3,009,997,589 | 3,164,306,067 | 1,262,892,916 | 1,149,403,157 |
| | 29,637,229,952 | 26,280,247,743 | 12,573,963,132 | 11,374,283,271 |
| Less: Federal excise duty, sales tax and others | (1,972,436,763) | (1,635,232,959) | (909,103,469) | (700,777,473) |
| | 27,664,793,189 | 24,645,014,784 | 11,664,859,663 | 10,673,505,798 |

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies, other related entities under common directorship, directors, key management personnel and post employment plan. Significant transactions with related parties other than those disclosed elsewhere are as follows:

| Relationship | Nature of Transactions | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
|-----------------------------------|--|---------------------|---------------------|
| Subsidiary Companies | | | |
| | Short term advances paid / received - net | 909,118,264 | 628,773,563 |
| | Sale of sugarcane crop | 883,560,699 | 406,557,549 |
| | Purchase of bagasse | 198,766,941 | 154,119,681 |
| | Reimbursement on use of Company's aircraft | 7,442,038 | 6,303,974 |
| | Investment in shares | 1,109,778,333 | — |
| | Markup income on: | | |
| | - long term | — | 15,792,448 |
| | - short term | 39,488,815 | 83,056,480 |
| | Long term loans transferred | — | 1,567,553,280 |
| | Written down value of sale of property, plant and equipment | 3,686,351 | — |
| Associated Companies | | | |
| | Short term advances paid - including markup charged | — | 684,338,333 |
| | Payment against purchase of aircraft | 2,500,000 | 3,050,000 |
| | Sale of molasses | — | 1,652,006 |
| | Rent of land given on lease | — | 9,682,659 |
| | Rent of land acquired on lease | — | 2,178,750 |
| | Reimbursement on use of Company's aircraft | — | 13,736,376 |
| Key Management Personnel | | | |
| | Consultancy services | 6,438,944 | 81,120,705 |
| | Directors' remuneration and allowances | 175,999,996 | 144,350,000 |
| Post employment contribution plan | Provident fund contribution | 85,626,554 | 69,524,198 |

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

| | Carrying Amount (Un-audited) | | | Fair Value (Un-audited) | | | |
|---|------------------------------|-----------------------|-----------------------------|-------------------------|---------|---------|---------|
| | Fair value through statement | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
| Note | (Rupees) | | | | | | |
| On-Balance sheet financial instruments | | | | | | | |
| 30 June 2016 | | | | | | | |
| Financial assets not measured at fair value | | | | | | | |
| Cash and bank balances | 366,920,966 | — | — | 366,920,966 | — | — | — |
| Advances, deposits and other receivables | 1,567,024,651 | — | — | 1,567,024,651 | — | — | — |
| Trade debts - unsecured | 1,147,057,371 | — | — | 1,147,057,371 | — | — | — |
| Long term advances | 33,611,111 | — | — | 33,611,111 | — | — | — |
| 16.1 | 3,114,614,099 | — | — | 3,114,614,099 | — | — | — |
| Financial liabilities not measured at fair value | | | | | | | |
| Redeemable capital - secured | 222,222,220 | — | — | 222,222,220 | — | — | — |
| Long term financing - secured | 11,468,158,888 | — | — | 11,468,158,888 | — | — | — |
| Liabilities against assets subject to finance lease | 854,224,122 | — | — | 854,224,122 | — | — | — |
| Trade and other payables | 2,154,082,526 | — | — | 2,154,082,526 | — | — | — |
| Short term borrowing | 8,979,308,308 | — | — | 8,979,308,308 | — | — | — |
| Accrued profit / interest / mark-up | 321,139,520 | — | — | 321,139,520 | — | — | — |
| 16.1 | 23,999,135,584 | — | — | 23,999,135,584 | — | — | — |

16.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of their fair values.

17 DATE OF AUTHORIZATION

This condensed interim unconsolidated financial information has been approved by the Board of Directors of the Company and authorized for issue on 26 July 2016.

18 FIGURES

Figures in the condensed interim unconsolidated financial information have been rounded off to the nearest of rupee.

