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Annual Report

for the year ended 30 September 2009

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MACCA GROUP

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Contents

• Corporate profile	1
• Mission and Vision Statements	2
• Notice of Annual General Meeting	3
• Directors' Report	5
• Six years Financial Highlights	9
• Pattern of Shareholding	10
• Statement of Compliance with the Code of Corporate Governance	13
• Review Report to the members.....	15
• Auditors' Report to the members.....	16
• Balance Sheet	17
• Profit and loss account	18
• Cash flow statement	19
• Statement of changes In equity	20
• Notes to the financial statements	21

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Corporate Profile

Board Directors

Mr. Muhammad Irshad Butt (Chairman/Chief Executive)

Mrs. Qamar-ul-Nisa

Mr. Riaz Qadeer Butt

Mr. Fiaz Qadeer Butt

Mr. Azhar Qadeer Butt

Mr. Awais Butt

Mr. Farrukh Iqbal

Audit Committee

Mr. Muhammad Irshad Butt (Chairman)

Mrs. Qamar-ul-Nisa (Member)

Mr. Fiaz Qadeer Butt (Member)

Chief Financial Officer

Imran Mirza

Company Secretary

Malik Riaz Hussain

Internal Auditors

Riaz Ahmad, Saqib, Gohar and Company
Chartered Accountants

Auditors

Faruq Ali And Company
Chartered Accountants

Registrar

Raoji Consulting Associates (Pvt) Limited

Registered Office

65-Infantry Road, Military Accounts Colony, Lahore.

Mill

Abdullah Shah, Ghaizabad Garho, District Thatta, Sindh.

Bankers

MCB Bank Limited

Meezan Bank Limited

Habib Metropolitan Bank Limited

United Bank Limited

Allied Bank Limited

Arif Habib Bank Limited

Bank Al-Falah Limited

KASB Bank Limited



Abdullah Shah Ghazi Sugar Mills Limited
(Formerly Al-Asif Sugar Mills Limited)

Mission Statement

To be the premier sugar and allied product's manufacturer while providing our clients with flexibility, on-time delivery, and consistent quality and to achieve sustainable and equitable expansion and growth through efficient and cost effective resources and at the same time developing a Corporate business environment most suited to all the employees and people Concerned.

Vision Statement

To transform the Company into a market leader for the Quality Sugar Manufacturing, while keeping our focus on the growing customer base, be characterized by a high degree of professionalism and is accountable for the successful fulfillment of the company's mission, and to play a meaningful role in the economy of Pakistan.

Abdullah Shah Ghazi Sugar Mills Limited
(Formerly Al-Asif Sugar Mills Limited)



Notice Of Annual General Meeting

Notice is hereby given to all the Members of Abdullah Shah Ghazi Sugar Mills Limited (the "Company") that Twenty Sixth Annual General Meeting of the Company will be held at 11:00a.m. on January 30, 2010 at 65 Infantry Road, Military Accounts Colony, Lahore. to transact the following business:

- 1- To confirm the minutes of the Extra Ordinary General Meeting held on July 15, 2009.
- 2- To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2009 together with Director's and Auditor's Report thereon.
- 3- To appoint Auditors of the Company for the financial year 2009 - 10 and fix their remuneration.
- 4- To transact any other matter with the permission of the Chair.

By Order of the Board

Malik Riaz Hussain
Company Secretary

Lahore:
January 08, 2010



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Notes

1. The share transfer books of the Company will remain closed from January 23, 2010 to January 30, 2010 (both days inclusive).
2. Any Member of the Company entitled to attend and vote at the meeting of the Company will be entitled to appoint another person, as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have such rights to speak and vote at the meeting as are available to a Member.
3. Any individual beneficial owner of CDC, entitled to vote at the General Meeting, must bring his/her NIC with him/her to prove his/her identity, and in case of proxy, attested copy of shareholder's NIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.
4. Instrument of appointment of proxy and power of attorney or any other authority under which it is signed, must be deposited at the Registered office of the Company at least 48 hours before the meeting.
5. Members are requested to notify immediately the change in their addresses to our Share Registrar, M/S Raoji Consulting Associates (Pvt) Limited located at 4th Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, Karachi 75350, Pakistan.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Directors' Report

It gives me pleasure in presenting you the Company's Twenty Sixth Annual Report and Audited accounts for the year ended September 30, 2009.

Overview

During the year under review the Company was taken over by M/S Haq Bahu Sugar Mills (Pvt) Limited initially through a share purchase Agreement with Dewan Group for the purchase of 62.5% share holding of the Company. The share holding as on the date of the financial statements stands at 90% which is achieved through public offering of the balance share holding.

The revenue generated during the period under review is through sale of molasses and sugar in the open market against the prior year income of Toll Manufacturing agreement. This shows the true operational and financial potential of the Company.

As the newly appointed Board of the Company, we are striving hard to improve the operating and financial position of the Company. The year under review is highlighted by scarce sugar cane crop and hence the operational resources of the company remain underutilized.

The Auditors' Report to the members still contains modifications regarding non settlement of long term liabilities relating to previous management and revaluation of fixed assets. The issue of non settlement of liabilities with the previous management stands for a long time and ever since the takeover of Company by us, we are in the constant negotiation for an early settlement of the issue. As per the qualification relating to valuation of fixed assets, the same will be carried out during the current year to incorporate the effects of modification and replacement made in order to improve the operational capacity.

The operating and financial results for the year under review are summarized below:

Operating results

		2009	2008
Crushing Days	Days	102	137
Cane Crushed	Tons	191,743.689	331,523.161
Avg. Crushing Per day	Tons	1,879.84	2,419.88
Sugar Recovery	%Age	10.16	9.64
Sugar Produced	Tons	19,671.50	32,086.00
Molasses Recovery	%Age	4.982	5.061



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Financial Indicators

An analysis of the Key operating results is given below:

	2009	2008
Gross Sales	795,293,082	172,968,606
Net Sales	728,138,200	172,968,606
Operating Profit	143,338,934	33,719,384
Profit before Tax	95,645,512	138,553,655
Net Profit after tax	94,206,728	140,850,464

In view of the financial position of the Company; due to accumulated losses and other factors, your directors have decided to pass over the dividend.

