

## Continued Excellence





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# Corporate Information

## Board of Directors

Mukhdoom Syed Ahmed Mahmud  
Director/Chairman

Mr. Jahangir Khan Tareen  
Director/Chief Executive

Mrs. Sameera Mahmud  
Mr. Ejaz Ahmed Phulpoto  
Mr. Raheal Masud  
Mr. Asim Nisar Bajwa  
Mr. Zafar Iqbal

## 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. Zafar Iqbal  
Member

## HR & R Committee

Mr. Ejaz Ahmed Phulpoto  
Chairman / Member

Mr. Raheal Masud  
Member

Mr. Zafar Iqbal  
Member

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Registrar

Corplink (Pvt.) Ltd.

## Legal Advisor

Cornelius, Lane & Mufti

## Bankers

Faysal Bank Limited  
MCB Bank Limited  
United Bank Limited  
Allied Bank Limited  
The Bank of Punjab  
BankIslami (Pakistan) Limited  
Barclays Bank Plc  
Askari Bank Limited  
Habib Bank Limited  
Pakistan Kuwait Investment  
Company (Private) Limited  
Pair Investment Company Limited  
Standard Chartered Bank  
(Pakistan) Limited  
Silk Bank Limited  
Pak Brunei Investment Company Limited  
Saudi Pak Industrial & Agricultural  
Investment Company Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
Soneri 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 Luluwali, Near Village  
Islamabad, Distt. Ghotki

## Web Presence

[www.jdw-group.com](http://www.jdw-group.com)

# Brief Review

I am pleased to present the un-audited accounts of the Company for the quarter ended on 31 December 2013.

Financial results of first quarter are never true representative of the results that company will ultimately achieve but can just give an idea of the trend. The key indicators of operating and financial results are summarized below.

During first quarter of the accounting year the Company has earned profit after tax amounting to Rs. 164 million as compared to profit after tax amounting to Rs. 61 million in the corresponding period last year. Major contribution in profitability came from the JDW Corporate Farms which has recently been made part of the company. During this period the Company's gross sales were Rs. 6,422 million in comparison to gross sales of Rs. 9,454 million last times. Carryover stocks this time were 80,716 tons as compared to 91,405 tons. These stocks were entirely sold out during period under review at sugar prices which in comparison to rest of the last calendar year were much better.

Gross profit ratio has increased from 4% to 11% due to increase of sugar prices in the first half of this quarter. The earnings per share have also increased from Rs. 1.03 to Rs. 2.74. Other significant ratios such as current ratio, leverage etc. have also slightly improved as compared to comparative period and year end financial results of 30 September 2013.

The balance sheet size and share capital & reserves are Rs. 29 and Rs. 5.65 billion respectively. Company is fulfilling its financial obligations on time and enjoys cordial relationship with all the financial institutions it is dealing with.

For 2013-14 crushing season was started on 20 November 2013 whereas last crushing season was started on 30 November 2012. Until 31 December 2013 sugarcane crushed was 1,532,201 tons as against 1,175,025 tons in the corresponding period. However, average sucrose recovery this time is 10.27 % as against 10.39 % achieved in the corresponding period. Due to heavy frost this time the final sucrose recovery is expected to decline from last year level.

There has been no change in the support prices of sugarcane by the Provincial Governments i.e., Sindh and Punjab and the support prices of sugarcane of last year i.e., Rs. 172 and Rs. 170 per 40 kg respectively have been maintained for the ongoing crushing season. Owing to expected surplus sugar production the sugar prices are depressed and even below the production cost.

As usual growers' payment has remained our top priority and growers are being paid on time despite tough crushing season. We regularly provide financial and technical support to our growers. Due to these policies and preferential treatment to growers Company enjoys excellent relationship with them.

Co-Generation projects under erection at JDW unit-II (Sadiqabad) and JDW unit-III (Ghotki) are at the final stages of completion and expected to start commercial production in March/April this year.

For ongoing crushing season we are working in challenging environment, considerable increase in the prices of sugarcane in previous years with no corresponding increase in the prices of sugar, difficulty in selling sugar abroad at better prices owing to surplus production internationally, non creation of strategic reserves by TCP, non release of freight subsidy on export made last year and imposition of Regulatory Duty on export of molasses are the major challenges being faced by the sugar industry. In view of these issues current year 2013-14 seems to be difficult unless sugar prices become favorable.