19 EVENTS AFTER THE BALANCE SHEET DATE

This Board of Directors of the Company in its meeting held on 26 July 2016 declared interim cash dividend of Rs. 3.00 i.e. 30% (30 June 15: Rs. 3.00 i.e. 30%) per share for the nine months ended 30 June 2016.

**Condensed Interim Consolidated
Financial Information (Un-audited)**

Directors' Review

on Condensed Interim Consolidated Financial Information

I am pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited (the "Holding Company") and its Subsidiary Companies Deharki Sugar Mills (Private) Limited and Faruki Pulp Mills Limited ("the Group") for the nine months ended on June 30, 2016.

The Deharki Sugar Mills (Private) Limited ("DSML") was incorporated as a Private Limited Company under the Companies Ordinance 1984. The Principal activity of Subsidiary Company is production and sale of crystalline sugar. The Holding Company Holds 100% shares of the subsidiary company.

Faruki Pulp Mills Limited ("FPML") was incorporated as a Public Limited Company under the Companies Ordinance, 1984. The Company will be engaged in the manufacture and sale of paper pulp. The Holding Company Holds 57.67% shares of the subsidiary company.

It is being confirmed that to the best of our knowledge, the consolidated interim financial information for the nine months period ended June 30, 2016 give a true and fair view of the assets, liabilities, financial position and financial results of the group and are in conformity with approved accounting standards as applicable in Pakistan.

The interim consolidated financial results are as follows:

| | 30-Jun-16 | 30-Jun-15 |
|--------------------|------------------|-----------|
| | (Rs. in Million) | |
| Gross Sales | 35,447 | 33,577 |
| Net Sales | 32,977 | 31,366 |
| Operating Profit | 4,542 | 3,959 |
| Profit before Tax | 2,913 | 1,704 |
| Profit after Tax | 1,871 | 1,771 |
| Earnings per share | 31.31 | 29.63 |

Directors have given their detailed review report of affairs of the Holding Company as well as Subsidiaries Companies in Directors' review to the shareholders of Holding Company.

On behalf of the Board of Directors

26 July 2016
Lahore

Raheal Masud
Chief Executive

Condensed Interim Consolidated Balance Sheet

As at 30 June 2016

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|------|-------------------------------------|----------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 6 | 597,766,610 | 597,766,610 |
| Share premium reserve | | 678,316,928 | 678,316,928 |
| Accumulated profit | | 7,434,496,973 | 5,772,211,315 |
| Equity attributable to the owners of the Company | | 8,710,580,511 | 7,048,294,853 |
| Non controlling interest | | 1,535,599,371 | 328,934 |
| | | 10,246,179,882 | 7,048,623,787 |
| NON CURRENT LIABILITIES | | | |
| Redeemable capital - secured | 7 | 111,111,109 | 194,444,444 |
| Long term loans - secured | 8 | 9,150,755,989 | 8,209,846,612 |
| Liabilities against assets subject to finance lease | | 550,342,163 | 674,263,161 |
| Deferred taxation | | 1,997,691,893 | 1,432,287,934 |
| Retirement benefits | | 84,666,660 | 75,844,689 |
| | | 11,894,567,814 | 10,586,686,840 |
| CURRENT LIABILITIES | | | |
| Short term borrowings - secured | 9 | 10,571,473,039 | 10,078,673,369 |
| Current portion of non current liabilities | | 3,646,885,673 | 3,184,312,718 |
| Trade and other payables | | 11,160,276,765 | 6,212,690,666 |
| Accrued profit / interest / mark-up | | 360,191,042 | 297,081,888 |
| | | 25,738,826,519 | 19,772,758,641 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | 47,879,574,215 | 37,408,069,268 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 26,424,283,517 | 22,122,329,068 |
| Biological assets | | 3,972,339 | 2,766,282 |
| Investment property | | 196,467,698 | 173,026,930 |
| Intangible assets | | 623,573,675 | 625,162,151 |
| Long term investments | | 36,392,701 | 2,583,508,705 |
| Long term advances | | 33,611,111 | 44,833,333 |
| Long term deposits | | 123,210,702 | 135,428,860 |
| | | 27,441,511,743 | 25,687,055,329 |
| CURRENT ASSETS | | | |
| Biological assets | | 988,190,957 | 1,548,160,341 |
| Stores, spares and loose tools | | 1,482,305,684 | 1,416,727,918 |
| Stock in trade | | 14,253,595,089 | 5,482,608,718 |
| Trade debts - unsecured | | 1,247,254,713 | 1,185,677,434 |
| Advances, deposits, prepayments and other receivables | | 1,634,468,728 | 1,357,315,463 |
| Advance tax - net | | 421,614,431 | 672,145,792 |
| Cash and bank balances | 12 | 410,632,870 | 58,378,273 |
| | | 20,438,062,472 | 11,721,013,939 |
| | | 47,879,574,215 | 37,408,069,268 |