Other Key Highlights

During the year the newly appointed Board of Directors of the Company has brought about major changes in the Company in order to make it a profitable and smooth running entity:

Changing the name of the Company is a first step towards longevity. The idea is to enter the market with a different name and style.

Few of the major changes brought about by the new management of your company is:

- Cancellation/ Revocation of Toll Manufacturing agreement of the company in order to get a true potential of the Company by selling in the open market.
- Major repair and modification of the plant to improve the operational capabilities of the company.

Future Highlights

Subsequent to The Balance sheet date, the Management of your Company got the approval from Regulatory Authorities for conversion of Sponsor Loan and Mark up accrued thereon into shares. This has resulted in increase in paid up capital of the company and will help improve the financial outlook of the Company.

Management is confident of the availability of raw material in future and for that matter has been working hard on building Grower Confidence in the area, and has thus also went into expansion in crushing capacity along with modification and repair of Plant and Machinery to exploit the resources to the maximum.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Future Outlook:

For the ongoing season of 2009-10, The Government has increased the support price of sugar cane to encourage the growers to grow more but the already comparative shortage of sugar cane crop compared to last year, has pushed the prices even higher and resultantly an increased cost of production is anticipated. The availability of liquid resources will play a vital role along with a better sale price of the commodity to help achieve the maximum capacity utilization and financial performance.

Corporate and financial Reporting Framework

- a) The board of directors hereby declares that:
- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
 - Proper books of account have been maintained;
 - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
 - International Financial Reporting and Accounting Standards, as applicable in Pakistan and the requirements of the Companies Ordinance 1984 have been followed in preparation of financial statements;
 - The system of internal control is sound in design and effectively implemented;
 - There are no doubts on Company's ability to continue as going concern;
 - There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges;
 - The Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transaction in the Company's shares during the year ended September 30, 2009.
- b) The key operating and financial data for six years is annexed to this report.
- c) During the year under review, four meetings of Board of Directors were held. Attendance of the members of the Board was as follows:

Name of Directors	Meeting Attended
Mr.Muhammad Irshad Butt	2
Mrs. Qamar -ul- Nisa	1
Mr.Riaz Qadeer Butt	4
Mr.Fiaz Qadeer Butt	4
Mr.Azhar Qadeer Butt	4
Mr.Awais Butt	4
Mr.Farrukh Iqbal	4

Leave of absence was granted to the Directors who could not attend the meetings.



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Karachi and Lahore Stock Exchanges relevant to the current financial year have been duly complied with. A statement to this effect is annexed with a review report from Auditors.

Pattern of Shareholding

The categories and Pattern of Shareholding as required by the Regulatory Authorities is annexed to this annual report.

Auditors

M/S Faruq Ali and Company Chartered Accountants, the retiring auditors have offered their services for another term.

Acknowledgement

The Board would like to place on record its appreciation of all the employees of the Company for their dedication and hard work. The Board also likes to thank the Financial Institutions and Members for their trust and support to the Company.

For and on behalf of the Board

Lahore : January 08, 2010

CHIEF EXECUTIVE

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Six Years Financial Highlights

(Figure in Thousand)

DESCRIPTION	2009	2008	2007	2006	2005	2004
Profit and Loss						
Turnover (Net Sales)/ Toll manufacturing income	728,138	172,969	107,443	92,864	65,524	277,905
Gross Profit / (Loss)/ income	167,613	42,177	(18,214)	(25,885)	(29,840)	(36,798)
Operating Profit / (Loss)	143,339	33,719	(25,981)	(34,185)	(58,465)	(57,863)
Profit / (Loss) before Taxation	95,646	138,554	(26,096)	(33,153)	(10,209)	54,684
Profit / (Loss) after Taxation	94,207	140,850	(24,176)	(15,836)	(10,537)	53,294
Balance Sheet:						
Shareholder Equity	146,667	146,667	146,667	146,667	146,667	146,667
Surplus on Revaluation of Fixed Assets	64,386	68,475	72,741	77,305	84,929	90,189
Accumulated Profit / (Loss)	(695,878)	(794,174)	(939,290)	(919,678)	(911,467)	(909,023)
Property, Plant & Equipment	572,564	395,322	384,382	393,173	396,141	365,936
Other Long Term Assets	1,055	837	1,173	1,324	3,298	769
Current Assets	336,523	90,255	73,600	115,156	151,087	72,095
Current Liabilities	274,863	107,450	344,631	329,223	177,254	283,524
Long term liabilities	1,120,104	957,996	664,227	703,712	830,943	827,444
Significant Results:						
Gross Profit / (Loss) Ratio %	23.02	24.38	(16.95)	(27.87)	(45.54)	(13.24)
Profit / (Loss) before Tax Ratio%	13.14	80.10	(24.29)	(35.70)	(15.58)	19.68
Current Ratio	1.224	0.840	0.214	0.350	0.852	0.254
Earning / (Loss) Per Share	6.42	9.65	(1.65)	(1.08)	(0.72)	3.63



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Pattern Of Shareholding

1- Incorporation Number

0011303

2- Name of the Company

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

3- Pattern of holding of the shares held by the Shareholders as at

3
0
0
9

2
0
0
9

4-	Number of Shareholders	Shareholdings	Total Shares held
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839	1	-	100	Shares	83,179
962	101	-	500	Shares	368,294
78	501	-	1000	Shares	70,445
94	1001	-	5000	Shares	235,000
19	5001	-	10000	Shares	151,198
5	10001	-	15000	Shares	59,700
2	15001	-	20000	Shares	37,500
5	20001	-	25000	Shares	116,458
1	25001	-	30000	Shares	27,100
2	30001	-	35000	Shares	66,500
1	35001	-	50000	Shares	47,000
1	50001	-	55000	Shares	51,592
1	55001	-	95000	Shares	92,600
1	95001	-	165000	Shares	163,300
1	165001	-	12975000	Shares	13,096,800

2,012	Total	14,666,666
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Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



