

Continued Excellence



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		
	Rupees		Rupees				Rupees	Rupees
	Share Capital	Share Premium	Capital	Revenue Accumulated Profit				
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	-	-	-	-	-			
Balance as at 30 June 2015	597,766,610	678,316,928	5,928,582,135	6,606,899,063	7,204,665,673			
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 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
		<u>19,246,959,068</u>	<u>18,668,676,450</u>
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		<u>18,844,055,627</u>	<u>17,594,986,572</u>

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)	–
		2,122,324,383	–
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)
		–	2,759,747,383
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)
		–	–
		–	2,759,747,383

13 CASH AND BANK BALANCES

Current accounts		317,104,725	44,453,739
Saving accounts	13.1	33,983,491	2,717,564
		351,088,216	47,171,303
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

	Note	Carrying Amount (Un-audited)			Fair Value (Un-audited)		
		Fair value through statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2
(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

Raheel 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.

Chief Executive

Director

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	Capital Share Premium		Reserves		Sub Total		Non Controlling Interest	
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
		Revenue Accumulated Profit	Total	Total	Total	Total	Total	Total	
Balance as at 01 October 2014	597,766,610	678,316,928	4,143,243,160	4,821,560,088	5,419,326,698	240,849	5,419,567,547		
Total comprehensive income for the period									
Profit for the period	-	-	1,770,931,800	1,770,931,800	1,770,931,800	69,105	1,771,000,905		
Other comprehensive income for the period	-	-	-	-	-	-	-		
	-	-	1,770,931,800	1,770,931,800	1,770,931,800	69,105	1,771,000,905		
Transaction with owners of the company									
Final dividend @ Rs. 5.00 per share	-	-	(298,883,305)	(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	597,766,610	678,316,928	5,772,211,315	6,450,528,243	7,048,294,853	328,934	7,048,623,787		
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	2,205,814,806	(334,093,238)	1,871,721,568		
Other comprehensive income for the period	-	-	-	-	-	-	-		
	-	-	2,205,814,806	2,205,814,806	2,205,814,806	(334,093,238)	1,871,721,568		
Adjustment in reserves relating to investment in FPML	-	-	(5,539,199)	(5,539,199)	(5,539,199)	-	(5,539,199)		
Transaction with owners of the company									
Final dividend @ Rs. 7.00 per share	-	-	(418,436,627)	(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)	-	(119,553,322)		
	-	-	(537,989,949)	(537,989,949)	(537,989,949)	-	(537,989,949)		
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)
		<u>9,150,755,989</u>	<u>8,209,846,612</u>
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
		<u>12,313,963,448</u>	<u>10,903,054,071</u>

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
		<u>10,571,473,039</u>	<u>10,078,673,369</u>

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).

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

	Note	Carrying Amount (Un-audited)			Fair Value (Un-audited)		
		Fair value through statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2
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 repriced 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.

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