The attached notes from 1 to 19 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the nine months period and quarter ended 30 June 2016

| | Note | Nine months ended | | Three months ended | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | | 30-Jun-16 Rupees | 30-Jun-15 Rupees | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
| Gross sales | | 35,446,991,847 | 33,576,780,693 | 15,312,799,847 | 14,581,490,782 |
| Federal excise duty, sales tax and others | | (2,470,138,460) | (2,210,579,693) | (1,135,138,105) | (948,318,450) |
| Net sales | 14 | 32,976,853,387 | 31,366,201,000 | 14,177,661,742 | 13,633,172,332 |
| Cost of sales | | (26,568,945,950) | (26,802,691,214) | (11,114,657,742) | (11,941,618,353) |
| Gross profit | | 6,407,907,437 | 4,563,509,786 | 3,063,004,000 | 1,691,553,979 |
| Administrative expenses | | (778,726,569) | (675,102,044) | (272,461,863) | (276,392,325) |
| Selling expenses | | (164,228,486) | (98,135,464) | (59,813,096) | (79,457,209) |
| Other income | | 125,566,498 | 539,578,663 | 26,665,248 | 377,807,609 |
| Other expenses | | (1,048,959,912) | (371,279,917) | (936,659,814) | (307,708,123) |
| | | (1,866,348,469) | (604,938,762) | (1,242,269,525) | (285,750,048) |
| Profit from operations | | 4,541,558,968 | 3,958,571,024 | 1,820,734,475 | 1,405,803,931 |
| Finance cost | | (1,614,397,309) | (2,213,373,212) | (571,599,561) | (755,467,006) |
| | | 2,927,161,659 | 1,745,197,812 | 1,249,134,914 | 650,336,925 |
| Share of loss of associated companies | | (14,169,790) | (41,647,354) | – | (8,922,463) |
| Profit before taxation | | 2,912,991,869 | 1,703,550,458 | 1,249,134,914 | 641,414,462 |
| Taxation | | (1,041,270,301) | 67,450,447 | (677,837,545) | (127,389,983) |
| Profit after taxation | | 1,871,721,568 | 1,771,000,905 | 571,297,369 | 514,024,479 |
| Attributable to: | | | | | |
| Equity holders of the Holding Company | | 2,205,814,806 | 1,770,931,800 | 896,133,873 | 513,990,401 |
| Non controlling interest | | (334,093,238) | 69,105 | (324,836,504) | 34,078 |
| | | 1,871,721,568 | 1,771,000,905 | 571,297,369 | 514,024,479 |
| Earnings per share - basic and diluted | | 31.31 | 29.63 | 9.56 | 8.60 |

The attached notes from 1 to 19 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the nine months period and quarter ended 30 June 2016

| | Nine months ended | | Three months ended | |
|--|----------------------|----------------------|---------------------|---------------------|
| | 30-Jun-16 Rupees | 30-Jun-15 Rupees | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
| Profit after taxation | 1,871,721,568 | 1,771,000,905 | 571,297,369 | 514,024,479 |
| Other comprehensive income for the period | – | – | – | – |
| Total comprehensive income for the period | 1,871,721,568 | 1,771,000,905 | 571,297,369 | 514,024,479 |
| Attributable to: | | | | |
| Equity holders of the Holding Company | 2,205,814,806 | 1,770,931,800 | 896,133,873 | 513,990,401 |
| Non controlling interest | (334,093,238) | 69,105 | (324,836,504) | 34,078 |
| | 1,871,721,568 | 1,771,000,905 | 571,297,369 | 514,024,479 |