5-	<i>Categories of Shareholders</i>	<i>Shares held</i>	<i>Percentage</i>
5.1	Directors, Chief Executive Officer, their spouses and minor children	4,000	0.03%
5.2	Associated Companies, undertakings and related parties	13,096,800	89.30%
5.3	NIT and ICP	27,200	0.19%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	52,500	0.36%
5.5	Insurance Companies	500	0.00%
5.6	Modarabas and Mutual Funds	168,300	1.15%
5.7	Shareholders holding 10%	13,096,800	89.30%
5.8	General Public		
	a. Local	1,302,876	8.88%
	b. Foreign		0.00%
5.9	Others (Joint Stock Companies)	14,490	0.10%



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Pattern of Shareholding under Regulation 37(xx)(f) of the Code of Corporate Governance as at September 30, 2009

Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies	1	13,096,800	89.30%
2. NIT and ICP	2	27,200	0.19%
3. Directors, CEO, their Spouses & Minor Children	7	4,000	0.03%
4. Executives			0.00%
5. Public Sector Companies & Corporations	7	14,490	0.10%
6. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	7	221,300	1.51%
7. Individuals	1,988	1,302,876	8.88%
TOTAL	2,012	14,666,666	100.00%

Names	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies			
1.1 HAQ BAHU SUGAR MILLS (PVT.) LIMITED	1	13,096,800	89.30%
	1	13,096,800	89.30%
2. NIT and ICP			
2.1 INVESTMENT CORPORATION OF PAKISTAN	1	27,100	0.18%
2.2 National Bank of Pakistan, Trustee Deptt.	1	100	0.00%
	2	27,200	0.19%
3. Directors, CEO, their Spouses & Minor Children			
Directors and CEO			
3.1 MR. MUHAMMAD IRSHAD BUTT	1	1,000	0.01%
3.2 MR. AWAIS BUTT	1	500	0.00%
3.3 MR. AZHAR QADEER BUTT	1	500	0.00%
3.4 MR. FAIZ QADEER BUTT	1	500	0.00%
3.5 MR. RIAZ QADEER BUTT	1	500	0.00%
3.6 MR. FARRUKH IQBAL	1	500	0.00%
3.7 MRS. QAMAR-UL-NISA	1	500	0.00%
	7	4,000	0.03%
Spouses of Directors and CEO	-	-	-
Minor Children of Directors and CEO	-	-	-
	7	4,000	0.03%

Names	Number of Shareholders	Number of Shares held	% of Shareholding
HAQ BAHU SUGAR MILLS (PVT.) LIMITED	1	13,096,800	89.30%

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Statement Of Compliance With The Code Of Corporate Governance

This statement is being presented to comply with the Code to Corporate Governance contained in Regulation No. 37 Chapter XIII of the listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board. At present the Board comprises eight directors, including the CEO. Presently there is one independent director on the Board.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred in the Board during the current year has been filled within 30 days of its occurrence.
5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by directors elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year election of directors was held on February 28, 2009 and new directors were appointed to hold office for the tenure of three years w.e.f. February 28, 2009.



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

10. The Board has arranged necessary orientation courses for its Directors during the year to appraise them of their duties and responsibilities.
11. The Board has approved appointments of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
12. The director's report for the year ended September 30, 2009 has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the code.
16. The Board has formed an audit committee. It comprises three members, all of whom are non-executive directors.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up an effective internal audit function and personnel involved are considered suitable, qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountant (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountant of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observe IFAC guidelines in this regard.
21. We confirm that all other material principles contain in the Code have been complied with.

For & on behalf of the Board

Lahore : January 08, 2010

CHIEF EXECUTIVE

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Abdullah Shah Ghazi Sugar Mills Limited (Formerly Al-Asif Sugar Mills Limited)** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2009.

Dated: January 08, 2010

Lahore:

CHARTERED ACCOUNTANTS

Engagement partner: S. Naseem uz Zaman.



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED (Formerly: Al-Asif Sugar Mills Limited)** as at September 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) A sum of Rs.158.330 million has been reflected as long term loan from previous management (note 6.3.1 to the financial statements) which is pending being under discussion with the previous management for final settlement. We have not been provided with information and explanation to ascertain the final outcome and basis on which the liability of Rs. 46.460 million was reversed to income during the financial year ended September 30, 2005.
- b) The revaluation of certain classes of property, plant and equipment of the company was carried out in the year 2000. As per requirement of International Accounting Standard 16 'Property, Plant and Equipment', revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period, whereas no revaluation of property, plant and equipment has been conducted since September 2000. The carrying amounts of said classes of property, plant and equipment may not reflect their fair values as at reporting date. In the absence of further revaluation, we are unable to quantify the effect that such a revaluation would have on the said assets.
- c) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- d) In our opinion:
 - (i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) The expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- e) in our opinion and to the best of our information and according to the explanations given to us, except for the matter stated in paragraphs (a) and (b) above and to the extent that may affect the financial results of the Company, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2009 and of the Profit, its cash flows and changes in equity for the year then ended; and
- f) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Dated: January 08, 2010
Place: Lahore

CHARTERED ACCOUNTANTS

Engagement partner: S. Naseem-uz-Zaman

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Balance Sheet As At September 30, 2009

	Notes	2009 RUPEES	2008 RUPEESS
LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100,000,000 (2008:50,000,000) ordinary Shares of Rs.10/- each		1,000,000,000	500,000,000
Issued, subscribed and paid up capital	3	146,666,660 (695,877,971)	146,666,660 (794,173,880)
Accumulated loss		(549,211,311)	(647,507,220)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	64,386,027	68,475,208
NON-CURRENT LIABILITIES			
Contribution against issue of shares	5	645,950,000	--
Long term loans - Unsecured	6	435,551,332	915,817,561
Deferred liabilities	7	38,602,929	42,178,683
CURRENT LIABILITIES			
Accrued markup		2,685,023	13,788,392
Trade and other payables	8	272,178,401	93,661,331
		274,863,424	107,449,723
CONTINGENCIES	9	--	--
		910,142,401	486,413,955
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	10	572,564,262	395,322,148
Long term deposits		1,055,217	836,717
CURRENT ASSETS			
Stores and Spares		117,934,671	39,823,854
Stock in Trade	11	109,736,690	--
Advances, deposits and prepayments	12	48,930,216	39,266,181
Cash and bank balances	13	59,921,345	11,165,055
		336,522,922	90,255,090
		910,142,401	486,413,955