For & on behalf of the Board

31 January 2014  
Lahore

**JAHANGIR KHAN TAREEN**  
Chief Executive





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

for the quarter ended 31 December 2013

# Condensed Interim Unconsolidated Balance Sheet (Un-audited)

## As at 31 December 2013

	Note	31-Dec-13 (Un-audited) Rupees	30-Sep-13 (Audited) Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	597,766,610	597,766,610
Reserves		5,055,138,641	4,891,150,343
		<u>5,652,905,251</u>	<u>5,488,916,953</u>
<b>NON CURRENT LIABILITIES</b>			
Redeemable capital - secured		388,888,889	222,243,482
Long term loans - secured		5,317,234,104	4,292,190,749
Liabilities against assets subject to finance lease		518,431,431	438,881,076
Deferred taxation		1,670,933,975	1,732,216,039
Staff retirement benefits		48,023,492	44,694,419
		<u>7,943,511,891</u>	<u>6,730,225,765</u>
<b>CURRENT LIABILITIES</b>			
Short term borrowings - secured		7,882,716,777	6,834,453,702
Current portion of non current liabilities		1,468,113,554	1,616,577,269
Trade and other payables		6,286,427,007	2,789,427,156
Interest and mark-up accrued		163,898,846	302,120,164
		<u>15,801,156,184</u>	<u>11,542,578,291</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<u>29,397,573,326</u>	<u>23,761,721,009</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	13,052,501,953	10,072,777,111
Investment property		693,855,251	693,855,251
Goodwill		608,310,693	608,310,693
Investments	9	1,610,250,000	1,610,250,000
Long term advances		1,552,581,200	1,650,553,280
Long term deposits		67,024,235	85,380,307
		<u>17,584,523,332</u>	<u>14,721,126,642</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		1,072,644,495	588,561,594
Stock in trade		5,503,313,352	3,324,048,252
Biological assets		2,263,101,793	-
Trade debts - unsecured, considered good		494,890,058	239,661,016
Advances, deposits, prepayments and other receivables		2,186,820,877	4,426,525,555
Tax refund due from Government		56,863,429	220,443,055
Cash and bank balances		235,415,990	41,354,895
Non current assets held for sale		-	200,000,000
		<u>11,813,049,994</u>	<u>9,040,594,367</u>
		<u>29,397,573,326</u>	<u>23,761,721,009</u>

The attached notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

31 January 2014  
Lahore

Chief Executive

Director

## Condensed Interim Unconsolidated Profit and Loss Account (Un-audited) For the quarter ended 31 December 2013

	Note	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>Gross sales</b>		6,422,043,804	9,454,497,823
FED, Sales tax and others		(361,561,250)	(593,596,950)
<b>Net sales</b>	11	6,060,482,554	8,860,900,873
Cost of sales		(5,402,407,256)	(8,464,413,985)
<b>Gross profit</b>		658,075,298	396,486,888
Administrative expenses		(112,731,124)	(101,249,407)
Selling expenses		(9,897,882)	(34,088,110)
		(122,629,006)	(135,337,517)
<b>Operating profit</b>		535,446,292	261,149,371
Other expenses		(28,107,256)	(6,862,589)
Other income		31,077,511	44,306,850
Finance cost		(237,441,767)	(200,871,581)
		(234,471,512)	(163,427,320)
<b>Profit before taxation</b>		300,974,780	97,722,051
Taxation		(136,986,482)	(36,324,478)
<b>Profit after taxation</b>		163,988,298	61,397,573
<b>Basic &amp; diluted earnings per share</b>		2.74	1.03

The attached notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

## Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited) For the quarter ended 31 December 2013

	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>Profit for the period</b>	163,988,298	61,397,573
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the period</b>	<u>163,988,298</u>	<u>61,397,573</u>

The attached notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

# Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

## For the quarter ended 31 December 2013

	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	300,974,780	97,722,051
Adjustments for non cash and other items		
Finance cost	237,441,767	200,871,581
Depreciation	125,184,377	123,273,811
Workers' profit participation fund	16,445,908	5,229,232
Staff retirement benefits	31,343,304	14,955,509
Workers' welfare fund	11,497,464	1,633,357
Gain on sale of investment	(20,000,000)	-
Profit on disposal of operating assets	(984,091)	(481,479)
	400,928,729	345,482,011
<b>Operating profit before working capital changes</b>	701,903,509	443,204,062
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(484,082,901)	(118,091,099)
Stock in trade	(4,442,366,894)	2,710,389,791
Advances, deposits, prepayments and other receivables	2,714,761,620	878,462,766
Trade debts	(255,229,042)	(1,911,655,493)
	(2,466,917,217)	1,559,105,965
<b>Increase in current liabilities</b>		
Trade and other payables	3,715,181,292	777,921,595
<b>Cash generated from operations</b>	1,950,167,584	2,780,231,622
Income tax paid	(33,346,504)	(33,171,419)
Staff retirement benefits paid	(21,580,455)	(702,100)
	(54,926,959)	(33,873,519)
<b>Net cash generated from operations</b>	1,895,240,625	2,746,358,103
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(3,038,119,358)	(149,972,275)
Advances to related parties	(377,084,862)	438,478,813
Disposal of investment during the period	220,000,000	-
Long term deposits	18,356,072	18,495,146
<b>Net cash (used in) / generated from investing activities</b>	(3,176,848,148)	307,001,684
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans	1,011,410,974	(329,166,665)
Short term borrowings	899,799,360	(1,920,209,621)
Finance cost paid	(350,378,668)	(431,290,942)
Lease rentals	(85,134,658)	(78,582,913)
Dividend paid	(28,390)	-
<b>Net cash generated / (used in) financing activities</b>	1,475,668,618	(2,759,250,141)
<b>Net increase in cash and cash equivalents</b>	194,061,095	294,109,646
<b>Cash and cash equivalents at the beginning of the period</b>	41,354,895	11,382,760
<b>Cash and cash equivalents at the end of the period</b>	235,415,990	305,492,406