The attached notes from 1 to 19 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months period ended 30 June 2016

| | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
|--|------------------------|------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,912,991,869 | 1,703,550,458 |
| Adjustments for non cash and other items: | | |
| Finance cost | 1,617,738,510 | 2,213,373,212 |
| Depreciation | 1,058,653,775 | 808,624,259 |
| Amortization | 1,712,644 | 1,601,145 |
| Staff retirement benefits | 107,836,721 | 102,623,363 |
| Workers' profit participation fund | 168,299,491 | 105,595,646 |
| Workers' welfare fund | 59,909,428 | — |
| Impairment allowance | — | 261,256,355 |
| (Gain) / loss on disposal of operating assets | (604,062) | 4,427,915 |
| Share of loss of associated companies | 14,169,790 | 41,647,354 |
| | 3,027,716,298 | 3,539,149,249 |
| Operating profit before working capital changes | 5,940,708,167 | 5,242,699,707 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (64,469,543) | (118,234,906) |
| Stock in trade | (8,770,986,371) | (6,419,840,646) |
| Biological assets | 558,763,327 | 700,807,360 |
| Advances, deposits, prepayments and other receivables | (163,168,476) | 36,121,861 |
| Trade debts | (61,577,278) | (947,761,687) |
| | (8,501,438,341) | (6,748,908,018) |
| Increase in current liabilities | | |
| Trade and other payables | 4,908,031,158 | 5,209,235,126 |
| Cash generated from operations | 2,347,300,984 | 3,703,026,815 |
| | | |
| Income tax paid | (230,915,984) | (239,778,483) |
| Workers' profit participation fund paid | (53,624,623) | (76,220,231) |
| Staff retirement benefits paid | (100,022,454) | (90,942,016) |
| | (384,563,061) | (406,940,730) |
| Net cash generated from operations | 1,962,737,923 | 3,296,086,085 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (1,913,145,539) | (2,104,197,385) |
| Proceeds from sale of property, plant and equipment | 19,847,119 | 14,052,016 |
| Long term advances | 11,583,333 | 3,000,000 |
| Payment/adjustment with respect to net assets acquired from JKFS | — | (447,573,456) |
| Advances to related parties - net | 56,800,000 | (684,338,333) |
| Long term deposits - net | (6,341,841) | 6,392,645 |
| Net cash used in investing activities | (1,831,256,928) | (3,212,664,513) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term finances - net | 1,367,576,042 | 220,750,307 |
| Short term borrowings - net | 1,285,641,340 | 2,858,450,868 |
| Finance cost paid | (1,522,542,561) | (2,067,132,245) |
| Dividend paid | (540,896,020) | (297,628,575) |
| Lease rentals | (369,005,199) | (392,628,590) |
| Net cash generated from financing activities | 220,773,602 | 321,811,765 |
| Net increase in cash and cash equivalents | 352,254,597 | 405,233,337 |
| Cash and cash equivalents at the beginning of the period | 58,378,273 | 108,763,816 |
| Cash and cash equivalents at the end of the period | 410,632,870 | 513,997,153 |

The attached notes from 1 to 19 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