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Profit And Loss Account For The Year Ended September 30, 2009

	Notes	2009 RUPEES	2008 RUPEES
Sales - Net	14	728,138,200	172,968,606
Cost of sales	15	560,524,947	130,791,537
Gross Profit		167,613,253	42,177,069
OPERATING EXPENSES			
Administrative and general expense	16	23,575,047	8,457,685
Distribution expenses	17	699,272	--
		24,274,319	8,457,685
Operating Profit		143,338,934	33,719,384
Finance cost	18	40,494,797	13,903,889
Workers' profit participation fund		5,142,232	7,449,121
Workers' welfare fund		2,056,893	2,979,649
		47,693,922	24,332,659
Profit for the year		95,645,012	9,386,725
Other income	19	500	129,166,930
Profit before taxation		95,645,512	138,553,655
Provision for taxation			
-Current	20	(3,640,691)	--
-Deferred		2,201,907	2,296,809
		(1,438,784)	2,296,809
Profit after taxation		94,206,728	140,850,464
Earning Per Share-Basic and diluted	21	6.42	9.60

The annexed notes form an integral part of these financial statements.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Cash Flow Statement For The Year Ended September 30, 2009

	2009 RUPEES	2008 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	95,645,512	138,553,655
Adjustment for non cash and other items:		
Depreciation	21,759,032	20,461,678
Financial Charges	40,494,797	13,903,889
Workers profit participation fund	5,142,232	7,449,121
Workers welfare fund	2,056,893	2,979,649
Provision for gratuity	1,329,203	1,292,485
Gain on disposal of fixed assets	--	(234,186)
Liabilities written back	--	(125,889,842)
	<u>70,782,157</u>	<u>(80,037,206)</u>
Cash flow before working capital changes	166,427,669	58,516,449
Movement in working capital		
(increase) / decrease in current assets		
Stores and spares	(78,110,817)	(9,344,137)
Stock in trade	(109,736,690)	--
Advances, deposits and prepayments	(7,314,410)	3,291,088
Increase / (decrease) in current liabilities		
Trade and other payables	169,753,630	(221,913,216)
	<u>(25,408,287)</u>	<u>(227,966,265)</u>
Cash generated / (used) from operations	141,019,382	(169,449,816)
Payments for:		
Taxes	5,990,316	278,734
Financial charges	1,139,964	115,497
Gratuity	2,703,050	1,107,050
	<u>(9,833,330)</u>	<u>(1,501,281)</u>
Net Cash generated / (used) from operating activities	131,186,052	(170,951,097)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(199,001,146)	(32,293,075)
Sale proceed of fixed asset	--	1,125,000
Long term security deposit	(218,500)	336,591
Net Cash (used in) investing activities	(199,219,646)	(30,831,484)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	116,789,884	63,566,411
Short term finance - Net	--	148,539,027
Net cash generated from financing activities	<u>116,789,884</u>	<u>212,105,438</u>
Net increase in cash and cash equivalent	48,756,290	10,322,857
Cash and bank balances at the beginning of the year	11,165,055	842,198
Cash and bank balances at the end of the year	<u>59,921,345</u>	<u>11,165,055</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

Statement Of Changes In Equity For The Year Ended September 30, 2009

	Share Capital	Accumulated Loss Rupees	Total
Balance as at October 01, 2007	146,666,660	(939,289,846)	(792,623,186)
Profit for the year	--	140,850,464	140,850,464
Transfer from surplus on revaluation of property, plant and equipment	--	4,265,502	4,265,502
Balance as at September 30, 2008	146,666,660	(794,173,880)	(647,507,220)
Profit for the year	--	94,206,728	94,206,728
Transfer from surplus on revaluation of property, plant and equipment	--	4,089,181	4,089,181
Balance as at September 30, 2009	146,666,660	(695,877,971)	(549,211,311)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Notes To The Financial Statements For The Year Ended September 30, 2009

1. STATUS AND NATURE OF BUSINESS

1.1 The company was incorporated in the Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited company On February 11, 1990. The company is listed in Karachi and Lahore Stock Exchanges. The principal business of the Company is manufacturing and selling of refined sugar. The Mill is located at Garho, Sindh.

The company recommenced its operation with effect from November 24, 1998 after remaining inoperative since February 22, 1995.

1.2 During the year under review a share purchase agreement (SPA) was executed between Dewan Muhammad Yousaf Farooqi, Dewan Motors (Private) Limited & others (collectively referred to as 'Dewan Mustaq Group and M/s Haq Bahu Sugar Mills (Private) Limited, Macca Sugar Mills (Private) Limited & other (Collectively referred to as 'Macca Group') for the acquisition of 9,166,500 Ordinary Share of Rs.10/- each @ Rs. 5/- per share.

1.3 Consequent upon execution of SPA for purchase of majority shares as discussed in not 1.3 above, the toll manufacturing agreement executed with M/s Dewan Sugar Mills Limited has been revoked w.e.f. October 01, 2008 as approved by the Board of Director of the company and the same effect have been communicated to the respective stock exchange.

1.4 During the year extra ordinary general meeting was held on April 30, 2009 in respect of change in the name of the company to "Abdullah Shah Gazi Limited" and shifting of registered office of the company from the Province of Sindh to 'Province of Punjab'. Accordingly name of the company has been changed from Al-Asif Sugar Mills Limited to " Abdullah Shah Ghazi Sugar Mills Limited".

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the companies Ordinance, 1984, provisions of and directives issued under the companies Ordinance 1984.

In case requirements differ, the provision or directives of the Companies Ordinance 1984 shall prevail.

Initial Application of a standard of an Interpretation

The following standard amendments and interpretations become effective during the current year'

- IFRS 7- Financial instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30- Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32- Financial Instruments: disclosure and Presentation. The application of the standard is not expected to have significant impact on the Company's financial statements other than increase disclosures.

- IAS 29 - Financial Reporting in Hyperinflationary Economics (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economics and therefore the application of the standard is not likely to have an effect on the Company's financial statements.



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

- IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.
- IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008).
- IFRIC 14 - Clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. The interpretation has no effect on Company's financial statements for the year ended 30 June 2009.

Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

- Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).
- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).
- IAS 27 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January 2009).
- Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and measurement - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 - Share-based Payment- Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).
- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).
- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 'Operating segments' (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 15-Agreement for Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).
- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).
- IFRIC-17 Distributions of Non-cash Assets to Owners (effective annual periods beginning on or after 1 July 2009).
- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



2.2. Basis of preparation

These financial statements have been prepared under the "historical cost convention" except of certain classes of property, plant and equipments which are stated at revalued amount.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including

Expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Provision for taxes
- ii) Estimation of residual values and useful lives of property, plant and equipment.
- iii) Revaluation of property, plant and equipment by independent revaluers.
- iv) Certain actuarial assumptions have been used for the determination of liability of staff retirement benefits

2.3 Staff retirement benefits

The Company operates an un-funded gratuity scheme covering all employees eligible to the benefit. Provisions are made on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method, as required by International Accounting Standards (IAS-19). The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

2.4 Taxation

Current

The Company accounts for current taxation on the basis of taxable income, if any, at the current rate of taxation after taking into account the tax credits and rebates available, if any.

Deferred

Deferred tax is recognized on all major temporary differences between the carrying amounts for financial reporting purposes and the amount used for taxation purposes.

A deferred tax assets is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax reduced to the extent that it is no longer probable that the related tax benefits will be realized.



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

2.5 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except certain classes of property, plant and equipment as stated in note 12.3, which are stated at revalued amounts less accumulated depreciation and impairment loss, if any. Free hold land is stated at revalued amount. Depreciation is charged to current year's profit and loss account by applying reducing balance method over estimated useful life at the rates specified in note of property, plant and equipment.

Depreciation on addition is charged from the quarter in which assets are put to use while no depreciation is charged in the quarter in which assets are disposed off. Incremental depreciation charged for the period on revalued assets is transferred (net of tax) from surplus on revaluation of fixed assets to retained earnings (accumulated losses). Minor renewals, replacements, maintenance, repairs and profit and loss on disposal of fixed assets are included in current year's profit and loss account. Major renewals and improvements are capitalized. All expenditures connected with specific assets and incurred during development, installation and construction period are carried as capital work in progress. These are transferred to the specific asset as and when these assets are available for commercial or intended use.

2.6 Stores and spares

These are valued at lower of moving average cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

2.7 Stock in trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Raw materials :	Average cost
Goods in transit:	Cost comprising invoice value plus other charges incurred thereon.
Work in process:	Average cost
Finished goods :	Average cost

Net realizable value signifies the estimated selling price in ordinary course of business less expenses necessary to be incurred in order to make sale.

2.8 Revenue recognition

Revenue from sales is recognized on dispatch of goods to the customers.

Revenue from toll manufacturing is recognized on the basis of crushing of sugar cane when the sugar manufactured is lifted by the party.

2.9 Borrowing cost

Borrowing Cost incurred on finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to Profit and Loss Account.

2.10 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account

2.11 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

2.12 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Transaction in foreign currencies are converted into rupees at the rate of ruling on the date of transactions.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



2.13 Trade debts

Bad debts are written off and provision is made for debts considered doubtful.

2.14 Financial instruments

Financial assets

Financial assets are loans advances, deposits, trade debts, other receivable and cash and banks. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, trade and other payables.

All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measure at amortized cost.

2.15 Trade and other payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services.

2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current accounts.

2.17 Loans and advances

Loans and advances are recorded at cost. The irrecoverable loans and advances are written off, provision is made against Loans and advances considered doubtful.

2.18 Long term and short term borrowings

These are recorded at the proceeds received. Financial charges relating to borrowings are recorded on accrual basis.

2.19 Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

2.20 Transactions with related parties

Transactions with related parties are priced at an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold or services rendered in an economically comparables market to a buyer unrelated to the seller.

2.21 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the Asset and settle the liability simultaneously.



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

	2009 RUPEES	2008 RUPEES
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
14,666,666 (2008: 14,666,666) Ordinary shares of Rs.10/- each fully paid in cash	<u>146,666,660</u>	<u>146,666,660</u>
3.1 13,096,800 shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 89.296% shareholding in the company.		
4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	68,475,208	72,740,710
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax	(4,089,181)	(4,265,502)
	<u>64,386,027</u>	<u>68,475,208</u>
<p>The revaluation was carried out during the year 2000 by independent valuer M/s Iqbal A Nanjee & Co. (Valuation Consultants), using the market value being the basis of revaluation. The surplus arising from revaluation is Rs. 186.826 million. The closing balance of surplus on revaluation of fixed assets is not available for distribution to shareholders.</p>		
5. CONTRIBUTION AGAINST ISSUE OF SHARES		
Represent contribution against issue of 64.596 million shares of Rs.10/- each as more fully explained in note 6.1 to the financial statements.		
6. LONG TERM LOANS - Unsecured		
Sponsors' loan		
Loan - I	6.1	548,539,027
Loan- II	6.2	70,416,314
Others - Interest free	6.3	365,135,018
		367,278,534
	<u>435,551,332</u>	<u>915,817,561</u>

6.1 Sponsors' loan - I

The above loans was advanced by M/s Haq Bahu Sugar Mills (Pvt.) Ltd (HBSML) which carried markup @ six months KIBOR plus 4%. During the year an application to Securities and Exchange Commission of Pakistan (SECP) was made for issue of shares under the provision of Section 86(1) of the Companies Ordinance, 1984 for conversion of loan alongwith markup payable to HBSML as on March 31, 2009. The approval has been granted by SECP subsequent to the balance sheet date, Accordingly the entire liability outstanding as on March 31, 2009 amounting to Rs. 645.950 million has been classified as contribution towards issue of 64.595 million share of Rs. 10/- each.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



6.2 Sponsors' loan- II

The loan has been advanced by M/s Haq Bahu Sugar Mills (Pvt) Ltd which carries markup @ six months KIBOR plus 4%. Since it is probable that loan will be repayable within next twelve months therefore the same has been classified long term liability

		2009	2008
		RUPEES	RUPEES
6.3	Others - Interest free		
	Loan from previous management	6.3.1 158,329,843	160,137,098
	Others	6.3.2 206,805,175	207,141,436
		<u>365,135,018</u>	<u>367,278,534</u>

6.3.1 This represents unsecured and interest free loans from the private concerns since 1998. During the year ended September 30, 2005, an amount of Rs. 46.460 million was agreed to be waived by the party and the same has been transferred to income in that year. The matter of settlement of remaining liabilities is pending subject to the final outcome of the discussions with the previous management. Till a final conclusion is reached the new management has decided to disclose the entire outstanding amount as its long term liability.