The attached notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

31 January 2014  
Lahore

Chief Executive

Director

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

## For the quarter ended 31 December 2013

	Share Capital		Reserves		Total reserves	Total equity
	Rupees	Share Premium Rupees	Accumulated Profit Rupees	Rupees		
<b>Balance as at 30 September 2012</b>	597,766,610	678,316,928	3,646,970,561	4,325,287,489	4,923,054,099	
Total comprehensive income for the period	-	-	61,397,573	61,397,573	61,397,573	
<b>Balance as at 31 December 2012</b>	597,766,610	678,316,928	3,708,368,134	4,386,685,062	4,984,451,672	
<b>Balance as at 30 September 2013</b>	597,766,610	678,316,928	4,212,833,415	4,891,150,343	5,488,916,953	
Total comprehensive income for the period	-	-	163,988,298	163,988,298	163,988,298	
<b>Balance as at 31 December 2013</b>	597,766,610	678,316,928	4,376,821,713	5,055,138,641	5,652,905,251	

The attached notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

31 January 2014  
Lahore

Chief Executive

Director

# Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited) For the quarter ended 31 December 2013

## 1 STATUS AND NATURE OF BUSINESS

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 Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Company is engaged in production and sale of crystalline sugar, production and sale of electricity and managing corporate farms.

## 2 BASIS OF PREPARATION

This condensed interim unconsolidated 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 unconsolidated 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 2013.

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

## 3 ESTIMATES

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, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirement and other benefits
- Provisions and contingencies

## 4 SIGNIFICANT ACCOUNTING POLICIES

**4.1** The accounting policies and methods of computation adopted in the preparation of the condensed interim unconsolidated 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 2013.

**4.2** The following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2012, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the financial information of the Company.

- IAS 12 (amendment) - Deferred Tax on Investment Property
- IAS 19 (amendment) - Employee Benefits
- IAS 1 (amendment) - Presentation of items of other comprehensive income
- IFRS 7 (amendment) - Transfers of Financial Assets
- IAS 32 (amendment) - Offsetting Financial assets and Financial liabilities
- IFRS 7 (amendment) - Offsetting Financial assets and Financial Liabilities

**Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)**  
**For the quarter ended 31 December 2013**

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

	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>
<b>6 SHARE CAPITAL</b>		
<b>6.1 Authorized capital</b>		
75,000,000 (30 September 2013: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (30 September 2013: 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>
<b>6.2 Issued, subscribed and paid-up capital</b>		
32,145,725 (30 September 2013: 32,145,725) ordinary shares of Rs. 10 each fully paid in cash - voting	321,457,250	321,457,250
27,630,936 (30 September 2013: 27,630,936) bonus shares of Rs. 10 each fully paid in cash - voting	276,309,360	276,309,360
	<u>597,766,610</u>	<u>597,766,610</u>

**7 CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

There is no material change in contingencies from preceding annual published financial statements of the Company for the year ended 30 September 2013.

	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>
<b>7.1.1</b> Counter guarantees given on account of agricultural loan to growers	4,783,333,333	4,783,333,333
<b>7.1.2</b> Letters of guarantee	141,227,398	123,978,742
<b>7.1.3</b> Cross corporate guarantees for subsidiary company	380,319,248	380,319,248
<b>7.2 Commitments</b>		
Letters of credit for import of machinery and its related components	806,252,023	1,771,392,778

**Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)**  
**For the quarter ended 31 December 2013**

	Note	31-Dec-13 (Un-audited) Rupees	30-Sep-13 (Audited) Rupees
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	9,306,844,368	8,153,098,012
Capital work in progress		3,745,657,585	1,919,679,099
		<u>13,052,501,953</u>	<u>10,072,777,111</u>
<b>8.1 Operating fixed assets</b>			
Net book value as at beginning of the period / year		8,153,098,012	7,856,588,719
Add: Additions / acquired during the period / year		1,282,534,633	818,697,075
		<u>9,435,632,645</u>	<u>8,675,285,794</u>
Less: Disposals during the period / year - net book value		(3,603,900)	(13,971,790)
Depreciation charged during the period / year		(125,184,377)	(508,215,992)
		<u>(128,788,277)</u>	<u>(522,187,782)</u>
		<u>9,306,844,368</u>	<u>8,153,098,012</u>
<b>9 INVESTMENTS</b>			
Investment in subsidiary company	9.1	1,049,750,000	1,049,750,000
Investment in associated companies	9.2	560,500,000	560,500,000
		<u>1,610,250,000</u>	<u>1,610,250,000</u>
<b>9.1 Investment in subsidiary company - un quoted Deharki Sugar Mills (Private) Limited ("DSML")</b>			
104,975,000 (30 September 2013: 104,975,000) fully paid shares of Rs. 10 each Equity held 99.98% (30 September 2013: 99.98%)		<u>1,049,750,000</u>	<u>1,049,750,000</u>
<b>9.2 Investment in associated companies - un quoted Faruki Pulp Mills Limited ("FPML")</b>			
51,500,000 (30 September 2013: 51,500,000) fully paid ordinary shares of Rs. 10 each Equity held 47.69% (30 September 2013: 47.69%)		560,500,000	560,500,000
<b>JK Dairies (Private) Limited ("JKDL")</b>			
Nil (30 September 2013: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held Nil (30 September 2013: 22.22%) Less : investment classified as held for sale		-	200,000,000 (200,000,000)
		-	-
<b>JDW Power (Private) Limited ("JDWPL")</b>			
9,000,000 (30 September 2013: 9,000,000) fully paid ordinary shares of Rs. 10 each Less: Accumulated impairment allowance Equity held 47.37% (30 September 2013 : 47.37%)		90,000,000 (90,000,000) -	90,000,000 (90,000,000) -
		<u>560,500,000</u>	<u>560,500,000</u>

# Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

## For the quarter ended 31 December 2013

### 10 BUSINESS SEGMENTS INFORMATION

Note	Sugar		Farms		Total	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>10.1 Revenue</b>						
External	5,712,763,963	8,860,900,873	347,718,591	-	6,060,482,554	8,860,900,873
Intersegment	-	-	898,917,929	-	-	-
	5,712,763,963	8,860,900,873	1,246,636,520	-	6,060,482,554	8,860,900,873
<b>10.2 Segment Expenses</b>						
<b>Cost of sales</b>						
External	(5,189,628,365)	(8,464,413,985)	(1,111,696,820)	-	(6,301,325,185)	(8,464,413,985)
Intersegment	898,917,929	-	-	-	898,917,929	-
	(4,290,710,436)	(8,464,413,985)	(1,111,696,820)	-	(5,402,407,256)	(8,464,413,985)
<b>Gross Profit</b>	1,422,053,527	396,486,888	134,939,700	-	658,075,298	396,486,888
Administrative expenses	(108,812,743)	(101,249,407)	(3,918,381)	-	(112,731,124)	(101,249,407)
Selling expenses	(9,897,882)	(34,088,110)	-	-	(9,897,882)	(34,088,110)
	(118,710,625)	(135,337,517)	(3,918,381)	-	(122,629,006)	(135,337,517)
<b>Segment results</b>	1,303,342,902	261,149,371	131,021,319	-	535,446,292	261,149,371
Other expenses					(28,107,256)	(6,862,589)
Other income					31,077,511	44,306,850
Finance cost					(237,441,767)	(200,871,581)
					(234,471,512)	(163,427,320)
<b>Profit before taxation</b>					300,974,780	97,722,051
Taxation					(136,986,482)	(36,324,478)
<b>Profit after taxation</b>					163,988,298	61,397,573
<b>10.3 Segment assets &amp; liabilities</b>						
			<b>Segment Assets</b>		<b>Segment Liabilities</b>	
			<b>31-Dec-13</b>	<b>30-Sep-13</b>	<b>31-Dec-13</b>	<b>30-Sep-13</b>
			<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
			<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Sugar			26,607,564,468	23,761,721,009	21,047,454,440	18,272,804,056
Farms	10.3.1		2,790,008,858	-	2,697,213,635	-
			29,397,573,326	23,761,721,009	23,744,668,075	18,272,804,056

**10.3.1** On 20 November 2013, the Company has acquired assets and liabilities of JK Farming Systems Limited (a related party), pertaining to cultivation of sugarcane at fair value.

**Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)**  
**For the quarter ended 31 December 2013**

	<b>31-Dec-13</b> <b>Rupees</b>	<b>31-Dec-12</b> <b>Rupees</b>
<b>11 SALES - NET</b>		
Sugar	5,573,501,231	9,071,157,855
Molasses & Bagasse	450,463,648	363,800,123
Sugarcane	347,718,591	-
Electricity	50,360,334	19,539,845
	6,422,043,804	9,454,497,823
Less: FED, Sales tax and others	(361,561,250)	(593,596,950)
	<u>6,060,482,554</u>	<u>8,860,900,873</u>

**12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties comprise of subsidiary company, associated companies, other related companies and post employment benefit plans. Significant transactions with related parties are as follows:

<b>Relationship</b>	<b>Nature of transactions</b>	<b>31-Dec-13</b> <b>Rupees</b>	<b>31-Dec-12</b> <b>Rupees</b>
<b>Subsidiary Company</b>	Short Advances received / (paid)	134,384,066	(571,173,435)
	Long term loans	97,972,080	-
	Mark up on advances	68,496,773	77,394,834
	Sale of sugarcane	347,718,591	-
<b>Associated Companies</b>	Sale of sugar	88,323,000	192,024,000
	Mark up on advances	36,989,042	15,690,411
	Payment against purchase of aircraft	1,000,000	500,000
	Sale of molasses	328,290	-
<b>Other Related Parties</b>	Provident fund contribution	16,350,522	12,384,870
	Purchase of sugarcane	-	706,003,949

**13 DATE OF AUTHORIZATION**

The condensed interim unconsolidated financial information for the quarter ended 31 December 2013 was authorized for issue by the Board of Directors on 31 January 2014.

**14 GENERAL**

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





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

for the quarter ended 31 December 2013

# Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 December 2013

	Note	31-Dec-13 (Un-audited) Rupees	30-Sep-13 (Audited) Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	597,766,610	597,766,610
Reserves		4,542,432,075	4,343,938,419
		5,140,198,685	4,941,705,029
Non controlling interest		205,752	192,155
		5,140,404,437	4,941,897,184
<b>NON CURRENT LIABILITIES</b>			
Redeemable capital secured		388,888,889	222,243,482
Long term loans - secured		5,317,234,104	4,292,190,749
Liabilities against assets subject to finance lease		711,541,824	642,013,396
Deferred taxation		1,486,359,117	1,555,721,583
Staff retirement benefits		48,023,492	44,694,419
		7,952,047,426	6,756,863,629
<b>CURRENT LIABILITIES</b>			
Short term borrowings - secured		8,855,337,169	7,692,553,702
Current portion of non current liabilities		1,527,742,670	1,675,060,118
Trade and other payables		6,979,061,048	3,043,707,130
Interest and mark-up accrued		179,991,261	325,116,640
Provision for taxation		98,192,681	86,520,545
		17,640,324,829	12,822,958,135
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	30,732,776,692	24,521,718,948
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	16,388,029,753	13,387,593,856
Investment property		693,855,251	693,855,251
Investments	9	237,096,844	239,732,936
Long term advances		83,000,000	83,000,000
Goodwill		608,310,693	608,310,693
Long term deposits		85,648,235	104,004,307
		18,095,940,776	15,116,497,043
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		1,294,337,807	787,936,802
Stock in trade		7,158,517,498	3,777,690,212
Biological assets		2,263,101,793	-
Trade debts - Unsecured, considered good		657,370,168	655,358,234
Advances, deposits, prepayments and other receivables		814,432,803	3,602,014,748
Tax refunds due from Government		137,782,678	284,457,186
Cash and bank balances		311,293,169	77,764,723
Non current asset held for sale		-	220,000,000
		12,636,835,916	9,405,221,905
		30,732,776,692	24,521,718,948

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

31 January 2014  
Lahore

Chief Executive

Director

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

### For the quarter ended 31 December 2013

	Note	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>Gross sales</b>		7,322,828,947	11,363,419,562
Less: FED, Sales tax and others		(442,651,514)	(720,422,405)
<b>Net sales</b>	11	6,880,177,433	10,642,997,157
Cost of sales		(6,054,035,431)	(10,246,474,269)
<b>Gross profit</b>		826,142,002	396,522,888
Administrative expenses		(117,147,919)	(142,899,696)
Selling expenses		(10,901,604)	(34,266,626)
		(128,049,523)	(177,166,322)
<b>Operating profit</b>		698,092,479	219,356,566
Other expenses		(31,301,954)	(6,862,589)
Other income		13,307,398	55,714,935
Finance cost		(338,374,363)	(291,589,022)
		(356,368,919)	(242,736,676)
Share of loss of associated companies - net of taxation		(2,636,092)	(8,035,982)
<b>Profit / (loss) before taxation</b>		339,087,468	(31,416,092)
Taxation		(140,580,215)	1,815,471
<b>Profit / (loss) after taxation</b>		198,507,253	(29,600,621)
Attributable to:			
Equity holders of Holding Company		198,493,656	(29,580,855)
Non controlling interest		13,597	(19,766)
		198,507,253	(29,600,621)
<b>Basic &amp; diluted earnings /(loss) per share</b>		3.32	(0.50)