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

For the nine months period ended 30 June 2016

| Attributable to equity holders of the Holding Company | | | | | | | | | |
|---|-----------------------|----------------------------|---------------|---------------|---------------|--------------------------|----------------|--|--|
| Share Capital | Reserves | | | Sub Total | Total | Non Controlling Interest | Total Equity | | |
| | Capital Share Premium | Revenue Accumulated Profit | | | | | | | |
| | Rupees | Rupees | Rupees | | | | | | |
| 597,766,610 | 678,316,928 | 4,143,243,160 | 4,821,560,088 | 5,419,326,698 | 240,849 | 5,419,567,547 | | | |
| Balance as at 01 October 2014 | | | | | | | | | |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | — | — | 1,770,931,800 | 1,770,931,800 | 69,105 | 1,771,000,905 | | | |
| Other comprehensive income for the period | — | — | — | — | — | — | | | |
| Transaction with owners of the company | | | | | | | | | |
| Final dividend @ Rs. 5.00 per share | — | — | (298,883,305) | (298,883,305) | — | (298,883,305) | | | |
| Balance as at 30 June 2015 | 597,766,610 | 678,316,928 | 5,615,291,655 | 6,293,608,583 | 6,891,375,193 | 309,954 | 6,891,685,147 | | |
| Balance as at 01 October 2015 | | | | | | | | | |
| Non controlling Interest | — | — | — | — | — | 1,869,363,675 | 1,869,363,675 | | |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | — | — | 2,205,814,806 | 2,205,814,806 | (334,093,238) | 1,871,721,568 | | | |
| Other comprehensive income for the period | — | — | — | — | — | — | | | |
| Adjustment in reserves relating to investment in FPML | | | | | | | | | |
| Transaction with owners of the company | | | | | | | | | |
| Final dividend @ Rs. 7.00 per share | — | — | (418,436,627) | (418,436,627) | — | (418,436,627) | | | |
| Interim dividend @ Rs. 2.00 per share | — | — | (119,553,322) | (119,553,322) | — | (119,553,322) | | | |
| Balance as at 30 June 2016 | 597,766,610 | 678,316,928 | 7,434,496,973 | 8,112,813,901 | 8,710,580,511 | 1,535,599,371 | 10,246,179,882 | | |
| The attached notes from 1 to 19 form an integral part of this condensed interim consolidated financial information. | | | | | | | | | |
| Chief Executive Director | | | | | | | | | |

1 STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of

- JDW Sugar Mills Limited (“the Holding Company”);
- Deharki Sugar Mills (Private) Limited (“the Subsidiary Company”); and
- Faruki Pulp Mills Limited (“the Subsidiary Company”).

JDW Sugar Mills Limited was incorporated in Pakistan on 31 May 1990 as a private limited company under the Companies Ordinance, 1984 and was subsequently converted into a public limited company on 24 August 1991. Shares of the Company are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar, electricity and managing corporate farms.

- 1.2 Deharki Sugar Mills (Private) Limited (“DSML”) was incorporated in Pakistan on 14 July 2010 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar. There were no changes in ownership interest in Subsidiary Company during the year. The Holding Company holds 100% of shares of the Subsidiary Company.

- 1.3 Faruki Pulp Mills Limited (“FPML”) was incorporated as a public limited company under the Companies Ordinance, 1984. The production facility is situated 20 km from Gujrat and the registered office is situated at 19 A, street 1, link 6 Cavalry ground, Lahore. The Company will be engaged in the manufacture and sale of paper pulp. The Holding Company holds 57.67% of shares of the Subsidiary Company.

- 1.4 The Group has executed Energy Purchase Agreements (“EPA”) on 20 March 2014 with the Central Power Purchasing Agency (“CPPA”) of the National Transmission & Despatch Company Limited (“NTDC”) relating to its Bagasse Based Co-Generation Power Plants (“Co-Generation Power”) at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and JDW Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date (“COD”) on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and supplying renewable electricity to the national grid. Further, the Group’s Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority’s (“NEPRA”) upfront bagasse tariff.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim consolidated financial information 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 30 September 2015.

This condensed interim consolidated financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's condensed interim financial information or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies
- Biological assets

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies and methods of computation adopted in the preparation of condensed interim consolidated financial information are generally based on the same policies and methods as applied in preparation of the annual financial statements for the year ended 30 September 2015.

4.2 Basis of consolidation

Subsidiaries

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

Associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

5 SEASONALITY OF OPERATIONS

The sugar cane crushing season starts from November and lasts till April each year.