6.3.2 This represents amount received from various parties as interest / mark-up free accommodating finance payable / adjustable and can be rolled over to future period.

7. DEFERRED LIABILITIES

Employees retirements benefits	7.1	3,996,407	5,370,254
Deferred tax liability arising due to revaluation of property, plant and equipment	7.2	34,606,522	36,808,429
		<u>38,602,929</u>	<u>42,178,683</u>

7.1 Employees retirements benefits

Staff gratuity:

Balance at beginning of the year		5,370,254	5,184,819
Add: Provision made during the year	7.1.1	1,329,203	1,292,485
Less: Payment made during the year		(2,703,050)	(1,107,050)
		<u>3,996,407</u>	<u>5,370,254</u>

7.1.1 Amount charged to profit and loss account

Current service cost	761,583	818,056
Interest cost	620,587	474,429
Actuarial loss	(52,967)	--
Total amount chargeable to profit and loss account	<u>1,329,203</u>	<u>1,292,485</u>



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

	2009 RUPEES	2008 RUPEES
7.1.2 Balance sheet reconciliation		
Present value of defined benefit obligation	3,467,490	4,432,762
Benefits payable during the year	123,444	123,444
Actuarial gains / (losses) to be recognized in later periods	405,473	814,048
	3,996,407	5,730,254
7.1.3 Principal Actuarial Assumptions		
Expected rate of increase in salaries	11%	13%
Discount factor used	12%	14%
Average expected remaining working life time of employees	8 Years	7 Years
7.1.4 Allocation		
Total retirement benefits costs are included in salaries and benefits and allocated as follows:		
Cost of sales	756,524	735,682
Administrative and general expenses	572,679	556,803
	1,329,203	1,292,485

7.2 Deferred taxation
Company has not recognized deferred tax asset amounting to Rs. 109.648 million (2008: Rs.102.019 million) arising due to available tax losses in view of uncertainty about their adjustment against future taxable profits

8 TRADE AND OTHER PAYABLES

Creditors for		
Sugar cane suppliers	26,810,337	—
Store and other	125,044,300	54,845,444
	151,854,637	54,845,444
Federal excise duty payable	1,338,537	—
Accrued liabilities	2,180,282	1,686,244
Advances received (Dewan Sugar Mills Ltd)	—	25,004,236
Deposits	39,076	39,076
Road cess	1,637,364	1,637,368
Income tax payable	1,473,910	—
Workers' profit participation fund	14,155,668	7,449,121
Workers' welfare fund	5,036,542	2,979,649
Other liabilities	94,462,385	20,193
	272,178,401	93,661,331

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



		2009	2008
		RUPEES	RUPEES
8.1 Workers' profit participation fund			
Opening balance		7,449,121	--
Interest provided for the year		1,564,315	--
Add: Contribution during the year		5,142,232	7,449,121
		<u>14,155,668</u>	<u>7,449,121</u>
8.2 Workers' welfare fund			
Opening balance		2,979,649	--
Add: provision for the year		2,056,893	2,979,649
		<u>5,036,542</u>	<u>2,979,649</u>
9 CONTINGENCIES			
There are no contingencies which need to be disclosed in the financial statements.			
10 PROPERTY, PLANT AND EQUIPMENTS			
Operating fixed assets - At cost less accumulated depreciation	10.1	351,656,517	364,462,788
Capital work in progress - At cost			
Plant and machinery		216,576,097	30,859,360
Civil works		4,331,648	--
		<u>572,564,262</u>	<u>395,322,148</u>



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

10.1 Operating fixed assets - At cost less accumulated depreciation

Particulars	----- 2 0 0 8 -----		----- 2 0 0 9 -----		Rate %	Depreciation		Book value As at Sept 30, 2009
	Cost / Revaluation (RUPEES)		As at			For the year	As at Sept 30, 2009	
	As at Oct 01, 2008	Additions	As at Sept 30, 2009	As at Oct 01, 2008				
Land free hold	2,965,691	--	2,965,691	--	--	--	2,965,691	
Experimental land	807,944	366,484	1,174,428	--	--	--	1,174,428	
Building on free hold land:								
- Factory	109,586,612	--	109,586,612	10	3,480,109	78,265,632	31,320,980	
- Non Factory	54,880,170	101,325	54,981,495	10	1,447,896	41,950,431	13,031,064	
Plant and Machinery	576,668,132	6,946,400	583,614,532	5	15,346,940	292,022,680	291,591,852	
Electric installations	12,399,826	--	12,399,826	10	177,006	10,806,774	1,593,052	
Tools and equipment	2,942,520	392,217	3,334,737	10	147,342	2,008,663	1,326,074	
Telephone installation	1,030,151	--	1,030,151	10	26,467	791,948	238,203	
Electric equipment	6,027,619	308,842	6,336,461	10	259,357	4,002,245	2,334,216	
Furniture and fixture	6,932,399	158,889	7,091,288	10	225,789	5,059,188	2,032,100	
Office equipment	1,164,098	--	1,164,098	10	40,352	800,926	363,172	
Arms and Ammunitions	269,847	183,830	453,677	10	21,698	258,393	195,284	
Tents and Tarpaulins	643,005	247,500	890,505	10	71,750	244,753	645,752	
Computers	2,419,659	152,276	2,571,935	10	156,069	1,167,314	1,404,621	
Vehicles	6,124,309	80,998	6,205,307	20	356,857	4,777,879	1,427,428	
Scales and weighbriges	--	14,000	14,000	10	1,400	1,400	12,600	
TOTAL	784,861,982	8,952,761	793,814,743		21,759,032	442,158,226	351,656,517	