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

**Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)**  
**For the quarter ended 31 December 2013**

	<b>31-Dec-13 Rupees</b>	<b>31-Dec-12 Rupees</b>
<b>Profit / (loss) for the period</b>	198,507,253	(29,600,621)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>198,507,253</u>	<u>(29,600,621)</u>
Attributable to:		
Equity holders of the Holding Company	198,493,656	(29,580,855)
Non controlling interest	13,597	(19,766)
	<u>198,507,253</u>	<u>(29,600,621)</u>

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

# Condensed Interim Consolidated Cash Flow Statement (Un-audited)

## For the quarter ended 31 December 2013

	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	339,087,468	(31,416,092)
Adjustments for non cash and other items		
Finance cost	338,374,363	291,589,022
Depreciation	170,658,281	164,721,537
Workers' profit participation fund	16,445,908	5,229,232
Staff retirement benefits	34,690,416	16,091,057
Workers' welfare fund	11,497,464	1,633,357
Share of loss of associated companies	2,636,092	8,035,982
Profit on disposal of operating assets	(984,091)	(481,479)
	573,318,433	486,818,708
<b>Operating profit before working capital changes</b>	912,405,901	455,402,616
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(506,401,005)	(92,595,333)
Stock in trade	(5,643,929,080)	2,942,046,536
Advances, deposits, prepayments and other receivables	2,824,509,604	988,266,640
Trade debts	(2,011,933)	(2,416,911,061)
	(3,327,832,414)	1,420,806,782
<b>Increase in current liabilities</b>		
Trade and other payables	3,854,190,073	1,552,001,964
<b>Cash generated from operations</b>	1,438,763,560	3,428,211,362
Income tax paid	(50,251,622)	(48,372,941)
Staff retirement benefits paid	(24,493,971)	(702,100)
	(74,745,593)	(49,075,041)
<b>Net cash generated from operations</b>	1,364,017,967	3,379,136,321
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(2,851,564,807)	(290,911,149)
Advances to related parties	(36,989,042)	(15,690,411)
Disposal of investment during the period	220,000,000	-
Long term deposits	18,356,072	18,495,146
<b>Net cash used in from investing activities</b>	(2,650,197,777)	(288,106,414)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans	1,011,410,974	(329,166,665)
Short term borrowings	1,014,339,360	(1,806,610,301)
Finance cost paid	(378,546,097)	(492,698,967)
Dividend paid	(28,390)	-
Lease rentals	(127,467,591)	(78,582,913)
<b>Net cash generated from / (used in) financing activities</b>	1,519,708,256	(2,707,058,846)
<b>Net increase in cash and cash equivalents</b>	233,528,446	383,971,061
<b>Cash and cash equivalents at the beginning of the period</b>	77,764,723	53,600,842
<b>Cash and cash equivalents at the end of the period</b>	311,293,169	437,571,903

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

31 January 2014  
Lahore

Chief Executive

Director

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

### For the quarter ended 31 December 2013

	Share Capital		Share Premium		Reserves		Sub Total		Total		Non controlling interest		Total equity	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30 September 2012</b>	597,766,610	678,316,928	3,656,239,054	4,334,555,982	4,932,322,592	248,377	4,932,570,969							
Total comprehensive loss for the period	-	-	(29,580,855)	(29,580,855)	(29,580,855)	(19,766)	(29,600,621)							
<b>Balance as at 31 December 2012</b>	<u>597,766,610</u>	<u>678,316,928</u>	<u>3,626,658,199</u>	<u>4,304,975,127</u>	<u>4,902,741,737</u>	<u>228,611</u>	<u>4,902,970,348</u>							
<b>Balance as at 30 September 2013</b>	597,766,610	678,316,928	3,665,621,491	4,343,938,419	4,941,705,029	192,155	4,941,897,184							
Total comprehensive income for the period	-	-	198,493,656	198,493,656	198,493,656	13,597	198,507,253							
<b>Balance as at 31 December 2013</b>	<u>597,766,610</u>	<u>678,316,928</u>	<u>3,864,115,147</u>	<u>4,542,432,075</u>	<u>5,140,198,685</u>	<u>205,752</u>	<u>5,140,404,437</u>							

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

31 January 2014  
Lahore

Chief Executive

Director

# Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

## For the quarter ended 31 December 2013

### 1 STATUS AND NATURE OF BUSINESS

#### The Group comprises of

JDW Sugar Mills Limited (“the Holding Company”)  
Deharki Sugar Mills (Private) Limited (“the Subsidiary Company”)

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 Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Company is engaged in production and sale of crystalline sugar, production and sale of electricity and managing corporate farms.