6 SHARE CAPITAL

| | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|--|-------------------------------------|----------------------------------|
| 6.1 Authorized share capital | | |
| 75,000,000 (30 September 2015: 75,000,000) ordinary shares of Rs. 10 each | 750,000,000 | 750,000,000 |
| 25,000,000 (30 September 2015: 25,000,000) preference shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| 6.2 Issued, subscribed and paid up share capital | | |
| 32,145,725 (30 September 2015: 32,145,725) ordinary shares of Rs. 10 each fully paid in cash | 321,457,250 | 321,457,250 |
| 27,630,936 (30 September 2015: 27,630,936) bonus shares of Rs. 10 each fully paid | 276,309,360 | 276,309,360 |
| | <u>597,766,610</u> | <u>597,766,610</u> |

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the nine months period ended 30 June 2016

7 REDEEMABLE CAPITAL - SECURED

During the period, the Company has repaid Rs. 83.33 million (30 September 2015: Rs. 111.11 million) to TFC holders. Amounts due in next twelve months amounting to Rs. 111.11 million (30 September 2015: Rs. 111.11 million) are included in current portion presented under current liabilities. These carry mark-up at three months KIBOR plus 250 bps per annum.

8 LONG TERM FINANCING - SECURED

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|------|-------------------------------------|----------------------------------|
| Balance at beginning of the period / year | | 10,903,054,071 | 10,169,517,952 |
| Loans received during the period / year | | 3,619,268,718 | 3,075,918,831 |
| Repayments during the period / year | | (2,208,359,341) | (2,342,382,712) |
| | 8.1 | 12,313,963,448 | 10,903,054,071 |
| Current portion presented under current liabilities | | (3,163,207,459) | (2,693,207,459) |
| | | 9,150,755,989 | 8,209,846,612 |
| 8.1 Type of loans | | | |
| Interest / mark-up based loans | | 10,664,471,963 | 9,851,163,349 |
| Islamic mode of financing | | 1,649,491,485 | 1,051,890,722 |
| | | 12,313,963,448 | 10,903,054,071 |

9 SHORT TERM BORROWINGS - SECURED

The mark-up rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited consolidated financial statements of the Group for the year ended 30 September 2015.

| | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|--|-------------------------------------|----------------------------------|
| 9.1 Type of short term borrowings | | |
| Interest / mark-up based loans | 9,092,723,039 | 7,866,892,320 |
| Islamic mode of financing | 1,478,750,000 | 2,211,781,049 |
| | 10,571,473,039 | 10,078,673,369 |

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no material change in contingencies from the preceding audited consolidated financial statements of the Group for the year ended 30 September 2015 except for the commitments and guarantees as disclosed below:

| | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|---|-------------------------------------|----------------------------------|
| 10.1.1 Counter guarantees given by the Group to banks on account of agricultural loans | 3,213,000,000 | 2,795,000,000 |
| 10.1.2 Letters of guarantee in favour of various parties | | |
| Holding Company | 562,030,000 | 87,670,000 |
| Subsidiary Company | 7,500,000 | 7,500,000 |
| 10.1.3 Cross corporate guarantees for subsidiary company | 350,319,248 | 380,319,248 |
| 10.2 Commitments | | |
| Letters of credit for import of machinery and its related components | | |
| Holding Company | 571,487,438 | 324,420,557 |
| Subsidiary Company | 20,108,558 | 25,000,000 |

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the nine months period ended 30 June 2016

11 PROPERTY, PLANT AND EQUIPMENT

| | Note | (Un-audited) 30-Jun-16 Rupees | (Audited) 30-Sep-15 Rupees |
|--|------|-------------------------------------|----------------------------------|
| Operating fixed assets | 11.1 | 22,440,016,720 | 20,673,979,655 |
| Capital work in progress | | 3,984,266,797 | 1,448,349,413 |
| | | <u>26,424,283,517</u> | <u>22,122,329,068</u> |
| 11.1 Operating fixed assets | | | |
| Net book value as at beginning of the period / year | | 20,673,979,655 | 15,819,652,556 |
| Additions during the period / year | | 2,862,112,336 | 6,183,982,435 |
| Disposals during the period / year - net book value | | (13,980,728) | (18,593,461) |
| Transfer to investment property | | (23,440,768) | — |
| Depreciation charged during the period / year | | (1,058,653,775) | (1,311,061,875) |
| | | <u>22,440,016,720</u> | <u>20,673,979,655</u> |

