



Ref. No. JSML/HO/Corp/4Q-FY-18- 2526  
December 28, 2018

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
**KARACHI.**

Subject: **FINANCIAL RESULTS FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on Friday, December 28, 2018 at 11:30 a.m. at 109-A, Street # 3, Cavalry Ground, Lahore Cantt, has recommended the following:

- (i) **CASH DIVIDEND**  
A final cash dividend for the year ended September 30, 2018 @ 10% i.e. Re 1/- per ordinary share.
- (ii) **BONUS SHARES** : NIL
- (iii) **RIGHT SHARES** : NIL
- (iv) **ANY OTHER ENTITLEMENT/ CORPORATE ACTION** : NIL
- (v) **ANY OTHER PRICE SENSITIVE INFORMATION** : NIL

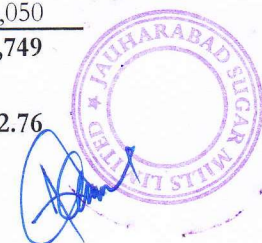
Approved the financial results of the Company for the year ended September 30, 2018 as follows:

	Year ended 30th September	
	2018	2017
(Rupees)		
Net sales	2,195,039,714	2,581,987,414
Cost of sales	2,149,333,504	2,281,868,379
<b>Gross profit</b>	<b>45,706,210</b>	<b>300,119,035</b>
Operating expenses		
Distribution cost	11,264,447	9,034,707
Administrative expense	127,021,372	107,248,842
	(138,285,819)	(116,283,549)
<b>Operating profit / (loss)</b>	<b>(92,579,609)</b>	<b>183,835,486</b>
Finance cost	(138,060,940)	(124,441,520)
Other income	266,607,595	5,098,009
<b>Profit before taxation</b>	<b>35,967,046</b>	<b>64,491,975</b>
Taxation	(30,851,289)	(32,636,276)
<b>Profit after taxation</b>	<b>5,115,757</b>	<b>31,855,699</b>
<i>[items that will never be reclassified to comprehensive income]</i>		
Incremental depreciation for the year	32,655,900	31,043,050
<b>Comprehensive income for the year</b>	<b>37,771,657</b>	<b>62,898,749</b>
<b>Earning per share - basic &amp; diluted (Rs./Share)</b>	<b>0.22</b>	<b>2.76</b>

**JAUHARABAD SUGAR MILLS LIMITED**

Head Office:  
109-A, Street # 3, Cavalry Ground, Lahore Cantt, Pakistan  
Tel: 042 37175229, 36670031, 36670041  
Fax: 042 37175256

Mills:  
Distt: Khushab, City: Jauharabad  
Jauharabad Pakistan  
Tel: 0454 720063-66, Fax: 0454 720880





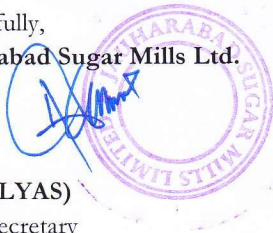
The Annual General Meeting [AGM] of the Company will be held on Monday, January 28, 2019 at 109-A, Street # 3, Cavalry Ground, and Lahore Cantt.

The Share Transfer Books of the Company will be announced in the first week of January, 2019.

The Annual Reports of the Company will be transmitted through PUCARS at least 21 days before holding of Annual General Meeting.

Thanking you,

Yours faithfully,  
For Jauharabad Sugar Mills Ltd.



(IMRAN ILYAS)  
Company Secretary

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**INDEPENDENT AUDITOR'S REPORT**  
**To the members of Jauharabad Sugar Mills Limited**  
**Report on the Audit of Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Jauharabad Sugar Mills Limited** ("the Company"), which comprise the statement of financial position as at September 30, 2018, and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2018 and of the profit or loss and other comprehensive income and the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p><b>Sales</b></p> <p>Refer to the statement of profit or loss and note 5.10 and 30 to the financial statements.</p> <p>The Company generates revenue from sale of sugar and its byproducts to both local and export customers.</p> <p>We identified recognition of sales as a key audit matter because sales is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards;</li> <li>• comparing a sample of sale transactions recorded around the year with the sales invoices and other relevant underlying documentation to assess if the sale was recorded in the appropriate financial period;</li> <li>• comparing, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and</li> <li>• scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.</li> </ul>
2	<p><b>Borrowings and finance costs</b></p> <p>Refer notes 5.4, 5.11, 19, 22, 23, 6.1 and 34 to the financial statements.</p> <p>The Company has obtained range of financing facilities from different financial institutions with varying terms and tenure.</p> <p>This was considered to be a key audit matter as these affects Company's gearing, liquidity and solvency.</p> <p>Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• obtaining confirmations of borrowings as at September 30, 2018 directly from the financial institutions;</li> <li>• testing the calculation of markup recognized as expense during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan;</li> <li>• assessing the adequacy of finance cost capitalized during the year;</li> <li>• assessing whether installments of loans / leases due or loan / leases maturing within twelve months were classified as current liabilities; and</li> <li>• assessing the adequacy of the Company's compliance with the loan covenants and the disclosure in the financial statements.</li> </ul>

3	<p><b>Capitalization of Property, Plant and Equipment</b></p> <p>Refer notes 5.3 and 6 to the financial statements. The Company has made significant capital expenditure on replacement sugar machinery parts.</p> <p>We identified capitalization of property, plant and equipment as key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• understanding the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system;</li> <li>• testing, on sample basis, the costs incurred on projects with supporting documentation and contracts;</li> <li>• assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and</li> <li>• inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.</li> </ul>
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### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended September 30, 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on audit resulting in this independent auditor's report is Imran Iqbal.

Date:  
Place: Lahore

7 UHY Hassan Naeem & Co.  
Chartered Accountants