Deharki Sugar Mills (Private) Limited 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, Lahore. The Company is engaged in production and sale of crystalline sugar and production and sale of electricity.

Details regarding the Group’s investment in associates are given in note 9 to this condensed consolidated interim financial information..

### 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 consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 30 September 2013.

The condensed interim consolidated financial information includes the financial information of JDW, its subsidiary and associates (“Group”) for the period ended 31 December 2013.

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.

# Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

## For the quarter ended 31 December 2013

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

#### 4 SIGNIFICANT ACCOUNTING POLICIES

**4.1** The accounting policies and methods of computation adopted in the preparation of the condensed interim consolidated financial information are generally based on the same policies and methods as applied in preparation of the annual consolidated financial statements for the year ended 30 September 2013.

#### 4.2 Basis of consolidation

##### Subsidiary

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

	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>
<b>6 SHARE CAPITAL</b>		
<b>6.1 Authorized capital</b>		
75,000,000 (30 September 2013: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (30 September 2013: 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 Consolidated Financial Information (Un-audited)**  
**For the quarter ended 31 December 2013**

	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>	
<b>6.2 Issued, subscribed and paid-up capital</b>			
32,145,725 (30 September 2013: 32,145,725) ordinary shares of Rs. 10 each fully paid in cash - voting	321,457,250	321,457,250	
27,630,936 (30 September 2013: 27,630,936) bonus shares of Rs. 10 each fully paid in cash - voting	276,309,360	276,309,360	
	<u>597,766,610</u>	<u>597,766,610</u>	
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 Contingencies</b>			
There is no material change in contingencies from preceding annual published financial statements of the Group for the year ended 30 September 2013.			
	<b>Note</b>	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>
<b>7.1.1</b> Counter guarantee given on account of agricultural loan to growers		4,783,333,333	4,783,333,333
<b>7.1.2</b> Letters of guarantee		141,227,398	123,978,742
<b>7.1.3</b> Cross corporate guarantees for subsidiary company		380,319,248	380,319,248
<b>7.2 Commitments</b>			
Letters of credit for import of machinery and its related components Holding Company		806,252,023	1,771,392,778
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	12,547,606,724	11,421,421,476
Capital work in progress		3,840,423,029	1,966,172,380
		<u>16,388,029,753</u>	<u>13,387,593,856</u>
<b>8.1 Operating fixed assets</b>			
Net book value as at beginning of the period / year		11,421,421,476	10,716,371,088
Add: Additions / acquired during the period / year		1,300,447,429	1,409,496,991
		12,721,868,905	12,125,868,079
Less: Disposals during the period / year - net book value		(3,603,900)	(15,878,379)
Depreciation charged during the period / year		(170,658,281)	(688,568,224)
		(174,262,181)	(704,446,603)
		<u>12,547,606,724</u>	<u>11,421,421,476</u>

**Notes to the Condensed Interim Consolidated Financial Information (Un-audited)**  
**For the quarter ended 31 December 2013**

	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>
<b>9 INVESTMENTS</b>		
<b>Investment in associated companies- unquoted</b>		
<b>Cost of investment</b>	650,500,000	850,500,000
<b>Share of loss</b>		
Opening balance	(404,791,450)	(70,150,907)
Share of loss for the period / year	(2,636,092)	(273,914,957)
Impairment allowance for the year	(5,975,614)	(5,975,614)
Closing balance	(413,403,156)	(350,041,478)
	237,096,844	500,458,522
Less: investment classified as held for sale	-	(260,725,586)
	<u>237,096,844</u>	<u>239,732,936</u>
<b>9.1 Faruki Pulp Mills Limited ("FPML")</b>		
<b>Cost of investment</b>		
51,500,000 (30 September 2013: 51,500,000) fully paid ordinary shares of Rs. 10 each Equity held 47.69% (30 September 2013: 47.69%)	560,500,000	560,500,000
<b>Share of loss</b>		
Opening balance	(320,767,064)	(34,769,984)
Share of loss for the period / year	(2,636,092)	(285,997,080)
Closing balance	(323,403,156)	(320,767,064)
	237,096,844	239,732,936
<b>9.2 JK Dairies (Private) Limited ("JKDL")</b>		
<b>Cost of investment</b>		
Nil (30 September 2013: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held Nil (30 September 2013: 22.22%)	-	200,000,000
<b>Share of profit</b>		
Opening balance	-	54,619,077
Share of profit for the period / year	-	6,106,509
Closing balance	-	60,725,586
	-	260,725,586
Less: investment classified as held for sale	-	(260,725,586)
	-	-