12 CASH AND BANK BALANCES

| | | | |
|------------------|------|--------------------|-------------------|
| Current accounts | | 357,289,919 | 52,211,309 |
| Saving accounts | 12.1 | 35,855,383 | 2,901,904 |
| | | <u>393,145,302</u> | <u>55,113,213</u> |
| Cash in hand | | 17,487,568 | 3,265,060 |
| | | <u>410,632,870</u> | <u>58,378,273</u> |

12.1 The balances in saving accounts carry markup at 4% per annum (2015: 4.5% per annum).

13 BUSINESS SEGMENTS INFORMATION

13.1 The Group's reportable segments are as follows:

Reportable Segment

Sugar and other segment
Co-Generation segment
Corporate farms segment

Operations

Production and sale of crystalline sugar and other related joint and by-product
Generation and sale of electricity to NTDC
Managing corporate farms

Information regarding the Group's reportable segments is presented below:

| | Sugar & other segment | | Co-Generation | | Corporate Farms segment | | Inter segment reconciliation | | Total | |
|---|-----------------------|----------------|----------------|---------------|-------------------------|---------------|------------------------------|-----------------|-----------------|-----------------|
| | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| 13.1.1 Revenue | | | | | | | | | | |
| Net external revenues | 30,235,077,366 | 28,524,378,178 | 2,674,652,104 | 2,770,195,265 | 67,123,917 | 71,627,557 | – | – | 32,976,853,387 | 31,366,201,000 |
| Inter-segment revenues | 1,684,823,259 | 1,571,372,171 | 1,083,244,038 | 1,026,527,389 | 2,786,077,051 | 2,857,854,827 | (5,554,144,348) | (5,455,754,387) | – | – |
| Reportable segment revenue | 31,919,900,625 | 30,095,750,349 | 3,757,896,142 | 3,796,722,654 | 2,853,200,968 | 2,929,482,384 | (5,554,144,348) | (5,455,754,387) | 32,976,853,387 | 31,366,201,000 |
| Reportable segment operating profit | 2,520,983,689 | 2,457,915,762 | 1,528,129,285 | 1,435,342,018 | 494,445,994 | 65,313,244 | – | – | 4,541,558,988 | 3,958,571,024 |
| 13.1.2 Segment assets & liabilities | | | | | | | | | | |
| Total assets for reportable segment | 35,472,656,817 | 26,941,962,684 | 11,683,729,621 | 9,933,714,467 | 6,277,082,125 | 6,550,759,659 | (5,554,144,348) | (6,018,367,542) | 47,879,324,215 | 37,408,069,268 |
| Total liabilities for reportable segment | 37,089,681,241 | 28,361,360,590 | 5,879,315,604 | 7,580,296,376 | 218,291,836 | 438,156,057 | (5,554,144,348) | (6,018,367,542) | 37,633,144,333 | 30,359,445,481 |
| 13.1.3 Reconciliation of reportable segment profit and loss for the nine months period ended | | | | | | | | | | |
| Total operating profit for reportable segments before tax | | | | | | | | | 4,541,558,988 | 3,958,571,024 |
| Unallocated corporate expenses | | | | | | | | | (1,628,567,099) | (2,255,020,566) |
| Profit before tax | | | | | | | | | 2,912,991,889 | 1,703,550,458 |
| Taxation | | | | | | | | | (1,041,270,301) | 67,450,447 |
| Profit after taxation | | | | | | | | | 1,871,721,588 | 1,771,000,905 |

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the nine months period ended 30 June 2016