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Particulars	Cost / Revaluation				Rate %	Depreciation			Book value As at Sept 30, 2008	
	As at Oct 01, 2007	Additions	Deletion	As at Sept 30, 2008		As at Oct 01, 2007	Adjustment	For the year		As at Sept 30, 2008
	(RUPEES)					(RUPEES)				
Land free hold	2,828,711	136,980	--	2,965,691	--	--	--	--	2,965,691	
Experimental land	807,944	--	--	807,944	--	--	--	--	807,944	
Office equipment	--	--	--	--	--	--	--	--	--	
Building on free hold land:										
- Factory	95,934,339	13,652,273	--	109,586,612	10	71,766,417	3,019,106	74,785,523	34,801,089	
- Non Factory	54,880,170	--	--	54,880,170	10	38,970,214	1,532,321	40,502,535	14,377,635	
Plant and Machinery	538,312,737	38,355,395	--	576,668,132	5	262,168,944	14,506,796	276,675,740	299,992,392	
Electric installations	12,399,826	--	--	12,399,826	10	10,441,122	188,646	10,629,768	1,770,058	
Tools and equipment	2,942,520	--	--	2,942,520	10	1,746,091	115,230	1,861,321	1,081,199	
Telephone installation	1,030,151	--	--	1,030,151	10	737,273	28,208	765,481	264,670	
Electric equipment	6,027,619	--	--	6,027,619	10	3,499,389	243,499	3,742,888	2,284,731	
Furniture and fixture	6,932,399	--	--	6,932,399	10	4,609,694	223,705	4,833,399	2,099,000	
Office equipment	1,164,098	--	--	1,164,098	10	717,568	43,006	760,574	403,524	
Arms and Ammunitions	269,847	--	--	269,847	10	233,162	3,533	236,695	33,152	
Tents and Tarpaulins	643,005	--	--	643,005	10	122,912	50,091	173,003	470,002	
Computers	2,419,659	--	--	2,419,659	10	861,141	150,104	1,011,245	1,408,414	
Vehicles	7,284,404	579,000	(1,739,095)	6,124,309	20	4,911,870	357,433	4,421,022	1,703,287	
TOTAL	733,877,429	52,723,648	(1,739,095)	784,861,982		400,785,797	(848,281)	20,461,678	420,399,194	364,462,788



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

	2009 RUPEES	2008 RUPEES
10.2 Depreciation charge for the year has been allocated as follows:		
Cost of goods manufactured	18,712,768	17,597,043
Administration	3,046,264	2,864,635
	21,759,032	20,461,678
10.3 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:		
Land - free hold	2,877,388	2,877,388
Experimental land	1,145,920	779,436
Building on free hold land:		
- Factory	19,800,544	22,000,605
- Non Factory	5,957,458	6,518,073
Plant and Machinery	211,304,800	215,479,705
	241,086,110	247,655,207
11 STOCK IN TRADE		
Work in process	1,334,311	--
Finished goods	108,402,379	--
	109,736,690	--
12 ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - Unsecured - Considered good:		
Growers	2,252,932	1,065,513
Contractors	17,782,708	7,736,357
Suppliers	442,104	530,826
Employees	1,175,597	87,299
Executives	--	657,181
For expenses	2,422,946	6,142,027
Income tax - net	3,650,481	1,300,856
	27,726,768	17,520,059
Deposits:		
Excise Duty	20,831,910	20,831,910
Others	--	907,351
	20,831,910	21,739,261
Prepayments	371,538	6,861
	48,930,216	39,266,181

12.1 This represents the amount of excise duty deposited in 1991 - 92 under protest with collector of custom and central excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Hon'able High Court of Sindh has decided the case in favour of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favourable outcome.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



		2009	2008
		RUPEES	RUPEES
13	CASH AND BANK BALANCES		
	Cash in hand	119,282	97,618
	Cash with banks - In current accounts	59,802,063	11,067,437
		<u>59,921,345</u>	<u>11,165,055</u>
14	SALES – NET		
	Gross sales	795,293,082	--
	Toll manufacturing income 14.1	--	198,913,89
	Less		
	Sales tax	(60,637,500)	(25,945,291)
	Excise Duty	(6,517,382)	--
		(67,154,882)	(25,945,291)
	Sales-Net	<u>728,138,200</u>	<u>172,968,606</u>
14.1	The toll manufacturing agreement with M/s. Dewan Sugar Mills limited have been revoked as explained in note 1.3 to the financial statements.		
15	COST OF SALES		
	Cost of sugar cane	538,917,357	--
	Stores and spares consumed	25,162,323	24,346,663
	Oil and lubricants consumed	6,680,598	--
	Packing material consumed	5,066,755	8,705,171
	Chemical consumed	4,214,696	--
	Salaries, wages and benefits	51,197,929	48,207,972
	Water, fuel and power	7,870,579	15,455,674
	Vehicle running and maintenance	3,647,855	3,383,538
	Freight, handling and octroi	848,774	1,173,542
	Insurance	270,118	425,179
	Depreciation 10.2	18,712,768	17,597,043
	Others	7,671,885	11,496,755
		<u>670,261,637</u>	<u>130,791,537</u>
	Less: Work in process – Closing	(1,334,311)	--
	Cost of goods manufactured	<u>668,927,326</u>	<u>130,791,537</u>
	Less: Finished good – Closing	(108,402,379)	--
		<u>560,524,947</u>	<u>130,791,537</u>



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

	2009	2008
	RUPEES	RUPEES
16 ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, bonus and allowances	9,513,017	3,368,879
Fees, subscription and renewals	4,702,328	562,110
Vehicle running and maintenance	1,607,234	--
Legal and professional charges	512,800	400,000
Printing and stationery	573,822	422,165
Insurance	441,904	134,315
Travelling, conveyance and entertainment	363,816	--
Rent, rates and taxes	279,600	--
Repairs and maintenance	112,470	--
Telephone and telex	268,568	--
Electricity	295,201	--
Postage and telegrams	82,350	3,181
Directors' meeting fees	6,000	37,000
Auditors remuneration	16.1 645,000	506,400
Depreciation	10.2 3,046,264	2,864,635
Others	732,767	159,000
Entertainment	391,906	--
	<u>23,575,047</u>	<u>8,457,685</u>
16.1 Auditors' Remuneration		
Annual audit fee	300,000	250,000
Review of code of corporate governance	100,000	75,000
Half year review	100,000	100,000
Cost audit fee	95,000	60,000
Out of pocket expenses	50,000	21,400
	<u>645,000</u>	<u>506,400</u>
17 DISTRIBUTION EXPENSES		
Loading and unloading charges	310,254	--
Stacking & re-stacking charges	193,269	--
Transportation charges	172,143	--
Numbering charges	23,606	--
	<u>699,272</u>	<u>--</u>
18 FINANCE COST		
Markup on loan from Haq Bahu Sugar Mills (pvt). ltd	37,790,519	13,788,392
Markup on WPPF	1,564,315	--
Bank charges and commission	1,139,963	115,497
	<u>40,494,797</u>	<u>13,903,889</u>