**Notes to the Condensed Interim Consolidated Financial Information (Un-audited)**  
**For the quarter ended 31 December 2013**

	<b>31-Dec-13 (Un-audited) Rupees</b>	<b>30-Sep-13 (Audited) Rupees</b>
<b>9.3 JDW Power (Private) Limited ("JDWPL")</b>		
<b>Cost of investment</b>		
9,000,000 (30 September 2013: 9,000,000) fully paid ordinary shares of Rs. 10 each Equity held 47.37% (30 September 2013 : 47.37%)	90,000,000	90,000,000
<b>Share of loss</b>		
Opening balance	(84,024,386)	(90,000,000)
Share of profit for the period / year	-	5,975,614
Closing balance	(84,024,386)	(84,024,386)
	5,975,614	5,975,614
Less: impairment loss	(5,975,614)	(5,975,614)
	-	-

**10 BUSINESS SEGMENTS INFORMATION**

Note	Sugar		Farms		Total	
	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>10.1 Revenue</b>						
External	6,880,177,433	10,642,997,157	-	-	6,880,177,433	10,642,997,157
Intersegment	-	-	1,246,636,520	-	-	-
	6,880,177,433	10,642,997,157	1,246,636,520	-	6,880,177,433	10,642,997,157
<b>10.2 Segment Expenses</b>						
<b>Cost of sales</b>						
External	(6,188,975,131)	(10,246,474,269)	(1,111,696,820)	-	(7,300,671,951)	(10,246,474,269)
Intersegment	1,246,636,520	-	-	-	1,246,636,520	-
	(4,942,338,611)	(10,246,474,269)	(1,111,696,820)	-	(6,054,035,431)	(10,246,474,269)
<b>Gross Profit</b>	1,937,838,822	396,522,888	134,939,700	-	826,142,002	396,522,888
Administrative expenses	(113,229,538)	(142,899,696)	(3,918,381)	-	(117,147,919)	(142,899,696)
Selling expenses	(10,901,604)	(34,266,626)	-	-	(10,901,604)	(34,266,626)
	(124,131,142)	(177,166,322)	(3,918,381)	-	(128,049,523)	(177,166,322)
<b>Segment results</b>	1,813,707,680	219,356,566	131,021,319	-	698,092,479	219,356,566
Other expenses					(31,301,954)	(6,862,589)
Other income					13,307,398	55,714,935
Finance cost					(338,374,363)	(291,589,022)
					(356,368,919)	(242,736,676)
Share of loss of associated companies - net of taxation					(2,636,092)	(8,035,982)
<b>Profit before taxation</b>					339,087,468	(31,416,092)
Taxation					(140,580,215)	1,815,471
<b>Profit after taxation</b>					198,507,253	(29,600,621)

# Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

## For the quarter ended 31 December 2013

### 10.3 Segment assets & liabilities

		Segment Assets		Segment Liabilities	
		31-Dec-13 (Un-audited)	30-Sep-13 (Audited)	31-Dec-13 (Un-audited)	30-Sep-13 (Audited)
		Rupees	Rupees	Rupees	Rupees
Sugar		28,236,411,558	24,521,718,948	22,895,158,620	19,579,821,764
Farms	10.3.1	2,496,365,164	-	2,697,213,635	-
		<u>30,732,776,692</u>	<u>24,521,718,948</u>	<u>25,592,372,255</u>	<u>19,579,821,764</u>

10.3.1 On 20 November 2013, the Company has acquired assets and liabilities of JK Farming Systems Limited (a related party), pertaining to cultivation of sugarcane at fair value.

	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>11 SALES - NET</b>		
Sugar	6,611,725,431	10,857,366,927
Molasses & Bagasse	606,184,776	452,562,580
Electricity	104,918,740	53,490,055
	<u>7,322,828,947</u>	<u>11,363,419,562</u>
Less : FED, Sales tax and others	(442,651,514)	(720,422,405)
	<u>6,880,177,433</u>	<u>10,642,997,157</u>

### 12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated companies, other related companies and post employment benefit plans. Significant transactions with related parties are as follows:

Relationship	Nature of transactions	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>Associated Companies</b>	Sale of sugar	88,323,000	107,352,000
	Mark up on advances	36,989,042	15,690,411
	Payment against purchase of aircraft	1,000,000	500,000
	Sale of molasses	328,290	-
<b>Other Related Parties</b>	Provident fund contribution	18,222,851	13,520,418
	Purchase of sugarcane	-	706,003,949

### 13 DATE OF AUTHORIZATION

The condensed interim consolidated financial information for the quarter ended 31 December 2013 was authorized for issue by the Board of Directors on 31 January 2014.

### 14 GENERAL

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





**JDW Sugar Mills Limited**  
Head Office: 17-Abid Majeed Road,  
Lahore Cantt, Pakistan.