14 NET SALES

| | Nine months ended | | Three months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30-Jun-16 Rupees | 30-Jun-15 Rupees | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
| Sugar | 30,119,968,008 | 28,162,360,312 | 13,343,966,924 | 12,993,489,057 |
| Agriculture produce | 67,123,917 | 71,627,557 | 55,814,643 | 39,566,236 |
| Molasses & Bagasse - by products | 2,247,914,168 | 2,109,882,087 | 650,125,364 | 399,032,332 |
| Electricity | 3,011,985,754 | 3,232,910,737 | 1,262,892,916 | 1,149,403,157 |
| | 35,446,991,847 | 33,576,780,693 | 15,312,799,847 | 14,581,490,782 |
| Less: Federal excise duty , sales tax and others | (2,470,138,460) | (2,210,579,693) | (1,135,138,105) | (948,318,450) |
| | 32,976,853,387 | 31,366,201,000 | 14,177,661,742 | 13,633,172,332 |

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated companies, other related companies, Directors of the Group, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties are as follows:

| Relationship | Nature of Transactions | 30-Jun-16 Rupees | 30-Jun-15 Rupees |
|---------------------------------|--|---------------------|---------------------|
| Associated Companies | | | |
| | Payment against purchase of aircraft | 2,500,000 | 3,050,000 |
| | Advances - net | – | 684,338,333 |
| | Sale of molasses | – | 1,652,006 |
| | Rent on land given on lease | – | 9,682,659 |
| | Rent on land acquired on lease | – | 2,178,750 |
| | Reimbursement on use of Company's aircraft | – | 1,376,376 |
| Key Management Personnel | | | |
| | Consultancy services | 6,438,944 | 108,920,976 |
| | Directors' remuneration and allowances | 175,999,996 | 144,350,000 |
| Other Related Parties | | | |
| | Provident fund contribution | 102,247,310 | 80,792,668 |

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

| | Carrying Amount (Un-audited) | | | Fair Value (Un-audited) | | | |
|---|------------------------------|-----------------------|-----------------------------|-------------------------|---------|---------|---------|
| | Fair value through statement | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
| Note | (Rupees) | | | | | | |
| On-Balance sheet financial instruments | | | | | | | |
| 30 June 2016 | | | | | | | |
| Financial assets not measured at fair value | | | | | | | |
| Cash and bank balances | 410,632,870 | - | - | 410,632,870 | - | - | - |
| Advances, deposits and other receivables | 79,953,719 | - | - | 79,953,719 | - | - | - |
| Trade debts - unsecured | 1,247,254,713 | - | - | 1,247,254,713 | - | - | - |
| Long term advances | 33,611,111 | - | - | 33,611,111 | - | - | - |
| 16.1 | 1,771,452,413 | - | - | 1,771,452,413 | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | |
| Redeemable capital - secured | 222,222,220 | - | - | 222,222,220 | - | - | - |
| Long term financing - secured | 12,313,963,448 | - | - | 12,313,963,448 | - | - | - |
| Liabilities against assets subject to finance lease | 922,909,265 | - | - | 922,909,265 | - | - | - |
| Trade and other payables | 2,296,699,501 | - | - | 2,296,699,501 | - | - | - |
| Short term borrowing - secured | 10,571,473,039 | - | - | 10,571,473,039 | - | - | - |
| Accrued profit / interest / mark- up | 360,191,042 | - | - | 360,191,042 | - | - | - |
| 16.1 | 26,687,458,515 | - | - | 26,687,458,515 | - | - | - |

16.1 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of their fair values.

17 DATE OF AUTHORIZATION

The condensed interim consolidated financial information for the nine months ended 30 June 2016 was authorized for issue by the Board of Directors on 26 July 2016.

18 FIGURES

Figures in the condensed interim consolidated financial information have been rounded off to the nearest of rupee.

19 EVENTS AFTER THE BALANCE SHEET DATE

This Board of Directors of the Holding Company in its meeting held on 26 July 2016 declared interim cash dividend of Rs. 3.00 i.e. 30% (30 June 15: Rs. 3.00 i.e. 30%) per share for the nine months ended 30 June 2016.

INVESTOR'S AWARENESS

In pursuance of SRO 924(1)/2015 dated 09 September 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

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