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



		2009 RUPEES	2008 RUPEES
19 OTHER INCOME			
Liability written back		--	125,889,842
Miscellaneous receipts	19.1	500	3,042,902
Gain on disposal of fixed assets		--	234,186
		500	129,166,930

19.1 This represents refund of sales tax pertaining to prior years.

20 TAXATION

Current

Since the company has brought forward losses therefore it is not liable to pay any tax on its income.

20.1 Relationship between tax expense and accounting profit

Accounting profit for the year	95,645,512	138,553,655
Applicable tax rate	35%	35%
Tax on accounting profit	33,475,929	48,493,779
Tax effect of expenses that are not deductible In determining taxable profit	8,080,882	7,613,957
Tax effect of expenses that are deductible In determining taxable profit	(13,214,281)	(47,778,430)
Adjustment of brought forward losses	(28,342,530)	(8,329,306)
Tax refundable under normal rules	--	--
Tax Payable under normal rules	NIL	NIL
Minimum tax liability u/s 113	3,640,691	--

21 EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on basic loss per share of the company, which is based on:

Profit after taxation	94,206,728	140,850,464
	NUMBER OF SHARES	
Weighted average number of ordinary shares	14,666,666	14,666,666
	RUPEES	
Earning per share - Basic diluted	6.42	9.60

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remunerations, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

Particulars	2009				2008			
	Chief Executive	Director	Executive	Total	Chief Executive	Director	Executive	Total
Remuneration	--	300,000	168,000	468,000	--	--	926,712	926,712
Perquisites and Other benefit	--	--	--	--	--	--	513,288	513,288
Total rupees	--	300,000	168,000	468,000	--	--	1,440,000	1,440,000
No. of persons	--	1	1	2	--	--	1	1

23 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, Haq Bahu Sugar Mills (Private) Limited (holding company) and management personnel. Remuneration and benefit to chief executive, directors and key management personnel under terms of their employment are disclosed in note 22 to financial statements, the other transactions with related parties are as under

	2009	2008
	RUPEES	RUPEES
Old Management		
Associated companies:		
Toll manufacturing income	--	198,913,897
Purchase of vehicle	--	579,000
New Management		
Associated companies:		
Loan received - net	118,933,400	548,539,027
Markup provided thereon	37,790,519	13,788,392
Purchase of plant and machinery	1,650,000	--

24 CAPACITY AND PRODUCTION

Year	No. of days Mill Operated	Crushing Capacity		Actual Crushing M. Ton
		M. Ton per day	Total Crushing on the basis No. of days Mill Operated M. Ton	
2009	102	3,000	306,000	191,744
2008	137	3,000	411,000	331,523

Reason for shortfall:

Under utilization of production capacity is due to scarcity of sugarcane in sindhi.

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

25.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The company's credit risk is primary attributable to its receivable and balance with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2009 RUPEES	2008 RUPEES
Deposits, loans and other receivables	42,364,871	31,908,674
Bank balances	59,802,063	11,067,437
	102,166,934	42,976,111

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of the credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry, its customers are credit worthy and dealing banks possess good credit ratings.

Name of Bank

MCB Bank Limited
KASB Bank Limited
Bank Alfalah Limited

Rating Agency	Rating	
	Short Term	LongTerm

PACRA	A+	AA+
PACRA	A1	A
PACRA	A1+	AA



Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)

25.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitment. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees in '000)						
2009						
Financial liabilities						
Long term loans	435,551,332	458,967,067	5,813,783	5,878,024	11,723,928	435,551,332
Accrued markup	2,685,023	2,685,023	2,685,023	--	--	--
Trade and other payables	272,178,401	272,178,401	272,178,401	--	--	--
	<u>710,414,756</u>	<u>733,830,491</u>	<u>280,677,207</u>	<u>5,878,024</u>	<u>11,723,928</u>	<u>435,551,332</u>
2008						
Financial liabilities						
Long term loans	915,817,561	1,064,733,286	36,973,589	37,382,136	74,560,000	915,817,561
Accrued markup	13,788,392	13,788,392	13,788,392	--	--	--
Trade and other payables	93,661,331	93,661,331	93,661,331	--	--	--
	<u>1,023,267,284</u>	<u>1,172,183,009</u>	<u>144,423,312</u>	<u>37,382,136</u>	<u>74,560,000</u>	<u>915,817,561</u>

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at June 30, 2009.

25.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company's financial instruments are in its functional currency therefore it is not exposed to currency risk, however the company's exposure to interest rate risk is as follows:

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

	2009 RUPEES	2008 RUPEES
<u>Variable rate instruments at carrying amounts:</u>		
Financial liabilities		
Long term loan	70,416,314	548,539,027
	<u>70,416,314</u>	<u>548,539,027</u>

Abdullah Shah Ghazi Sugar Mills Limited

(Formerly Al-Asif Sugar Mills Limited)



Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

Effect on loss / profit due to change of 100 Bps	2009 RUPEES	2008 RUPEES
Increase	<u>2,017,275</u>	<u>792,221</u>
Decrease	<u>2,017,275</u>	<u>792,221</u>

25.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

25.5 CAPITAL RISK MANAGEMENT

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

26 CORRESPONDING FIGURES

To facilitate comparison, short term finance from sponsors of Rs.148.539 million previously classified under current liabilities have been reclassified to 'long term loans from sponsors'. Reclassification is made in accordance with the extended repayment terms by the sponsors.

27 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on January 08, 2010.

28 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees been rounded to nearest rupee.